

Commonwealth of Learning Executive MBA/MPA

2607 : Human Resource Management

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C3 Human Resource Management

Block 1

Introduction to Human Resource Management

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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The Commonwealth of Learning

1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

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1 Block Objectives

On working through Block 1 of this course, you should be able to:

- debate the nature of Human Resources Management as a field, and the different perspectives from which it is viewed—
 - as a restatement of existing personnel practice
 - as a new managerial discipline
 - as an individually focussed development model
 - as a strategic and international function.
- review and evaluate the main models, frameworks, maps and theories of HRM.

2 Introduction to the Various Functions of Human Resource Management (HRM)

For any enterprise to function effectively, it must have money, materials, supplies, equipment, ideas about the services or products to offer those who might use its outputs and *people (the human resource)* to run the enterprise. The effective management of people at work is Human Resource Management (HRM).

HRM has emerged as a major function in enterprises and organisations. It is the focus for a wide-ranging debate concerning the nature of the contemporary employment relationship in many market economies. The nature of the employment relationship has experienced a series of important changes and adaptations over the past decade. These are both significant in themselves and will provide the basis for further development in future. Among the more substantial contemporary changes that can be noted are:

- a decline in the proportion of employees in trade unions
- a decline in the proportion of employees whose pay is set by unionised collective bargaining
- a reduction in the range of employment issues that are handled collectively, coupled with a rise in the range of employment issues that are derived from a managerial agenda
- a considerable volume of restructuring of organisations and employment away from many tiers of hierarchy and stable occupational structures, coupled with a corresponding rise in short-term, part-time, contracted-out or franchised employment.

This is not an exhaustive list but merely indicates the scale of change that has been occurring.

In many respects these changes have posed the most fundamental threat to established patterns of Personnel Management and Industrial Relations in the post-1945 era. Any assessment of the emergence of HRM has to take account of this changing context of employment. Such assessment must provide some explanations –

1. as to the relationships that exist between the contribution HRM has made to some of these changes
2. the impact that such changes have had on the theory and practice of HRM itself.

You may have observed that usually, conventional textbooks treat HRM as a significant - if recent - arrival in the analysis of employment issues, rather than as an adjunct to an established set of personnel principles. We have to accept that HRM has become a powerful and influential perspective which has to be taken into account not simply as yet another means of carrying out the personnel function but as both a stance and a prescription in its own right.

The immediate significance of the emergence of HRM across the world is that it has opened up a vigorous debate about what constitutes the change from traditionally conceived employee management policies or personnel functions to those which are claimed to be derived from a different mix of managerial concerns. Among the more prominent aspects that have been claimed for HRM are that it is derived from a more focussed managerial perspective, which is often strategically driven, and that it represents a more unified and holistic approach than the 'technical-piecemeal' approach of Personnel Management. In this manner HRM is described as having an agenda which addresses 'business-related' issues and thereby contributes to the overall success of the organisation in a proactive manner, while Personnel Management is depicted as having an agenda set for it by the more mundane requirements of the day in a more reactive manner. Neither of these approaches may be wholly correct, but they indicate the arena within which the debate has occurred.

Managing human resources is one of the key elements in the coordination and management of work organisations. Several new technologies are used to ensure the creation and delivery of services and goods in modern economies. Whatever means are used, the role of individuals and groups as employees and the ability of management to effectively deploy such a resource is vital to the interests of both employee and organisation alike. This fundamental issue has been at the heart of a great deal of the analysis of how organisations are run. No doubt it is as important an issue facing organisations as those of strategy, finance and markets.

As each successive analysis of 'how to manage' has unfolded, the employment relationship has provided one of the central parts of the debate. In a contemporary context, this debate can be seen in the emergence of Human Resource Management as both the description and the practice of employee management. In the early '90s, analysts began viewing HRM not only as a new and further set of operating principles but as a recognisable part of the longer debate over what type of relationship does or should exist between those who manage and those who are managed.

You will have observed, no doubt, that the use of the term Human Resource Management as a description of the management of employees is quite common and widespread. However, despite its swift and widespread adoption there is controversy as to its origins, the reasons for its spread, its characteristics, and its philosophy. The very nature of the emergence of HRM and its adoption have given rise to a wide-ranging debate both among and between practitioners, academic analysts and commentators. There has also been dispute as to its use. Why should this be so? Part of the answer lies in the

perspective brought to bear upon HRM: there is a difference in which particular participants view the essential elements of HRM and what they believe it is representing. For the purposes of this analysis, four broad perspectives are set out here (Beardwell and Holden, 1994).

- that HRM is no more than a renaming of basic personnel functions which does little that is different from the traditional practice of Personnel Management
- that HRM represents a fusion of Personnel Management and Industrial Relations which is managerially focused and derives from a managerial agenda
- that HRM represents a wider conception of the employment relationship, to incorporate an enabling and developmental role for the individual employee
- that HRM can be viewed as part of the strategic managerial function in the development of business policy in which it plays both a determining and contributory role.

2.1 Key Themes

With some understanding of why HRM has risen to prominence, one can undertake a more detailed examination of its nature and substance. It is possible to isolate three key themes which inform, to some extent, most approaches which go under the name HRM:

- Human relations psychology
- Strategic management theory
- Doctrines of flexibility and quality management.

These provide a convenient framework within which different ‘schools’ of HRM can be located.

2.1.1 Human Relations Psychology

Although it may not be exhaustive, here it suffices to consider those ideas which have contributed to contemporary HRM thinking. In particular, you should consider concepts of motivation, group dynamics, and commitment. Human relations asserts that individuals are motivated not merely by financial returns (or fear of punishment) but by ‘psychological rewards’ such as recognition and the opportunity to contribute to decision making and take responsibility. The notion of ‘commitment’ is particularly relevant as a unifying concept in this regard.

2.1.2 Strategic Management Theory

This has played a key role as a distinct body of thought that emerged in the 1970s from the combination of long-range planning and ‘research-proven’ strategic success analysis. The result of this synthesis was a set of propositions, aimed at senior management, according to which resources could be allocated rationally, relative to environmental conditions, to secure competitive advantage. However, the exact nature of this ‘rationality’ is subject to debate. At one extreme there is an emphasis on strategy as a discipline designed to determine the outcomes which an organisation wants to achieve

and to secure the best possible fit between that organisation and its environment. The alternative to this 'rational-outcome' view is the rationality of the 'process'—i.e., how outcomes are actually achieved. Thus, strategy is defined as a process of calculated decision-making intended to guide the direction in which organisational effort is directed.

2.1.3 Doctrines of Flexibility and Quality

Since the early 1980s, the notions of flexibility and quality have been tied to industrial regeneration. Flexibility has been seen as a crucial means of responding quickly to changes that occur in economic and technological environments and reducing costs by maximising the utilisation of employee skills. Two forms of flexibility are usually identified: numerical flexibility and functional flexibility. The former refers to the ability of organisations to restructure their workforces so as to retain only workers with key skills as direct employees, less essential functions being placed with other types of employees such as contractors, self-employed specialists, and casual or part-time labourers. Such a change helps the organisation to reduce its direct administration and supervisory costs. This approach is epitomised in Atkinson's (1984) model of the 'flexible firm.' The latter, functional flexibility concerns the practice of 'multi-skilling' whereby workers are encouraged to acquire a range of different skills each of which, previously, would have been the preserve of a single occupational group.

Like flexibility, quality is also considered to be a vital component in an organisation's response to its environment. Quality management makes use of the notion of 'fitness of purpose,' i.e. the idea that the quality of product or service is defined not by some standard of technical excellence understood by a few but by the demands of the customer or consumer. This necessitates constant monitoring of customer requirements and an ability to develop the product or service to meet, or preferably pre-empt, any changes. From the perspective of Total Quality Management (TQM), quality is the concern of every member of the organisation (not just a few 'controllers').

Therefore, the management of both quality and flexibility is inextricably bound to the management of people, a fact which is being increasingly recognised in HRM thinking.

2.2 Approaches to HRM

The three themes outlined above appear to a greater or lesser extent in HRM. It is possible to identify two extreme positions, distinguished primarily in terms of the way they conceive the strategic potential of HRM.

- Instrumental approaches
- Humanistic approaches.

2.2.1 Instrumental Approaches

These draw upon the rational-outcome model of strategic management to view HRM as something which is driven by and derived directly from corporate, divisional or business level strategy and geared almost exclusively to enhancing competitive advantage. They

firmly emphasise strategy in human resource management. This is often referred to as the 'hard' version of HRM.

From this perspective, HRM is concerned with the integration of human resource issues into business planning. In other words, all decisions about the acquisition, processing and management of human resources must, like any other organisational input, be tailored to increase or restore competitive advantage. The key question must be: *'What HRM strategy will maximise competitive advantage, optimise control and minimise unit and labour replacement costs?'*

A number of shortcomings have been found in the instrumental approach. Firstly, it tends to be overly rationalistic. As strategy is assumed to be formulated in advance of action, it leads to a conceptualisation in which HRM is cast purely in a reactive, implementationalist role. The theory seems ask too little of HRM. Secondly, this theory encourages a narrowness of focus. One of the early contributions to this approach concentrated on four generic functions: selection, reward, appraisal and development. What about welfare, equal opportunities, employee involvement and industrial relations? Finally, there is the claim of excessive 'unitarism.' The framework describes an approach where what top management considers best for the organisation will automatically be best for the workforce. As Boxall (1992) has put it, 'HRM appears as something that is "done to" passive human resources rather than something that is "done with" active human beings.'

2.2.2 Humanistic approaches

These approaches utilise 'process' theory to emphasise the reciprocal nature of the relationship between strategic management and HRM and the latter's role in ensuring that competitive advantage is achieved *through* people, but not necessarily at their expense. These approaches are closely associated with what has become known as the 'Harvard School' of HRM. Here the emphasis is on the 'softer' aspects of HRM associated with organisational culture and employee commitment. Initiators of this movement state clearly:

HRM involves all management decisions and actions that affect the nature of the relationship between the organisation and its employees – its human resources. General management make important decisions daily that affect this relationship.

(Beer *et al.*, 1984)

This leads to a 'map of HRM territory,' the core of which Beer *et al.* refer to as the 'four Cs':

- **Competence of employees:** High competence creates a positive attitude towards learning and development.
- **Commitment of employees:** High commitment means that employees will be motivated to 'hear, understand, and respond' to management's communication relating to the organisation of work.

- **Congruence between the goals of employees and those of the organisation:** Higher congruence is a reflection of policies and practices which bring about a 'higher coincidence of interests among management, shareholders and workers.
- **Cost effectiveness of HRM practices:** 'means that the organisation's human resource costs – wages, benefits, and indirect costs such as strikes, turnover and grievances – have been kept equal to or less than those of competitors'.

Beer et al. further say, 'There can be no standard or universal "theory" or "method" of HRM but, rather, a need for analytical knowledge of basic principles and how these can be adapted and developed innovatively to meet a range of individual, organisational and societal outcomes.'

3 HRM as a restatement of existing personnel practice

The first perspective of HRM is a basic but natural reaction to a new and somewhat threatening reformulation of traditional functions. There is a doubt, understandably, whether HRM could live up to the claim that it could totally transform the employment relationship so that some of the inherent problems of managing difficult employees could be resolved. If at all it could, would it be more satisfactory than by approaches that have grown out of the historical development of Personnel Management?

It is natural that such a reaction exists because there is a gap that appears to exist between Personnel Management 'on the ground' and the rather more theoretical and 'strategic' nature of a great deal of the discussion surrounding HRM. Many practitioners do not see their roles and functions in anything other than a highly pragmatic light. There is an important task of recruiting, selecting, rewarding, managing and developing employees that must be carried out as 'efficiently' as possible. In this sense, you might view HRM as no more than another trend in the long line of management prescriptions that have each enjoyed a vogue and then lost favour, while the pragmatic nature of established Personnel Management has ensured that the operational tasks have been accomplished.

3.1 Scope of Personnel Management

Personnel is that function of all enterprises which provides for effective utilisation of human resources to achieve both the objective of the enterprise and the satisfaction and development of the employees.

The personnel function consists of numerous activities, including:

- Employment planning
- Employee recruitment, selection and orientation
- Career development and counselling
- Performance evaluation
- Training and development

- Compensation and protection
- Labour relations
- Equal employment opportunity programmes
- Discipline and control
- Evaluation of the personnel function

The expression ‘Personnel Management’ refers primarily to the activities of specialist staff responsible for implementing the personnel objectives of the organisation. The head of the Personnel function is essentially a specialist manager responsible for devising and executing the organisation’s policies and strategies for people.

You could refer to the Personnel *function* in broader terms: i.e., in terms of managing people. A personnel specialist helps to define the rules for managing people, but the fulfillment of personnel relations in the organisation resides, ultimately, in the quality of leadership provided by managers and supervisors. Every manager and supervisor with a direct responsibility for the performance of others has a personnel function to fulfill. In recent years much attention has been on leadership – gaining the commitment of staff to the objectives of the organisation at the level of the workplace. There is also the matter of employee development to be considered. Individual supervisors and managers are expected to help the organisation develop its own talent.

3.2 Personnel and Organisational Effectiveness

Personnel activities help in innumerable ways to ensure that the organisation will survive and prosper; overlooking the personnel function can be detrimental to the overall effectiveness of the organisation. If you examine any of the successful organisations, you will see that those organisations have recognised the importance of human resources; they are a significant factor in top management’s strategic decisions, which guide the organisation in its future operations. Enterprises survive because of human resource’s work and the ideas they create. You will see that even the most capital-intensive organisations need people to run them.

The contributions of the personnel function to organisational effectiveness are reflected in the objectives pursued by personnel specialists and departments:

- To provide the enterprise with well-trained and well-motivated employees.
- To use the work force efficiently and effectively.
- To increase to the fullest the employee’s job satisfaction and self-actualisation.
- To develop and maintain a quality of work life which makes employment in the enterprise a desirable personal and social situation.

3.3 Who Performs Personnel Activities?

Who performs personnel activities, to the some extent, is determined by the size of the organisation. In most large organisations, two groups perform personnel activities:

- Personnel managers and specialists
- Operating managers.

The pattern has changed over time. All managers working with human resources are involved in personnel, since they are responsible for effective utilisation of all the resources at their disposal. A human resource is a very special kind of resource which, if improperly managed, loses its effectiveness more quickly than others.

Operating managers, therefore, have to spend some of their time as managers of people. They are responsible for proper upkeep of their human resources – training, performance and satisfaction of employees. Studies show that supervisors spend majority of their time with subordinates. Middle managers spend less time with their employees than supervisors do, and top managers spend less time with employees (about 20 per cent) than middle managers do.

In smaller organisations, only operating managers do personnel work. As the organisation increases in size, personnel function becomes specialised. A personnel department is created when the employees reach about 100-150 or above.

When two types of managers handle personnel activities, there will be frequent conflict. Operating and personnel managers differ on who has authority for what decisions. In addition to role conflict, there could be other differences between operating and personnel managers as they have different orientations, called line and staff, which have different objectives.

The conflict becomes evident when decisions need to be joint ones on such issues as discipline, physical working conditions, termination, transfer, promotion and employment planning. One way to work out actual or potential conflict so that the employee is not caught in the middle is to assign responsibility for some personnel decisions exclusively to operating managers and for others exclusively to personnel specialists. Another approach is to train both sets of managers in how to get along together and how to make joint decisions better.

4 HRM as a New Managerial Discipline

The second perspective is to look at HRM as a holistic discipline. This view contains more diversity and complexity, and includes such issues as the philosophies of personnel and industrial relations, the professional desire to present the management of employees as a discipline by itself (similar to the inclusive approaches of Accounting and Marketing, for example), and the belief that an integrated management approach can be provided by HRM. This would create a new and broader discipline as a result of the fusion of these traditional elements and also unite the differing perspectives of Personnel Management and Industrial Relations. An important outcome of this approach is in the renaming of functional activities so that Industrial Relations becomes 'Employee Relations' and Training becomes 'Employee Development.' These provide broader connotations and avoid some of the irrelevant and outdated problems which typify the past. For example, Employee Relations involves a total workforce which includes white-collar and technical staff of whom many will be female and among whom some (or all) will be non-union,

whereas IR connotes a relationship based upon a manual, manufacturing (often implies male) unionised workforce.

Another shift in thinking connected with this second approach is management's desire to extend control over aspects of the collective relationship that were once customarily regarded as jointly agreed between employees (usually via their unions) and management. Deviating from one of the fundamental assumptions of the postwar approach to managing collective workforces, management treats employees as one of their primary responsibilities as opposed to the jointly negotiated responsibility of both unions and management. This suggests an approach which is concerned to stress the primacy of the managerial agenda in the employment relationship. This could be described as the managerial reassertion of control over the total employment relationship as a fundamental element in the 'ideology of HRM' which views Human Resource Management as a transforming agent for established personnel practice.

4.1 Influences on HRM

Decisions about HRM are influenced by a number of different factors. Some are related to the nature of the organisation (organisational influences) and others to outside sources (external environmental influences). In both case, these environmental influences are the context within which specific personnel decisions are made.

4.1.1 Organisational influences

- Nature of the organisation
- Nature of the industry the organisation is part of
- Level of technology of an organisation
- Long-range strategy of organisations.

4.1.2 External Environmental influences

- Increasing government regulations and laws governing employment
- Changing nature of the labour market
- Challenges from competitors for labour.

4.2 Twenty-seven Points of Difference

John Storey (1992) provides an analysis of HRM by making a classificatory matrix of 27 points of difference between Personnel & IR practices and HRM practices. The elements are categorised in a four-part basic outline: *beliefs and assumptions, strategic concepts, line management* and *key levers*.

His theoretical model is based on conceptions of how organisations have been transformed from predominantly personnel/IR practices to HRM practices. The next page contains the matrix.

Dimension	Personnel and IR	HRM
<i>Beliefs and assumptions</i>		
1. Contract	Careful delineation of written contracts	Aim to go 'beyond contract'
2. Rules	Importance of devising clear rules/mutuality	'Can do' outlook; impatience with rule
3. Guide to management action	Procedures	'Business need'
4. Behaviour referent	Norms/custom and practice	Values/mission
5. Managerial task vis-a-vis labour	Monitoring	Nurturing
6. Nature of relations	Pluralist	Unitarist
7. Conflict	Institutionalised	De-emphasised
<i>Strategic aspects</i>		
8. Key relations	Labour management	Customer
9. Initiatives	Piecemeal	Integrated
10 Corporate plan	Marginal to	Central to
11 Speed of decision	Slow	Fast
<i>Line management</i>		
12. Management role	Transactional	Transformational Leadership
13. Key managers	Personnel/IR specialists	General/business/line managers
14. Communication	Indirect	Direct
15. Standardisation	High	Low
16. Prized management skills	Negotiation	Facilitation
<i>Key levers</i>		
17. Selection	Separate, marginal task	Integrated, key task
18. Pay	Job evaluation (fixed grades)	Performance-related
19. Conditions	Separately negotiated	Harmonisation
20. Labour management	Collective bargaining contracts	Towards individual contracts
21. Thrust of relations with stewards	Regularised through facilities and training	Marginalised (with exception of some bargaining for change models)
22. Job categories and grades	Many	Few
23. Communication	Restricted flow	Increased flow
24. Job design	Division of labour	Teamwork
25. Conflict handling	Reach temporary truces	Manage climate and culture
26. Training and development	Controlled access to courses	Learning companies
27. Foci of attention for interventions	Personnel procedures	Wide-ranging cultural, structural and personnel strategies

Source: Storey (1992: 35).

5 HRM as an Individually Focussed Developmental Model

Another perspective on HRM is that personnel management, to a great extent has been concerned with the interface between the organisation and the individual and the necessity of achieving a balance between organisation's needs and the needs of individual employees. Traditional personnel management policies often take a piecemeal approach to certain aspects of this issue: historically, the early twentieth-century personnel function stressed the 'welfare' role that could be afforded employees so that basic working conditions (both physically and contractually) could be established.

Later, other styles of personnel management sought to introduce, administer or rectify particular aspects of jobs and roles that individuals carried out. This established a belief in equitable selection and reward systems, efficient procedures for discipline, dismissal and redundancy, and clear and operable rules for administering large numbers of employees to avoid arbitrary judgements over individual cases. The whole purpose could be seen as a desire to manage the difficulties of the organisation/individual relationship in a technically neutral manner. This emphasis has given rise to a culture within Personnel Management which is characterised as 'cost minimisation,' with the individual as the cost which has to be controlled and contained. The logical extent of this model can be seen in Manpower Planning with precise numerical assessments of internal and external demand for and supply of labour.

Japanese management has laid emphasis on developing individual employees along particular job paths while undertaking to provide continuous employment throughout the normal working life of the individual. Such goals have at least provided a model in which the employer seeks to maximise employment opportunities. This approach regards all employees as potentially able to benefit from further training and development, from which the organisation itself then benefits. Rather than viewing the employee as a cost which has to be borne by the employer, this philosophy sees the employee as an actual and potential return on investment which ultimately strengthens the company. In the post-war period large corporate Japanese employers have been encouraged to develop products and markets which have used the invested skills of their workforces.

The notion of 'invested employee' has been very visible in the United States, too. If the Japanese commitment to 'lifetime employment' is more difficult to achieve in the West, there is now, nevertheless, a greater awareness of the investment potential in training and development. Human Resource Management has brought to the fore a concern for maximising the potential of employees which traditional Personnel Management has either not treated or can only cope with in terms of its customary technical/rational response for overcoming pressing operational problems. To this extent, HRD and HRM have opened a new chapter in the debate about training and investing in employees which could be seen as genuinely raising issues on behalf of the employee connected with the nature and obligations affecting such organisational and personal development.

6 HRM as a Strategic and International Function

The emergence of HRM has also highlighted the issue of the linkages between the employment relationship and wider organisational strategies and corporate policies. Historically, the management of Industrial Relations and Personnel has been dealing with either the 'downstream' consequences of earlier strategic decisions or to 'firefight' short-term problems which threaten the long-run success of a particular strategy. The role of HRM has been reactive and supportive to other managerial functions. At times, it has been a hindrance until particular operational problems were overcome. Experiences both in the private and public sectors demonstrate the impact that the employment relationship can have on total operations.

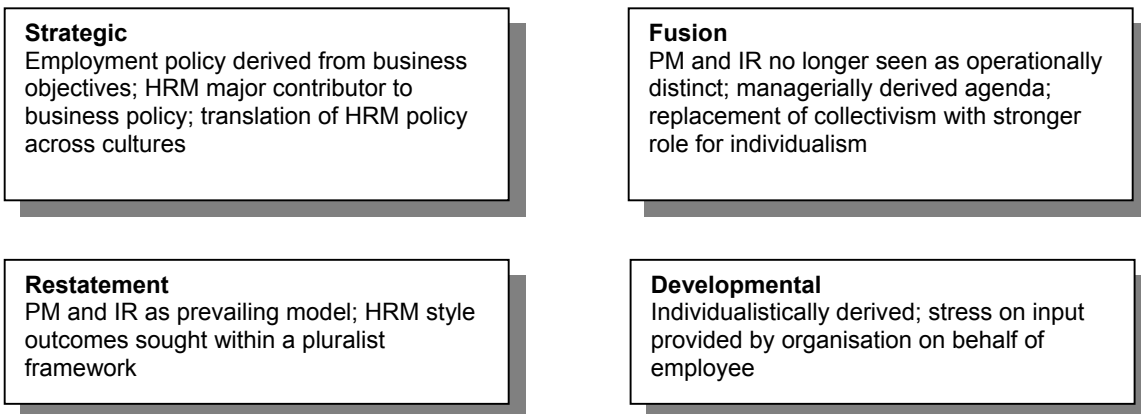
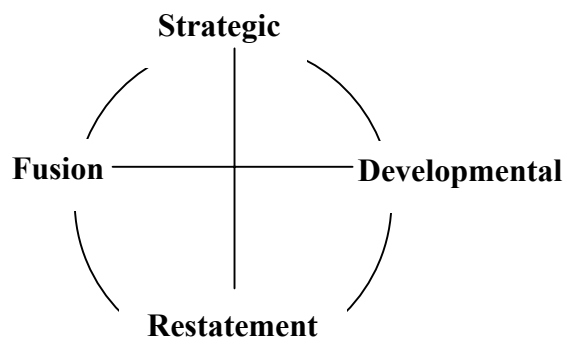
The assumption lying behind HRM is that it is essentially a strategically driven activity which is not only a major contributor to the organisation's strategic role but is a determining part of it. In this perspective, the contribution, which the management of the employment relationship makes to the overall managerial process, is as vital and formative as that of finance or marketing. HRM has come a long way to claim a rightful place alongside other core management roles. It is not just standing between employer and employee, moderating and smoothing the interchange between them, but is shaping and delivering corporate strategies with commitment and results.

In further construction of HRM, its international potentialities become evident. The employment relationship is affected by the national and cultural contexts in which it operates. Therefore, when the nature of national labour markets changes, it also gives rise to employment structures, policies and relationships. If employers operate and confine themselves to the national boundaries of their country, their national labour market characteristics do not affect neighbouring nationalities. However, when an employer operates across national boundaries, these different characteristics may become factors that the employer would wish to change or override. There are international companies which use homogeneous employment policies, regardless of national labour markets. These are seeking and developing broadly-based personnel systems which neutralise national differences and which stress organisational cultures derived from the strategic goals of the firm. The best known and most commonly cited firm which adopts this approach is IBM.

Many of the internal policies of such firms have been based to design approaches to HRM which are held to be the role models for other organisations to emulate. This approach proposes that HRM is capable of providing a managerial approach to the employment relationship that is 'culturally neutral.' It also proposes that HRM is derived and sustained from within the prescriptions of the organisation, and is capable of being translated across national and organisational boundaries. Therefore, you might argue that HRM is best defined as the product of multinational companies' personnel policies which have the capacity to be translated to other firms regardless of culture. But HRM cannot be so simply defined.

7 Some Assumptions about Human Resource Management

The four perspectives on HRM (discussed above) are set out in the figure below, which locates key aspects of the HRM focus within its framework. You will note that this diagrammatic overview shows not just the breadth of these operational assumptions but also underlines their ambiguity as well. In many organisations the circumstances in which HRM is carried out will be critically determined by the state of the labour market at any particular time. Isn't it then understandable for an organisation to be moving towards a strategic dimension of HRM in its own terms? Some organisations have, however, deployed both the developmental and strategic or international models of HRM to support a business plan with a special focus: customer care, for instance.



Four perspectives on Human Resource Management

Source: Beardwell & Holden (1994)

In organisations you will find a mix of these approaches. Many organisations may display at least one of these principal perspectives but will also rely on several characteristics drawn from at least one and probably more of the other three constructs. In this sense HRM, as a set of issues as well as a set of practices, contains some opposite and contradicting perspectives as much as clarity and affirmation. In many organisations the tension which arises from this outcome is part of the internal process of the management of uncertainty. An example could be drawn from the financial sector where well-known

banks in the UK have sought to create developmental approaches to their human resource management while at the same time dealing with the staff reductions caused by over-committed expansion of the 1980s on a restatement basis to reduce direct costs.

8 Defining Characteristics of HRM

Both in the US and in the UK there has been a search for the defining characteristics that will describe, analyse and explain the HRM phenomenon. This is not clearly resolved, as a wide range of expectations is placed on the term. Nor is there clear evidence to determine systematically whether or not HRM has taken root as a sustainable model of employee management.

The active debate about the nature of HRM proceeds with increasing velocity and breadth. A significant division is seen between the analyses stressing the innovative element of HRM—which is claimed to address the fundamental question of managing employees in new ways and with new perspectives—and those which stress its derivative elements, which are claimed to be no more than a reworking of the traditional themes of Personnel Management. Walton (1985) stresses mutuality between employers and employees:

Mutual goals, mutual influence, mutual respect, mutual rewards, mutual responsibility. The theory is that policies of mutuality will elicit commitment which in turn will yield both better economic performance and greater human development.

Beer and Spector (1985) emphasised a new set of assumptions in shaping their meaning of HRM:

- proactive system-wide interventions, with emphasis on ‘fit,’ linking HRM with strategic planning and cultural change.
- people are social capital capable of development.
- coincidence of interest between stakeholders can be developed.
- seeks power equalisation for trust and collaboration.
- open channels of communication to build trust and commitment.
- goal orientation.
- participation and informed choice.

However, some writers have commented that Personnel Management was beginning to emerge as a more strategic function in the late 1970s and early 1980s before the concept was subsumed under the title of HRM and in this sense there is little new in HRM practice. However, there is little doubt that HRM became a fashionable concept and a controversial subject in the 1980s with its boundaries very much overlapping the traditional areas of Personnel Management, Industrial Relations, Organisational Behaviour and Strategic and Operational Management. Many who support HRM argue that it addresses the centrality of employees in the organisation and that their motivation

and commitment to the organisational goals need to be nurtured. The HRM perspective, however, claims that a range of organisational objectives have been arranged in a strategic way to enhance the performance of employees in achieving these goals.

9 HRM: Some Arguments and Conclusions

Many are the criticisms of HRM. Some claim that it is ‘old wine in new bottles,’ the restatement perspective outlined above. Others see it as a version of ‘the emperor’s new clothes’ or a ‘wolf in sheep’s clothing.’

Tom Keenoy states that HRM is more rhetoric than reality and has been given a boost or ‘talked up’ by its supporters and advocates. He further notes that a ‘remarkable feature of the HRM phenomenon is the brilliant ambiguity of the term itself’ (Keenoy 1990, 363-384). Legge (1989) has shown that a close examination of the normative models of HRM and personnel management reveals little difference between the two, and that HRM contains a number of internal contradictions. She further points out that there is a problem with integration—in the sense that HRM policies have to integrate with business policy—and also comments on the probable incompatibility of creating an organisational culture which attempts to pursue both individualistic and teamwork policies at the same time.

Other critics have indicated that many organisations are driven by stronger objectives than HRM. Armstrong (1989) has pointed to the financial orientations of most companies which are incompatible with those prescriptions described as a must in the practice of HRM. Also the belief that HRM can go beyond national cultures has attracted considerable critical comment.

Although there are arguments supporting and downgrading the importance of HRM, perhaps in the last forty years it is the most significant perspective on the employment relationship to emerge. Whether HRM is driven by ideological, strategic, operational, market or other goals, its language, practice and adoption suggest that it has made its mark in the whole realm of employment relationship

Activities

- a. In the organisation where you work or in a situation you are familiar with, which do you see: HRM or personnel management? Briefly, support your stand with reasons.
 - b. In your opinion, why should modern organisations deviate from personnel management? Give reasons.
 - c. What positive features do you observe in the practice of personnel management?
-

10 Summary

The effective management of people at work is Human Resource Management (HRM). HRM has emerged as a major function in enterprises and organisations. Managing human resources is one of the key elements in the coordination and management of work organisations. Whatever means are used, the role of individuals and groups as employees and the ability of management to effectively deploy such a resource is vital to the interests of both employee and organisation alike.

In a contemporary context, this debate can be seen in the emergence of Human Resource Management as both the description and the practice of employee management.

There are different approaches to HRM: Instrumental and Humanistic approaches.

Humanistic approaches utilise “process” theory to emphasise the reciprocal nature of the relationship between strategic management and HRM and the latter’s role in ensuring that competitive advantage is achieved through people, but not necessarily at their expense.

The personnel function consists of numerous activities, including: employment planning, employee recruitment, selection and orientation, training and development, labour relations, and equal employment opportunity programmes.

Another perspective is to look at HRM as a holistic discipline. This view contains more diversity and complexity, and includes such issues as the philosophies of personnel and industrial relations, the professional desire to present the management of employees as a discipline by itself (similar to the inclusive approaches of Accounting and Marketing, for example), and the belief that an integrated management approach can be provided by HRM.

Decisions about HRM are influenced by a number of different factors.

John Storey (1992) provides an analysis of HRM by making a classificatory matrix of 27 points of difference between Personnel & IR practices and HRM practices.

Another perspective on HRM is that personnel management, to a great extent, has been concerned with the interface between the organisation and the individual and the necessity of achieving a balance between organisation’s needs and the needs of individual employees.

Human Resource Management has brought to the fore a concern for maximising the potential of employees which traditional Personnel Management has either not treated or can only cope with in terms of its customary technical/rational response for overcoming pressing operational problems.

The emergence of HRM has also highlighted the issue of the linkages between the employment relationship and wider organisational strategies and corporate policies. The role of HRM has been reactive and supportive to other managerial functions. HRM has come a long way to claim a rightful place alongside other core management roles. In further construction of HRM, its international potentialities become evident.

The active debate about the nature of HRM proceeds with increasing velocity and breadth. The HRM perspective, however, claims that a range of organisational objectives

have been arranged in a strategic way to enhance the performance of employees in achieving these goals,

Many are the criticisms of HRM. Legge (1989) has shown that a close examination of the normative models of HRM and personnel management reveals little difference between the two, and that HRM contains a number of internal contradictions. Other critics have indicated that many organisations are driven by stronger objectives than HRM. Also the belief that HRM can go beyond national cultures has attracted considerable critical comment.

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Commonwealth of Learning Executive MBA/MPA

C3 Human Resource Management

Block 2

A Brief History of HRM and Its Origins

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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The Commonwealth of Learning

1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

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1 Objectives

After studying Block 2 of this course, you will be able to:

- Outline the origins and the recent major changes and developments in the employment relationships.
- Present a historical perspective of HRM.
- Discuss various perspectives on HRM.
- Describe the importance of human resource as a strategic asset.

2 Origins of HRM

Tracing the origins of HRM presents the same level of difficulty as that of settling on a definition of HRM, as Block 1 discussed. However, HRM can be seen as part of the wider debate about the nature of management in general and the management of employees in particular. When you look at organisational theory, and particularly that of the Human Relations School, you see some antecedents. But the nature of HRM has involved important elements of Strategic Management and Business Policy, coupled with Operations Management. This makes a simple 'family tree' explanation of HRM's evolution extremely difficult.

Still, one can say that HRM originated in the United States in the 1950s although it did not gain wide recognition there until the beginning of the 1980s. In the UK, HRM did not come to be recognised until the middle to late 1980s. The major reasons for its emergence are the pressures evidenced in product markets during the recession of 1980-82, combined with a growing recognition in the US that trade union influence in collective employment was reaching fewer employees. By the 1980s, Japan was posing a major challenge to the US economy among other overseas competitors. Two issues were emerging: 'the productivity of the American worker,' particularly compared to the Japanese worker, 'and the declining rate of innovation in American industries.' Enterprise managers began treating it as a matter of urgency that they create a work situation free from conflict in which both employers and employees might work in unity towards the same goal – the success of the organisation.

The UK also created the climate for HRM to emerge as a major discipline, by a different route. As you may have already known, it was the desire of the government to reform and reshape the conventional model of industrial relations. During the tenure of Thatcher as Prime Minister, this support gave encouragement to managers who wished their employment policies to favour employers. The structure of the national economy was changing quickly with a rapid decline in the old industries, a relative rise in the service sector, and emergence of new industries based on the products and services of high technology. Many of the new industries had shed old-style industrial relations. The government impetus received for

privatisation, and other incentives in the form of anti-union legislation, encouraged firms to introduce new labour practices and to re-order their collective bargaining arrangements.

It was widely believed that British management needed to be improved. At the highest corporate level, training and management development received the recognition it deserved, particularly after critics pointed towards the Japanese, German and American experience.

The influence of US literature also contributed by way of highlighting the concepts of employee commitment and 'empowerment' to the ongoing debate about management practice and HRM.

3 Historical Antecedents of the HR Function

Human resources management emerged as a distinct function and subject area around 1920. The first university personnel course offering at Columbia in 1920 signifies this emergence. Essentially, it was administrative issues that were addressed in the field, then called Personnel Administration (PA). PA staff were often concerned with employment aspects of a collective bargaining agreement: selection, placement, pay administration, administration of medical care benefits for work injuries, etc. PA staff also became intermediaries for conflict resolution between management and production personnel.

Hawthorne studies (Roethlisberger & Dickson, 1939) had a pervasive influence in the PA field. There was a dramatic shift from primary concern with the workplace and job engineering to a concern with the human element and psychological and sociological variables.

Then came World War II's overseas deployment of many in the American labour force. Employers began striving to increase the productivity of the remaining work force, many of whom were new recruits with no previous production experience. The industry and the PA function faced two unprecedented challenges. They were:

- training and development of new entrants
- employment stability with clear labour markets.

To meet the dual challenge, historical approaches of industrial engineering were combined with the new social-psychological approach featuring motivation, goal setting, and other contributions from industrial and organisational psychology. Classification batteries and assessment centres were also developed around the same time and became the basis for later widespread industrial and commercial use.

The post-war effect of an explosion in technology had indelible effects on the PA function. As markets and productivity grew steadily, the PA function diminished in importance in relation to other factors in development and growth, such as marketing, engineering, finance, and operations. PA departments often attempted to

legitimise their diminished activities through centralisation and bureaucratisation of their functions.

In the 1960s, PA functions began to transform with the beginnings of social reformation. Up to this period, the major areas of expertise developed by personnel staffs included recordkeeping, administration, employment, classification, and training. Various legislative events such as the Equal Pay Act of 1963 and the Civil Rights Act of 1964 in the US mandated these activities. Such accountability provided opportunities for PA staffs to elevate their identity and functional position within the organisation, although they still possessed the characteristics of problem handlers, addressing the problems associated with employing.

Significant changes in the way human resources were recognised prompted reforms in the personnel function throughout the world in the 1970s and 1980s. Improvements in information processing, communication, and transportation resulted in intensified competition in the context of a changing work force. The successes of the Japanese economic recovery emphasised the importance of the firm's human resources to its viability and profitability. Companies like Matsushita influenced the PA function significantly with such innovative measures as their lifetime employment policy and 500-year business plan.

With the human resource in the organisation becoming increasingly important, the title of the department too underwent transformation, first from personnel administration to industrial relations, as union-management relations became more critical. As the focus on people and their importance increased, the term employee relations were used. Finally, the term human resources emerged and continues to be used to the present. The title human resources reflect the perception that employees are assets and not costs. The continued development of functional expertise involved skills in areas such as compensation planning, conflict resolution, organisation manpower planning, human resources searches and selection, work design, labour law, equity issue resolution, and performance measurement. Many firms elevated the status of the chief HR officer to the level of vice president (VP), frequently reporting directly to the chief executive officer.

This elevation of the HR function indicated that its adepts were moving beyond a reactive people-problem mentality to a proactive planning and consulting mentality. Present attention given to human resources places the HR function at the threshold of the next higher step in the organisation, that of strategic business partner. This evolution has spurred HR departments to very justifiably acquiring expertise in psychology, sociology, the business of work, and employment relations. It signals a new paradigm for the HR function and a new set of roles in the organisation with a new set of required competencies.

4 Evolution of the Roles of HRM

If you have worked in HR for years, you have probably heard your department described or treated as the company's paper processor, repository of files and information, employee advocate, law enforcer, do-gooder, and the more unflattering terms like management meddler and dumping ground for ineffective

employees. The HRM function was long snarled in a vicious spiral: it was accorded a low, peripheral status in organisations. Because no prestige was attached to its policies, line managers circumvented them or abdicated their responsibility for human resources, and HRM was hard pressed to assert its professionalism.

The reason HRM is a topic considered worthy of your study today is that by the mid-70s, an organisation's human resources began to be recognised as a key resource in its competitive efforts. External pressures from the economic, political, social, and technological environment pushed organisations to respond more effectively in order to survive and remain competitive. Many of these challenges faced by organisations involved or affected human resources: for example –

- increased diversity in terms of demography
- increasingly varied values and expectations of the work force
- rapid technological innovations requiring different skills and abilities
- government legislation regarding employment practices.

Therefore, it became necessary to improve the effectiveness of the human resources function, which meant contributing to organisational performance.

Self-Assessment Question

Write in your own words how HRM has evolved over the last fifty years.

5 Changing Perspectives on HRM Jobs

There is value in improving the effectiveness of HRM. not only to support line executives and other employees in new demands and opportunities but also to hasten a new self perception in the profession. Authorities speak of its confused identity, and of HR Management as a profession in trouble.

As the new perspective on human resources unrolled (i.e., to view HR as assets rather than costs), dramatic changes in the role and status of HR began to take place, particularly the requirement of new competencies enabling HR professionals to accomplish human resources development. In many settings, the old orientation to labour relations was no longer relevant.

In summary, the transformation of the HR function is marked by three major changes:

1. Viewing people as assets rather than costs.
2. Being proactive rather than reactive.
3. Recognising multiple constituencies, or balancing employee interests and organisational concerns.

The first fundamental change comes from the realisation that human resources of the organisation can give it competitive advantage. And by the time companies were realising this, the labour market has changed considerably; values and expectations of the work force had changed, attracting and retaining employees was becoming increasingly costly, and motivation of employees to perform and contribute more productively to the organisation had gained importance.

The second change requires a more integrated HR function as well as linking it to the business strategy of the organisation and growing to full capacity for SHRM: Strategic Human Resource Management, which means being at the table with top management

In the past, the HR function served only the interests of management. Today, some HR departments are close to the other end of the spectrum where they are concerned only with employee welfare. The general wisdom is that HRM should help balance the interests of the employees with those of the organisation. Tsui (1987) identified six constituencies beyond managers and employees whose needs and expectations must be satisfied by an HR department; the others include union officers, academic HR experts and other HR managers.

Self-Assessment Question

Trace the early development of Personnel responsibilities and outline the evolution of the present HR function.

6 The Intellectual Antecedents of HRM

The underlying ideas and assumptions of HRM seem to be traceable to the human relations movement from the 1930s onwards. There is the standard criticism that the measured forms of 'participation' which were associated with the neo-human relations school of McGregor, Likert, Blake, Herzberg and other managerial writers and consultants is simplistic and fails to give appropriate attention to structured, cultural and contextual factors.

A second set of antecedents to HRM emerges from the corporate strategy and business policy lineage. It places emphasis less on the 'motivational,' 'participative' or 'leadership' elements. It fosters the strategic and calculative approach to human resource management.

7 HRM: Past, Present and Future

You will find it interesting to read many authors recognising the critical role that human resources play in corporate success or failure. Popular books such as *In Search of Excellence*, *The One-Minute Manager*, etc., impress upon the reader that maximum productivity, profitability, and achievement in the competitive

marketplace are impossible without proper management of the organisation's human resources. HRM includes a broad range of functions: recruiting and selecting qualified individuals, training them and motivating them through performance appraisal and pay systems, and negotiating union contracts. It also ensures that all these activities are performed within the requirements of the applicable legal systems.

You can examine the HRM function from several perspectives, and have already looked in some detail at the historical perspective, on the evolution of the HRM function. An environmental perspective tracks the external forces that continuously come to bear on HR. A strategic perspective clarifies the role of the HRM function in the strategy of the organisation. A political perspective shows to what extent and maximise their self interest, which may not reflect the interests of the organisation. An international perspective highlights the problems and opportunities that the HRM function has to face in what is fast becoming a global marketplace. Finally, an evaluation perspective shows the ways in which human resources activities can be evaluated as to their usefulness in attaining organisational goals.

7.1 A Historical Perspective on HRM

As the early developments have already been discussed under historical antecedents of HRM, what follows will cover the recent trends only.

7.1.1 Recent Trends

The HRM function started getting attention and focus as research began to question the notion that job satisfaction and productivity are strongly related. In the US, the civil rights movement of the 1960s produced a good deal of legislation bearing on employment relationships. Further, the increase in discrimination-based litigation during the 1970s boosted the legitimacy of the HRM function in organisations.

Quite apart from various US-based interventions, it is the rise of international competition in a global market that may finally liberate human resources management from second-class status. In view of increasingly and fiercely competitive global markets, the critical need for using employees as a competitive resource has become increasingly evident. This international competition has led to four conceptual trends in the HRM function:

- the need to link human resources to the strategic management process
- the need to select, train, and compensate individuals to function in an international marketplace
- the need to understand the political dynamics that undermine rational HRM decision-making processes
- the need to provide quantitative estimates of the money value contributions made by the human resources department.

7.2 An Environmental Perspective on HRM

The legal environment serves as the filter and as the ultimate mechanism for merging fact and value in society. When you examine legislation enacted during the human relations movement, you will note that it dealt extensively with wages and work hours. It also dealt with union-management relations within the organisation. It provided for supervising those relations, i.e., the rights of employees to organise and bargain collectively vis-a-vis the rights of the employer and the union. In the US, these laws are still in force, but the federal laws enacted during the 1960s and 70s dealt more directly with the rights of the individual (or of classes of individuals, such as minorities and women) in a wide range of issues concerning employer rights.

7.2.1 Organisations as Open Systems

Katz and Kahn (1978) proposed that organisations be viewed as open systems. 'Open' means that organisations are responsive to external pressures and 'systems' means that a response by one element in the organisation/environment relationship usually leads to a variety of other responses by the same element or other elements in that relationship. Another premise is that, because of a flood of late 20th century laws regulating many broad organisation-to-society matters, most organisations are more permeable to external pressures than ever before. In addition, the environment itself also continues to change at a rapid pace.

7.2.2 Buffering Strategies as an Organisational Response

As the environment creates uncertainty, how can managers adequately plan, organise, and control to deal with uncertainty? Organisations should develop a number of strategies, including forecasting and buffering. Forecasting attempts to anticipate change before it occurs. Buffering is concrete: designing structural devices (such as larger or more specialised organisational units) and technological work-flow devices (such as new or more complex procedures). These buffering devices assist the organisation to be both proactive and reactive and to shield itself from the pressures of the environment. They both ease schedules and help managers to figure out the nature of the environmental pressures so that they can try to make sense of them. As a manager, you often need more time and information to deal with emerging events. Once you reasonably assess the strength or potential impact of these pressures and resources for coping with them, you are in a sound position to safeguard the organisation.

The notion of buffering seems to have been taken up by many organisations in response to actual or potential pressures of the legal environment. As a result, larger, more specialised human resources departments handle legal requirements concerning the rights of employees.

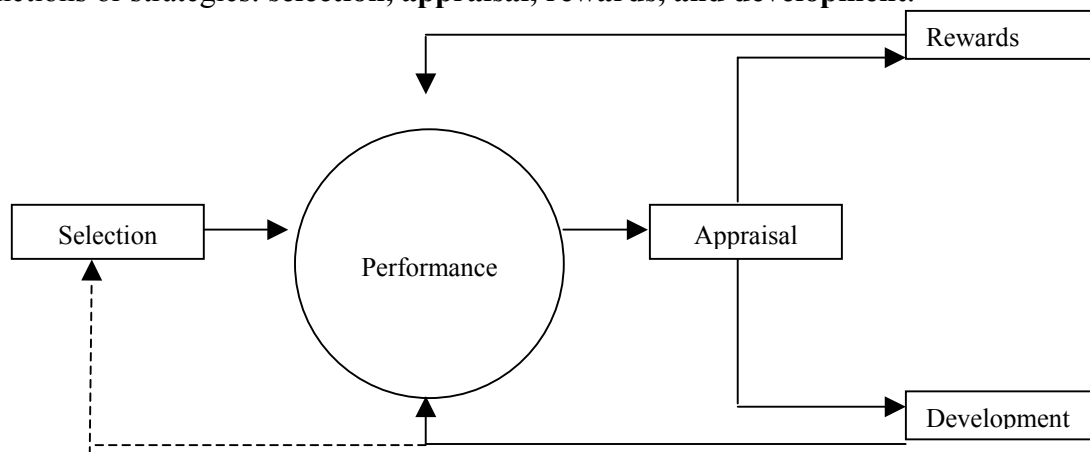
The HRM function (or any other function), in designing buffering devices, draws on the resources of the organisation and places greater responsibility on that function to meet its organisational obligations. Therefore, HRM has to protect or shield the organisation from errors of commission or omission in the management of its human resources. As this obligation carries with it increased visibility and

risk for their function, human resources professionals have been seen at times as heroes and at other times as traitors. Their reaction to this impact demonstrates the ‘open system’ theory of Katz and Kuehn: they have designed a few internal buffering devices of their own. One way to reduce the risk of errors is to centralise human resources policy-making and planning activities at the corporate level while continuing to support decentralised decision-making at the unit level. It is at the unit level where you will see more sensitivity to, and information regarding, critical interpersonal and intergroup relationships.

7.3 A Strategic Perspective on HRM

You have already learned about the various pressures the environment can exert upon the organisation. These have required the organisation to link HR activities to the organisation’s overall strategy. For example, US firms, in the early 1980s, had to face stiff competition from foreign companies beginning to export their products to the United States at lower prices than US companies could offer. The cost advantage stemmed from lower labour costs and made it nearly impossible for American companies to survive. They had to look for more efficient and effective ways to use the resources available to them and stay afloat. The ensuing effort gave rise to the concept of **Strategic Human Resources Management (SHRM)**, defined as ‘**the pattern of planned human resource deployments and activities intended to enable an organisation to achieve its objectives.**’

The first among organisation theorists to explicitly discuss the concept of human resources strategies in the context of strategic management were Galbraith and Nathanson. They recognised the need to fit human resources into the strategy implementation process. As they presented the role of human resources in the implementation of organisational strategy, they identified four basic HRM sub-functions or strategies: **selection, appraisal, rewards, and development.**



A Model of the Human Resources Management Function

(Tichy, 1982)

The diagram above page shows the interdependencies of the major HRM sub-functions.

Recently some writers reviewed the human resource strategy literature and found that three approaches have been used:

1. matching managerial style or human resources activities with strategies
2. forecasting human resources requirements, given certain strategic objectives or environmental conditions
3. presenting means for integrating the management of human resources into the overall effort to match strategy and structure.

However, they concluded none of these approaches was perfect. Each was deficient because the two types of strategy (human resources and organisational) are reciprocally interdependent. A more effective way of viewing the two types of strategy would recognise that each is an input to and a constraint on the other.

Baird and Meshoulam (1988) discussed the need for human resources strategies to manage both the external fit (relating strategies to the stage of the organisation) and the internal fit (managing the various human resources components to support one another). They presented five stages of HRM growth:

1. initiation
2. functional growth
3. controlled growth
4. functional integration
5. strategic integration.

They also presented six strategic components of HRM:

1. manager awareness
2. management of the function
3. portfolio of programmes
4. personnel skills
5. Information Technology
6. awareness of the environment.

From this they developed a matrix for managing both external fit and internal fit. The notion of fit is central to an understanding of the role of human resources in organisations from an open systems perspective.

Wright and Snell (1991) referred to two types of outcomes from the system:

- affective outcomes
- performance outcomes.

Affective outcomes are the 'feelings of the employees within the system about being part of the system itself.' Performance outcomes are the products or services that the organisation produces. From this model of the human resources system, Wright and Snell stated that the HRM function consists of two basic tasks:

- managing the competencies of the system (competency management)

- managing the behaviors of the system (behaviour management).

Competency management strategies include:

- competency acquisition (acquiring the skills the system needs through selection, training, etc.)
- competency utilisation (utilising the competencies of the system through quality of work life programmes, etc.)
- competency displacement (ridding the system of obsolete competencies through firings, early retirements, etc.).

Behaviour management strategies include:

- behaviour control (eliciting certain behaviours from individuals through behaviour performance appraisal, etc.)
- behaviour coordination (coordinating the behaviours of individuals to achieve effective group performance through such means as group bonuses and organisation development techniques).

In the field of strategic human resources management, a recent focus of attention is on understanding the role of human resources in sustaining competitive advantage. Many authors have demonstrated that a firm's human resources constitute one resource that fulfils the four criteria for being a potential source of sustained competitive advantage: High-quality human resources are valuable, rare, difficult to imitate, and not subject to substitution. This finding firmly establishes the fact that human resources, if managed effectively, are a firm's most valuable asset. Thus, when companies seek competitive advantage in today's global competition, they need to invest wisely in these strategic assets.

7.4 A Political Perspective on HRM

You will, by now, have a clear understanding of the strategic perspective on HRM, the objective of which is rational decision-making that aligns HRM practices with the organisation's strategic goals. However, as you have probably experienced, in organisations not all decisions are rational, and many have very little to do with achieving organisational goals. Recent writers in HRM propose that influence and politics are a significant part of the HRM function, or at least that they strongly affect that function.

What is meant by politics in HRM is that individuals or groups attempt to exert influence over others for purposes and in ways that are not approved or sanctioned by the organisation. Influence often consists of seeking to manage how others interpret events and symbolic actions. Politics is defined as 'the management of shared meaning by individuals, groups, or organisations.' This view of politics allows you to better understand the role of influence in HRM, particularly with regard to personnel selection, performance appraisal, and promotion/reward systems.

In the real world of HRM, it is not easy to identify perfectly the skill requirements of a particular job or to assess perfectly an applicant's level of each of the various skills, as perceived in strategic HRM. There is neither a perfect fit nor a rational decision-making process. It is the inability to assess fit perfectly in an objective manner that lets politics enter the decision-making process.

You would have experienced in your work life that there is no objective standard for assessing fit. Selection decisions therefore often revolve around the perceived similarity of an applicant's skills with the standard. Thus, managing the perceptions of the decision maker can allow the applicant an opportunity to influence the decision-making process in a political manner. More specifically, the process of 'impression management' in the employment interview is an example of politics in HRM. Applicants usually search company information to assess the 'type of employee' that the organisation seeks. An applicant wishing to join an organisation that publicises its aggressive, market-oriented strategy will attempt to come across as quite aggressive in the interview. The same applicant wishing to join a firm that promotes its team atmosphere and group cohesiveness is likely to act significantly less aggressively in an effort to appear to fit that organisation.

Recent research has demonstrated that attempts to bring influence to bear on the employment interview do, in fact, affect decision outcomes. For example, it appears that interviewees who exhibit controlling tactics such as self-promotion and efforts to dominate the interview prove more successful than those who act passive or submissive.

Performance evaluation, too, seems to be an area of HRM that is influenced by politics. A sacred principle of performance evaluation is to evaluate performance itself rather than the person in the abstract. As, in most jobs, it is difficult to define and measure all relevant aspects, the performance evaluation process can appear to be mostly subjective. Evaluators do acquire generalised impressions regarding employees' contributions to their organisation. Employees' behaviours, as well as beliefs, values and level of effort, all of which can be manipulated, can easily influence the impressions of evaluators. Often a discrepancy exists between an individual's performance and the evaluation result, and this difference stems out of political influence.

Promotion/succession systems are also subject to dynamics of political influence. Firms may prefer to fill managerial positions within the ranks to provide motivation. To assess the fit between the job vacancy and the person being promoted, the firm must partly rely on past performance evaluations as well as information found through interviews and other means. You have already seen how these processes are affected by political influence. Although many may not want to acknowledge the existence of political influence in organisations, anecdotal and empirical data show very convincingly that these processes are part and parcel of organisations. However, to ignore their existence is short-sighted.

7.5 An International Perspective on HRM

For many years there has been increasing international competition, and today most large corporations in the US, Europe and Japan function in a global economy. A

revolution in management practices, and increased emphasis on quality of work life (QWL), has occurred over the same years. In order to compete internationally, many overseas facilities must be established, with the effect that two general concerns are being addressed by many American and European companies. Firstly, how does one manage a company's citizens working overseas? Secondly, how do organisational management policies and practices in other cultures differ from those in the respective home countries?

Expansion of production facilities outside US borders, for instance, provides HRM concerns for the American companies. As a means of keeping production costs down for the automotive industry, Lee Iacocca turned more and more to setting up plants outside America. In 1993, he headed the fight to set up the North American Free Trade Agreement (NAFTA) which created the world's largest free trade zone by virtually eliminating trade barriers among Canada, Mexico, and the US. In effect what happened was that US firms capitalised on Mexico's lower labour costs by building production facilities there.

The foremost challenge for firms going overseas is the need to select and train individuals who are able to work in a foreign culture. Therefore programmes featuring international management and cross-cultural training have increased in value.

Also related to the issue of managing one's citizens in a foreign setting is the problem of adequate compensation for them. This arises out of the volatility of major foreign currencies, particularly the US dollar. Corporations are meeting this challenge, therefore, by paying allowances for housing, payment of tax if required, education of the manager's children, cost of living adjustments etc.

The other concern – the influence of culture on HR practices – has created more awareness among academics and HR practitioners. When there are joint ventures in foreign countries, US firms, for instance, need to have a good understanding of the foreign culture concerned. The 1987 conference on international personnel and human resources management held at the National University of Singapore was a showcase for the work of academic researchers who had applied a number of methods in various Pacific Rim countries (Japan, China, Taiwan, etc.) to learn of human resources compared with US practices. You would be interested to know that in spite of these efforts to gain an understanding of human resources practices in Pacific Rim countries, evaluations have revealed that practice tends to be primarily guided by an ethnocentric view of the world.

For a firm to be competitive these days, its HRM function must be characterised by:

1. transnational scope – going beyond a simple national or regional perspective and making human resources decisions with a global perspective.
2. transnational representation – globally competitive organisations must have multinational representation among their managerial employees.
3. transnational process – a decision making process that involves representatives and ideas from a variety of cultures.

7.6 An Evaluation Perspective on HRM

Two criteria are usually used to assess the quality of an enterprise's HRM function: efficiency and effectiveness. In judging effectiveness we ask, 'Is HRM doing the right things?' whereas efficiency is 'doing things right' in the sense of maximising outputs relative to inputs. Effectiveness may involve biases of people because people decide what the right things are. Efficiency, by contrast, is associated with an internal, value-free assessment of the function. The HRM function can be judged efficient but ineffective, effective but inefficient, ineffective and inefficient, or effective and efficient: the desired status.

Efficiency may be determined from short-term activities such as personnel functions: For instance, how fast were personnel requisitions filled? However, activities like preparing job descriptions and providing career counselling are long-term activities critical to the effectiveness of the organisation. In the short run, they may seem to resist efforts at efficiency improvement. The ideal is to strike an optimal mix.

7.6.1 Personal Audits and Utility Analysis

One popular approach to assessing HRM function is called the personnel audit, which has two components: a procedural audit and a functional audit. The former focusses on the activities performed by members of the HR department and the amount of time spent on each. It is internal to the HR department and represents a measure of the function's efficiency. The latter, the functional audit, seeks to measure the function's effectiveness. In other words, it attempts to assess how well the function is serving the organisation in helping achieve short- and long-term goals.

Some researchers have demonstrated how human resources can be subjected to 'utility analysis' that leads to determining the money value of HRM activities to the organisation.

Self-Assessment Question

What are the different perspectives on HRM? Outline the key factors under each perspective.

8 Part Played by Personnel Specialists in the Management of HR

You need to examine three questions carefully to understand the above.

1. What part has personnel played in shaping developments to date?
2. Is HRM a friend or foe to the personnel specialist; is it a threat or the most significant opportunity to have arisen for personnel in the last 20 years?

3. Could it provide the much sought after path to the centre of corporate influence, or is it a development which threatens further to marginalise a function which has always been peculiarly prone to anxiety about its status, standing and contribution?

9 Contemporary Significance of HRM

The development of HRM as a body of management thought in the 1980s can be linked to a conjunction of socio-economic factors – in particular, changes in international competition, the restructuring of industrial sectors and organisations, and the rise of a renewed confidence in the power of managers to manage.

Management of people has been placed firmly on the agenda through the championing of doctrines of ‘excellence,’ ‘quality,’ ‘innovation,’ and ‘entrepreneurship.’ A new style of personnel management with the label HRM has emerged. HRM involves the following characteristics:

- a focus on horizontal authority and reduced hierarchy; a blurring of the rigid distinction between management and non-management.
- devolution of responsibility for people management to line managers wherever possible; the role of personnel professionals is to support and facilitate line management in this task, not to control it.
- active HR planning that is fused with corporate level planning; HR issues are treated strategically in an integrated manner.
- a view of employees as subjects with the potential for growth and development; the purpose of HRM is to identify this potential and develop it in line with the adaptive needs of the organisation.
- assumption by HRM that a common interest in the success of the organisation unites management and non-management. Its purpose is to ensure that all employees are aware of this and committed to common goals.

Self-Assessment Question

Do you observe key differences between Personnel Administration and HRM?
List them.

10 Summary

It may not be an easy task to trace the origins of HRM. However, HRM can be seen as part of management in general and the management of employees in particular. HRM appears to have its origins in the United States in the 1950s. In the UK, HRM

did not come to be recognised until the mid to late 1980s. HRM emerged as a viable function and subject area around 1920. Hawthorne studies (Roethlisberger & Dickson, 1939) had a pervasive influence.

During World War II, there was a great need for increasing the productivity of the American work force, many of whom were new recruits with no previous production experience. In postwar years, the explosion of technology has had indelible effects on the Personnel Administration (PA) function. Significant changes in the way human resources were recognised prompted reforms in the personnel function throughout the world in the 1970s and 1980s.

The title of the department too underwent transformation, going first from 'personnel administration' to 'industrial relations' and then via 'employee relations' to human resources. The title 'human resources' reflects the perception that employees are assets and not costs. Such elevation of HR indicated that this function was moving beyond a reactive people-problem mentality to a proactive planning and consulting mentality.

By the mid-70s, an organisation's human resources began to be recognised as a key resource in its competitive efforts, and well managed companies improved the effectiveness of the HRM function to the benefit of line executives, other employees and HR practitioners.

As employees began to be seen as assets rather than costs, dramatic changes in the role and status of HR began to take place, particularly the requirement of new competencies to carry out the HR function effectively.

HR can be examined in several historical, environmental, strategic, political, international and evaluation. Strategic Human Resources Management is defined as 'the pattern of planned human resource deployments and activities intended to enable an organisation to achieve its objectives.'

Galbraith and Nathanson recognised the need to fit human resources into the strategy implementation process. They outlined four basic HRM sub-functions or strategies: selection, appraisal, rewards, and development. Of the three approaches generally used, none was found perfect.

Baird and Meshoulam (1988) presented five stages of HRM growth: initiation, functional growth, controlled growth, functional integration, and strategic integration.

They also presented six strategic components of HRM: manager awareness, management of the function, portfolio of programmes, personnel skills, Information Technology, and awareness of the environment.

Wright and Snell (1991) referred to two types of outcomes from the system: affective outcomes and performance outcomes.

Performance evaluation as much as selection seems to be an area of HRM that is influenced by politics. A sacred principle of performance evaluation is to evaluate performance itself rather than the person in the abstract. Promotion/succession systems are also subject to dynamics of political influence.

The foremost challenge for firms going overseas is the need to select and train individuals who are able to work in a foreign culture. The other concern – the influence of culture on HR practices – has created more awareness among academics and HR practitioners.

For a firm to be competitive in today's world the firm's HRM function must possess transnational characteristics in its scope, representation, and processes.

Two criteria are usually used to assess the goodness of the HRM function: efficiency and effectiveness. One popular approach to assessing the HRM function is called the personnel audit, which has two components: a procedural audit and a functional audit.

The development of HRM as a body of management thought in the 1980s can be linked to a conjunction of socio-economic factors – in particular, changes in international competition, the restructuring of industrial sectors and organisations, and the rise of a renewed confidence in the power of managers to manage.

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Commonwealth of Learning Executive MBA/MPA

C3 Human Resource Management

Block 3

Strategic HRM

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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The Commonwealth of Learning

1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

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1 Block Objectives

After studying Block 3 of this course, you will be able to:

- Name common human resource strategies
- Discuss how HRM links with strategies adopted in institutions
- State in what ways the emergent role of the future HR manager is already in evidence.

2 What Is Strategic Human Resource Management (SHRM)?

The fact that employees today are central to achieving competitive advantage has led to the emergence of the field known as strategic human resource management. Block 2 briefly discussed one definition of Strategic HRM, but there are others. Truss and Gratton (1994) define it as:

'the linking of HRM with strategic goals and objectives in order to improve business performance and develop organizational cultures that foster innovation and flexibility.'

Another way of looking at it is

'the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals' (Wright and McMahan, 1992).

According to Dessler (2001),

'strategic HR means accepting the HR function as a strategic partner in the formulation of the company's strategies, as well as in the implementation of those strategies through HR activities such as recruiting, selecting, training and rewarding personnel.'

Strategic HR is an approach to making decisions on the intentions of the organisation concerning people – essential components of the organisation's business strategy. It is about the relationship between HRM and strategic management in the organisation. SHRM refers to the overall direction the organisation wishes to pursue in achieving its objectives through people. It is people who implement the strategic plan. Therefore, top management must take this key factor, the people, fully into account in developing its corporate strategies.

SHRM can be considered an approach to dealing with longer-term people issues as part of the strategic management thrust of the business. It covers macro-organisational concerns relating to structure and culture, organisational effectiveness and performance, matching resources to future business requirements and the management of change.

Overall, it will address any major people issues which affect or are affected by the strategic plans of the organisation and it will provide agendas for change which set out intentions on how these issues will be handled.

Wright and Snell (1991) have suggested that in a business, SHRM deals with ‘those HR activities used to support the firm’s competitive strategy.’ Another business-oriented definition was provided by Miller (1989):.

“Strategic human resource management encompasses those decisions and actions which concern the management of employees *at all levels* in the business and which are directed towards creating and sustaining *competitive advantage*.”

The idea of HRM is based around the notion that people management can be a key source of sustained competitive advantage. This in turn is based on four main precepts:

1. People can ‘make the difference’ because in the final analysis it is human capability and commitment which distinguish successful organisations from the rest. Accordingly, people need to be treated as assets, not costs.
2. Therefore, managing human resource indeed is a matter of truly **strategic importance**.
3. Managing human resources is therefore too important to be left entirely to personnel specialists; it has to be an activity which is owned by all managers.
4. The key levers must be internally integrated with each other and externally integrated with the business strategy.

In this sense, the term HRM can be regarded as synonymous with strategic human resource management (SHRM).

What are Human Resource Strategies (HRS)? What does come to your mind when you hear this term? In the literature, it is not any single thing but a variety of differently conceptualised approaches. According to Sisson (1990) there are four features associated with HRM:

1. integration of personnel policies both with one another and with business planning more generally;
2. change in the locus of responsibility for personnel management from specialist managers to senior line management;
3. a shift in focus from management-trade union relations to management-employee relations, from collectivism to individualism;
4. emphasis on commitment and the exercise of initiative, with managers now donning the roles of ‘enabler,’ ‘empowerer’ and ‘facilitator.’

Hendry and Pettigrew (1986) argue that the strategic aspect of HRM consists of four elements:

1. the use of planning
2. a coherent approach to the design and management of personnel systems based on an employment policy and manpower strategy and often underpinned by a ‘philosophy’

3. matching HRM activities and policies to some explicit strategy
4. seeing the people of the organisation as a 'strategic resource' for achieving 'competitive advantage.'

These authors hold that, at minimum HRM brings a degree of dual integration: coherence of HR practices with each other, and of all HR practices with the organisation's strategy.

2.1 Two Classic Approaches

It is common to distinguish two influential American schools of HRS: the Michigan group and the Harvard group. The first focusses on strategic management and the other on human relations.

The Michigan group developed the notion of strategic HRM which entailed the interconnection of business strategies, organisational structures and HRM (key personnel systems: selection, appraisal, rewards and development). HRM systems were best designed to support the implementation of corporate strategy. The critical management task is to align the formal structure and the HR systems so that they drive the strategic objective of the organisation.

At the heart of the Harvard approach was the responsibility and capacity of managers to make decisions about the relationship between the organisation and its employees so as to maximise the organisational outcomes for key stakeholders. This approach focusses on managers' responsibility to manage four key HRM policy areas: employee influence (participation); human resource flow; reward systems and work systems (work organisation).

Under SHRM, a proactive role has been identified for HRM. Some authors have identified six key elements of SHRM:

- explicit recognition of the influence of the external environment
- recognition of the labour market features
- long-range focus
- focus on choice and decision-making
- consideration of all personnel
- integration with overall corporate strategy and functional strategies

Self-Assessment Question

Why do you think that the strategic-level managers of a company should consult HR personnel?

3 Why SHRM?

SHRM aims to provide a sense of direction in an often turbulent environment so that organisational and business needs can be translated into coherent and practical policies and programmes. SHRM should provide guidelines for successful action, and the ultimate test of the reality of SHRM is the extent to which it has stimulated such action.

The rationale of SHRM rests on the perceived advantage of having an agreed and understood basis for developing approaches to managing people in the longer term. It also contains the belief that declarations of intent in human resource management should be integrated with the needs of both the organisation and the people in it.

A review of studies shows that the HR field is on the verge of moving beyond its recently acquired responsibilities for performance consulting and business partnering to assume strategic leadership (Rothwell et al, 1998).

Rothwell et al further state that the 1995–1996 Human Resource Planning Society (HRPS) study was commissioned by the society's board to look to the future needs of the profession. The study team headed by Robert Eichinger of Lominger Limited, Inc., and David Ulrich of the University of Michigan focussed on state-of-the-art future trends for the HR profession. The aim of the study was to identify the business challenges facing organisations today, what general managers must do to prepare for these challenges, and the HR implications for the future. The study results also reveal that HR practitioners must move away from an activity-oriented focus to one that delivers value through alignment of HR services with organisational needs.

According to the study, the **seven most essential skills for HR executives in the future** are:

1. Global operating skills
2. Business and financial savvy
3. Strategic, visioning, critical thinking, and problem-solving skills
4. Using information technology
5. Deep HR technology savvy
6. Change management skills
7. Organisational effectiveness

Source: Eichinger & Ulrich, 1995

According to Rothwell et al (1998), compelling evidence that HR practitioners of the future must demonstrate exemplary leadership skills if they are to be successful is to be found in the Penn State Executive Programs Management Skills Assessment-Human Resources study and in a study commissioned by the Society for Human Resource Management and CCH, Inc., titled *A 21st Century Vision of Strategic Human Resources Management* along with the previously mentioned HRPS study. Rothwell et al. further state that for HR practitioners, it is no longer enough to be a compliance-oriented practitioner, a supporter, or even a performance consultant.

Therefore, you would see clearly that exemplary HR practitioners of the future will be leaders who are capable of demonstrating a new value-added component to their organisations by managing and developing knowledge capital.

By comparing the studies just mentioned, Rothwell et al. state that six key roles for HR leaders have emerged:

- Change agent
- HR strategist
- Business strategist
- HR functional aligner
- Partner to General Managers
- Problem solver and consultant

Self-Assessment Question

Identify the new skill areas that a future HR manager should acquire. Give reasons.

4 Strategy, Human Resources Management, and Organisational Outcomes

It is only recently that research and practice have begun to pull together three related disciplines of practice and study into more integrated approaches:

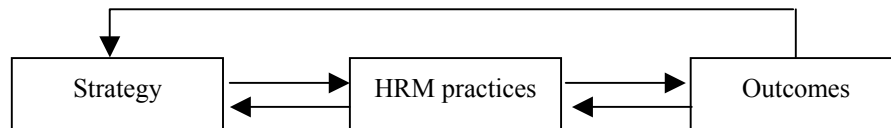
DISCIPLINE:	Strategic management	Human resources management	Organisational outcomes
COMPONENTS:	Strategy types	Employee selection	Company performance
	Planning	Employee appraisal	Operational effectiveness
	Implementation	Employee training	
	Evaluation		

As you are well aware, in practice, these are different disciplines, and research that tries to investigate relationships among these elements does not fit neatly into a single discipline. Therefore, it may not have brought about the desired outcomes.

Among the many reasons why researchers and managers should want to integrate the three areas in the table above, the foremost is to increase our understanding of the way organisations should (and perhaps do) operate, and to do this by examining a more comprehensive set of issues. Secondly, top managers are often required to think outside

of a single discipline. Therefore, research should help them decide what types of HR practices fit their firms' chosen strategies. Finally, managers continually seek guidance and creative thinking on how to integrate strategy, human resource issues and organisational outcomes. The number of business best sellers in recent years, and the interest in innovative training and development, bear testimony to this fact.

Integrating strategy, HRM and organisational outcomes should help to guide and contribute to more effective use of, and decisions about, human resources. A model linking these elements is useful for understanding how each element affects the others.



Source: Ferris & Buckley, 1996

The model shows how managers and researchers can study pairs of elements (i.e., strategy- HRM; HRM-outcomes) or all three together. You should realize that human resources practices can be either influenced (by strategy) or influencers (of organisational outcomes). If you are a manager of a company pursuing a growth strategy, you may design a compensation system to reward managers who bring in new business as against those who simply maintain existing accounts. Do you see that here the human resources practices are influenced by strategy? The compensation practice you adopt could in turn be an influencer if it in some way affects the performance of the company.

Sometimes, selection of strategy and subsequent planning can be affected by human resources practices in the company. To quote an example; the types of an organisation's employees (their skills and abilities) may influence the choice of strategies the company wants to adopt. It may decide to grow by developing internally, for example, or by acquiring other companies. Similarly, the outcomes may affect the human resources practice: i.e., an organisation that performs well is more likely to place more emphasis on HRM activities, or to provide more funds for them.

4.1 More about the Links

The quantum of research on the links among the three components is not substantial and is in a stage of early development. However, some information about the links among business strategy, human resources management practices, and outcomes is available.

4.1.1 Strategy - HRM Links

This link is the one known most to us, because the strategy of the firm seems to have an effect on human resources activities. Yet, whatever the available information about the link between strategy and human resources practices is, it is both theoretical and based on

data. The available writing about it has been based on what should occur rather than on what actually occurs. Available literature shows that people such as senior managers who are outside the personnel and human resources functions of the firm view that HRM issues are important and contribute to effective implementation of an organisation's strategy (Beer et al, 1985). If others believe this, then the human resources manager is in a better position to convince all other managers of the importance of people and issues that contribute to their productivity. Researchers, rather than just saying that strategy should relate to human resources practices, are gathering facts about the actual relationships as well as ideas about how to study those links in greater depth.

HRM practices will vary according to the strategy the firm pursues. Examples are:

- a firm that grows by acquiring new firms may evaluate a manager's performance on the ease with which a new firm is integrated into the existing one.
- firms that pursue different diversification strategies or that grow by getting into new product areas tend to reward managers with bonuses. The greater the diversification (i.e., the more unrelated the products), the higher the bonus tends to be.

These show that firms pursuing different strategies are likely to structure human resources practices, such as pay or performance evaluation, to support their strategies.

Finally, there is one difficulty with what we know about strategy-HRM issues. We tend to believe that integrating strategy and HRM will lead to good outcomes (e.g., financial performance). Unfortunately, there is very little empirical data supporting such links. Even books such as *In Search of Excellence* (Peters & Waterman, 1982) present only anecdotal evidence.

4.1.2 HRM-Outcomes Links

This part of the overall framework – i.e., the HRM-outcomes link – is more familiar to us than the other. With what we know we are able to answer at least two questions:

1. How effective are the human resources functions and the department?
2. What is the overall contribution of HRM activities to the organisation?

Research has thrown some light on the effectiveness, costs, and benefits of specific human resources management activities. The focus has been on three general areas:

1. ways to assess the costs of specific human resources activities, such as selection, training, or benefits
2. methods to evaluate the effectiveness of human resources activities, such as the pre/post evaluation of training programmes
3. general approaches to the audit of the strengths and weaknesses of the overall human resources activities.

Each of the three categories is relatively well developed. For example, the cost of selecting a bank teller will have to be assessed against the costs of an advertisement, time spent short listing and interviewing candidates, time spent for training of the new recruit and loss of productivity while the new employee is learning the job. The methods used to assess the effectiveness of programmes (e.g., training) usually involve evaluating employee attitudes about the programmes. Finally, personnel department audits are often used to justify departmental activities and determine areas for future focus. Again, our knowledge in this area is limited.

4.1.3 Putting It All Together: Strategy-HRM-Outcomes

Our knowledge about how to integrate strategy, HRM, and organisational outcomes is still limited. The reason for this limitation is that few organisations have actually successfully linked the three elements to demonstrate integration techniques and outcomes. However, it is encouraging that researchers show increasing interest in examining these relationships (Butler et al., 1991), and managers can only reach for excellence by keeping alert to the linkages and potential for integration.

Some studies have been carried out – for example, by Misa and Stein (1983) – to examine whether and how HRM concerns were included in strategic decisions in high-performing and low-performing firms. They found that there was more human resources department participation in business decisions and strategic planning in high-performing firms than in poorer performers. Also, Horovitz and Thiebault (1982) found that high-performing firms pursuing the same strategy had similar management systems. Others like Tichy, Fombrun, and Devanna (1982) have argued that a better match between strategy and HRM issues is associated with better firm performance or effectiveness. They have discussed how firms that appear to match strategic business unit level strategy, type of manager, and human resource practices seem to have better performance.

4.1.4 A Framework

Managers must consider the three elements (strategy, HRM, outcomes) to consider how each may affect the others. A fourth dimension, too, is critical: the type or level of employee affected by the other three factors. For example, approaches to selection or pay vary, depending upon whether the employee is a line worker, a middle manager, etc.

Overall strategy classification: Several strategy classification schemes are proposed in the literature (Galbraith & Nathanson, 1978; Miles & Snow, 1978; Pitts, 1974; Porter, 1981; Rumelt, 1974). Any given firm might employ a single strategy within one classification. For example, the Miles and Snow typology refers to four general stances a firm may take in its industry:

- **defender** – seeks to protect its current market share and concentrates on maintaining the status quo.
- **prospector** – aggressively pursues new markets, new product ideas, and the like.
- **reactor** – responds to what happens in the market and takes advantage of such occurrences whenever possible.

- **analyser** – combines strategies, acting as a prospector in some markets and a defender in others.

Rumelt's (1974) strategy classification is based on the extent of product diversity in a firm. Product diversity refers to the range of products a firm offers and the degree to which those products are related to one another (e.g., through use of similar technology or market channels). Rumelt's classification is:

- **single-business firms** – firms that produce only one product and generate all revenues from a single product.
- **dominant-product firms** – firms that rely on a few similar products; these receive 70 percent of revenue from those products.
- **unrelated firms** – firms producing many widely diverse products.

Porter (1981) classifies firms into three groups:

- **cost leadership firms** – firms that pursue a strategy of having relatively lower costs than competitors.
- **differentiators** – firms providing products or services that distinguish them from competitors in some way, for example, through more luxury or better service.
- **focus firms** – firms concentrating on selling to specific market groups.

Human Resource Management: This component emphasizes the set of personnel activities related to managing employees:

- **acquiring** – human resource planning, recruitment, selection
- **allocating** – placement, orientation, socialisation
- **developing** – training, development, career management
- **managing performance** – performance appraisal, compensation, discipline
- **maintaining** – benefits, health/safety

For different types of organisations, there will be different activities applicable to each kind of employee. In regard to selection, for example, the focus for firms with a policy of promotion from within would be more on past employee performance within the firm rather than on education or other types of experience. Firms who require new ideas may seek persons from outside for certain types of jobs: for example, marketing, research and development, etc.

Organisational outcomes: This component tells us how well a firm is doing in terms of meeting goals (effectiveness) or achieving financial, marketing, or other types of performance standards.

In addition to the above three elements—strategy, HRM and outcomes—the level of employee is important because HRM functions differ significantly by level (top, middle, and first-line levels of management as well as non-management employees). In most organisations, non-management and lower-level employees have much more specific job

descriptions or responsibility lists where as top managers have rather vague job responsibilities. Also, recruitment techniques may vary depending on the level. At the top level, use of executive search firms, head hunting or 'close acquaintances' are more common while at lower levels, advertisements in media or other methods such as walk-in interviews are more common.

The three elements along with the dimension of level of employees help managers consider what types of human resources activities relate to different strategy classifications. The following discussion relates different growth strategies to different ways of designing the HR selection function in the case of top management.

Firms pursuing a growth strategy by internal expansion

These firms tend to use mainly subjective performance criteria which are non-quantifiable. There aren't many objective and quantifiable ways to assess performance in these firms. Also, these firms most probably use more subjective selection criteria when they choose top managers. This is because the candidates are well known to the top managers and therefore personal traits are also given more emphasis in addition to specific objective criteria. Top managers may look for the promoted manager's 'fit' with top management.

Firms pursuing a growth strategy by acquisition of other firms

Candidates in the new firm that has been acquired will be less known to the top managers of the firm that is acquiring. Here, there is a tendency for the top management to use more objective criteria for manager selection. By contrast to the former example, where managers may be transferred, in this case more emphasis will be on new 'blood.' The candidates for promotion will come from newly acquired units.

Self-Assessment Question

Compare the viewpoints of different authors. Examine to see whether there are common points of view. List them.

4.2 Implementation of SHRM

Three approaches have been identified for implementing SHRM (Butler et al., 1988). They vary in the extent of involvement in the overall strategic management of the firm.

- At the lowest level of involvement – HRM merely responds to and accommodates the organisation's strategic goals.
- At a higher level of involvement – There is a more interactive role in that HRM has input in the formulation of strategies, particularly with respect to implementation issues.
- At the highest level of involvement – There is full integration, in that HRM is linked to the strategic planning group and the various HR activities are linked as well.

Dyer (1986) identifies specific contributions that HRM can make in strategy formulation. According to Dyer, there can be involvement in the assessment of various strategic alternatives in terms of feasibility and desirability. The HR function can provide input concerning the availability of the required human resources (quantity, quality, and skill mix) and the costs of acquiring, retaining, developing and motivating such resources. Dyer also identified the various ways in which HRM can be linked to formal strategic planning in the organisation: parallel or sequential linkage, inclusion, participation, and review.

Buller (1989) empirically investigated the linkage of HRM and strategic planning in eight high performing firms in USA and concluded that the level of integration depends on the fit of HRM with its environment. Lower levels of linkage may be sufficient where the environment is stable and predictable. The Buller study also reported other factors that shape the type of linkage:

- organisational history and culture
- strategy
- structure
- incumbent executives' values and skills
- work force values and skills
- management systems.

In implementing SHRM, the new role of HRM implies not only improvement in the quality of the traditional personnel or HR activities but also an expanded scope of activities. Tsui (1987) reported on the expectations of 805 managers and other employees as to the HR departments' activities. A factor analysis of 73 activities on the strategy implementation or operating level yielded eight dimensions:

- staffing/HR planning
- organisation/employee development
- compensation/employee relations
- employee support
- legal compliance
- labor/union relations
- policy adherence
- administrative services.

Together with traditional spheres of activity, newer responsibilities of strategic planning, management consulting, and organisation development have also been included in the job of the HR manager. One additional activity that HRM must undertake to implement SHRM entails environmental scanning to identify appropriate strategies and plans.

4.2.1 Required Knowledge, Skills, Abilities, and Orientation

Several authors have proposed the new competencies that are or should be required for the HR practitioner. You have already been exposed to some studies carried out by HRPS (see section 2 of this study block) which outlines the future skill requirements for HR personnel. In a survey of 8,900 HR associates concerning perceived competencies for the HR professional it was strongly suggested that three main areas of competency be acquired:

- functional specialisation
- business knowledge
- management of change.

Another survey among 306 members of the American Society for Personnel Administration (now called the Society for Human Resources Management) (Harper & Stephens, 1982), focussed on appropriate education. In terms of academic preparation, an M.B.A. with personnel/labor specialisation seems to be more favoured than a general M.B.A. or an M.A./M.S. degree. As to curriculum content, there seems to be a preference for broader, more general courses such as management of human resources, in contrast to specific technical ones such as psychological testing.

Ferris and Buckley (1996) find various authors generally agreeing that aside from specialisation in the personnel function, business knowledge is required for the new role of HRM: as a member of management, the HR professional is expected to have a business/profit orientation as much as the rest of the management team. In terms of skills, technical and human relations skills are no longer sufficient; the HR professional must have management and research skills as well. In addition, he or she must develop consultation skills, because the new role entails not merely solving problems already identified by other managers but also working together with line managers to identify problems and pinpoint opportunities to optimise the use of human resources toward the achievement of goals. These new competencies suggest a major departure from skills previously believed necessary to performing HRM jobs.

5 Summary

Employees today are central to achieving competitive advantage. This reality has led to the emergence of the field known as strategic human resource management. One definition of SHRM is ‘the linking of HRM with strategic goals and objectives in order to improve business performance and develop organisational cultures that foster innovation and flexibility.’ In other words, it is about the relationship between HRM and strategic management in the organisation. In a business, SHRM deals with ‘those HR activities used to support the firm’s competitive strategy’.

People need to be treated as assets and not costs. The key levers of HR management must be internally integrated with each other and externally integrated with the business strategy.

Different authors propose different approaches to HRM; all of them, however, emphasise the strategic nature of HRM for business success. It is common to distinguish two influential American schools of Human Resource Strategies (HRS). The Michigan group focusses on strategic management while the Harvard group focusses on human relations. The Michigan group developed the notion of strategic HRM while at the heart of the Harvard approach was the responsibility and capacity of managers to make decisions about the relationship between the organisation and its employees so as to maximise the organisational outcomes for key stakeholders.

SHRM aims to provide a sense of direction in an often turbulent environment so that organisational and business needs can be translated into coherent and practical policies and programmes. A review of studies shows that the HR field is on the verge of moving beyond its recently acquired responsibilities for performance consulting and business partnering to assume strategic leadership.

By comparing the studies just mentioned, six key roles for HR leaders have emerged: change agent, HR strategist, business strategist, HR functional aligner, partner to general managers, and problem solver and consultant

We must increase our understanding of the way organisations should (and perhaps do) operate, and we must examine a more comprehensive set of issues. Top managers are often required to think outside of a single discipline. Managers continually seek guidance and creative thinking on how to integrate strategy, human resource issues and organisational outcomes.

Human resources practices can be either influenced (by strategy) or be influencers (of organisational outcomes). Sometimes, selection of strategy and subsequent planning can be affected by human resources practices in the company.

The strategy-HRM link is the one known most to us, because the strategy of the firm seems to have an effect on human resources activities. HRM practices will vary according to the strategy the firm pursues. However, there is one difficulty with what we know about strategy-HRM issues. We tend to believe that integrating strategy and HRM will lead to good outcomes (e.g., financial performance). Unfortunately, there is very little empirical data that support such links. The link HRM-outcomes is more familiar to us than the other.

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Managers must consider the three elements (strategy, HRM, outcomes) to consider how each may affect the others. A fourth dimension, too, is critical: the type or level of employee affected by the other three factors. The three elements along with the dimension of level of employees help managers consider what types of human resources activities relate to different strategy classifications.

Three approaches have been identified for implementing SHRM. However, they vary in the extent of involvement in the overall strategic management of the firm.

Specific contributions that HRM can make in strategy formulation have been identified. There can be involvement in the assessment of various strategic alternatives in terms of feasibility and desirability.

In implementing SHRM, the new role of HRM implies not only improvement in the quality of the traditional personnel or HR activities but also an expanded scope of activities. Together with traditional spheres of activity, newer responsibilities of strategic planning, management consulting, and organisation development have also been included in the job of the HR manager.

In a survey of 8,900 HR associates concerning perceived competencies for the HR professional it was strongly suggested that three main areas of competency be acquired: functional specialisation, business knowledge and management of change.

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Commonwealth of Learning Executive MBA/MPA

C3 Human Resource Management

Block 4

Human Resources Planning

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

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1 Block Objectives

After studying Block 3 of this course, you will be able to:

- Show what HR planning is and why effective enterprises perform it.
- Name, describe and apply some tools and techniques of forecasting demand for employees.

2 Introduction to HR/Employment Planning

Traditionally, staffing planning has attempted to reconcile an organisation's need for human resources with the available supply of labour in the local and national labour market. In essence, staffing planners initially seek to estimate their current and future employment needs. However, the task of estimating employment needs is an extremely complicated process, which in large organisations requires considerable specialisation and expertise. In many organisations, specialist units within personnel departments may be established to concentrate exclusively on staffing planning. Some of the issues that these units may address include:

- How many employees does the organisation currently employ?
- What is the age profile, by department, of our employees?
- Where in the organisation are these employees to be found?
- Which are the biggest departments in the organisation?
- What skills do our employees possess?
- How many employees, on average, leave the organisation every year?
- In which areas of our business do we tend to lose more employees?

These questions are fundamental to the day-to-day activities of staffing planners and are crucial for the future success of the enterprise. Human resources are considered the most valuable, yet the most volatile and potentially unpredictable resource which an organisation utilises.

Sophisticated statistical and computer technology is often used in large organisations in an attempt to plot accurately where current resources are in the organisation, where they are going and with what speed, and the likely need and timing of 'stock replacement.'

In the current pursuit of HRM, many organisations appear to be practising HR Planning as opposed to Staffing Planning. How do you understand this change? Do you think it is best described as 'old wine in new bottles,' and hence simply a matter of semantic change, or is something more fundamental happening in the process, techniques, ambitions and outcomes of resource planning? Different organisations have different viewpoints on this. HR Planning claims to abandon the 'them and us' attitudes of the past, based on control systems and discipline, budgets and bureaucracy. Today, the emphasis is all on fairness and flexibility, integrity and development, creativity and commitment. The role of personnel departments, it is argued, is becoming devalued as

organisations seek to vest far more flexibility and responsibility in the role of the production line managers. In sum, advocates of staffing planning, and the more strategic and flexible human resource planning, attempt to recruit, retain and efficiently distribute and channel employees both laterally and hierarchically through an organisation. By maintaining control over the quantitative and qualitative 'flows and stocks' of staffing, the organisation should function smoothly by having the right labour in the right place, at the right time and cost.

2.1 Definition

Employment planning is the personnel process that attempts to provide adequate human resources to achieve future organisational objectives. It includes forecasting future needs for employees of various types, comparing these needs with the present workforce and determining the numbers and types of employees to be recruited or phased out of the organisation's employment group.

In enterprises, the top management examines the environment, analyses the strategic advantages of the enterprise, and sets its objectives for the coming period. Then it makes strategic and operating decisions to achieve the objectives of the enterprise. The personnel capabilities of the enterprise are among the factors analysed in the strategic management process. Once the strategy is set, Personnel does its part to assure the success of the strategy and achieve the enterprise's objectives. It does this by comparing the present supply of human resources with projected demand for them. This comparison leads to action decisions: add employees, cut employees, or reallocate employees internally.

2.2 Reasons for HR Planning

The importance of HR or staffing planning lies with the contribution it could make to reducing uncertainties within the employment patterns of large organisations. Staffing planning is a critical managerial function because it provides management with information on resource flows that is used to calculate, amongst other things, recruitment needs and succession and development plans. All organisations perform HR or employment planning, informally or formally. The formal employment techniques are described here because the informal methods are increasingly unsatisfactory for organisations requiring skilled labour in a fast-changing labour market. It is important to point out that most enterprises do more talking about formal employment planning than performing it.

The major reasons for formal HR planning are to achieve:

- More effective and efficient use of human resources.
- More satisfied and more developed employees.
- More effective equal employment opportunity planning.

More effective and efficient use of people at work: Employment planning should precede all other personnel activities. How could you schedule recruiting if you did not know how many people you needed? How could you select effectively if you do not know the kinds

of persons needed for job openings? How large an orientation program should you schedule? When? How large a training program should you schedule, and when and on what topics? Careful analysis of all personnel activities shows that their effectiveness and efficiency depend on employment planning.

More effective employee development and greater employee satisfaction: Employees who work for enterprises that use good employment planning systems have a better chance to participate in planning their own careers and to share in training and development experiences. Thus they are likely to feel their talents are important to the employer, and they have a better chance to use their talents in the kinds of job that use these talents. This often leads to greater employee satisfaction and its consequences, such as lower absenteeism, lower turnover, fewer accidents, and higher quality of work.

More effective Equal Employment Opportunity (EEO) planning: All governments have increased their demands for equal employment opportunity. To complete the government reports and satisfactorily respond to EEO demands, enterprises must develop personnel information systems and use them to formally plan their employment distribution.

In sum, effective employment planning assures that other personnel processes will be built on a good foundation, one that averts shortages of skills by producing:

- recruitment plans.
- the identification of *training needs*.
- *management development*: in order to avoid bottlenecks of trained but disgruntled management who see no future position in the hierarchy.
- *industrial relations plans*: often seeking to change the quantity and quality of employees will require careful IR planning if an organisation is to avoid industrial unrest.

2.2.1 Organisational and Individual Needs for HR Planning

Interestingly, discussing the contrast between personnel and human resource management seems to bring up a paradox. In relation to staffing planning, both the disciplines appear to offer a reconciliation of both the individual's employment and career needs and the operational needs of the organisation. John Bramham (1990) suggests that the planning of staffing should be conducted within a framework, which acknowledges the potentially divergent aims and values of the employee and the employer. According to him, a good professional staffing planner should aim:

to develop with his colleagues co-ordinated personnel policies for the organisation which enable it to meet its economic objectives while fulfilling its social responsibilities.

There has to be a reconciliation of different interests, and the role of staffing planning within the context of personnel management therefore is one which offers organisations some means by which competing demands, ambitions and values may be reconciled.

You may have experienced, for example, the following areas of employment where some conflict of interest would have arisen:

- Demands of employees for wages over and above what employers are prepared to offer.
- Demand of the employees/managers for promotion/increased responsibilities. Bramham for example, suggests that one of the very real problems facing staffing planners is the aspirations of some employees. He notes that: ‘Expectations of employees seem to change, and higher levels of education probably add to this difficulty.’
- Demands of employees for terms and conditions of employment that provide higher rewards and benefits than what employers are willing to offer. These are conditions such as:
 - job enrichment
 - job rotation
 - shorter working week
 - increased holiday allowances
 - increased overtime rates.

Very often employers are not prepared, or are not in a financial position, to be able to accede to these demands of the employees. Rather, employers may well make demands of their own upon employees such as:

- increased productivity
- restructuring involving the rationalisation and redundancy of some employees
- an increase in the use of short-term contract staff
- the introduction of new technology, which eliminates the need for high cost and highly skilled labour.

Bramham and others hold that good HR planning—planning that recognises on the one hand the aspirations of employees for increased responsibility and promotion and, on the other, the desire by employers to keep costs under control and the organisation profitable – can overcome many of these problems. Bramham says,

In this way the purpose of planning is to ensure that policies for each activity link together so that ideally no one offends the direction of another; indeed, each should help the achievements of the others so that the business and ethical objectives of the firm can be met.’

(Bramham, 1990: 33)

As you have seen in Block 3, the HRM-strategy link ensures that in HR planning there is a more strategic planning of employees within the organisation and that the HR department should be an integral part of the business strategy-making body. Experience shows that many problems associated with staffing planning can be overcome by integrating the HR department with the corporate strategy department. In the ‘bad old days,’ business strategy decisions were taken (e.g., new product market ambitions,

growth and diversification plans, restructuring and relocation design) and then the staffing planners were informed at a later date to 'pick up the pieces' and alter the employee resource patterns accordingly. By contrast, strategic human resource planning seeks to integrate the employee resource function at corporate board level.

Staffing planning has often been seen as to stand downstream from the strategic planners, throwing in the life belt to drowning employees. By contrast, Human Resource Planning, by being integrated at strategic level, represents the employee resource implications whilst business strategy is being formulated and thus prevents many problems of employee discontentment, etc. Hence HR planning has progressed in its impact on business strategy and has stopped the employee from being thrown into the river, so to say. In this structural change, many of the employee relations and staffing planning problems associated with individual-vs-organisation conflict can be minimised through the process of 'planning with people in mind.'

HR planning seems to be more 'people-friendly' in that it attempts more radically to address the potential and developmental needs of employees in order to foster quality, commitment and productivity in the workforce. You may have noticed in your organisation that if good HR planning is practiced, far more attention is paid to individuals' needs for progression and change. The very fact that humans are treated as a resource rather than a commodity or cost implies investment and not a burden on the organisation.

Another organisational feature is the emphasis on ceaseless change in product, production technique, sales and quality. As Peters and Waterman (1982) in their book, *In Search of Excellence* said, organisations strive to constantly 'delight the customer.' Human resource planning in this context must take into account the rapidity of change.

Human resource planning addresses two fundamental questions, however, which tend to distinguish it from traditional staffing planning:

- What should the profile of our workforce be and what characteristics should its members possess, both in the immediate future and in the long term?
- What policies and staffing planning practices should we introduce in order to attract, retain and develop these kinds of employees?

Through strategic and careful human resource planning the culture of 'one large family' should be created in which the needs and ambitions of the individual are inextricably bound with those of the organisation. What become the goals of the organisation become the goals of the individual. This needs to be bolstered by management through an emphasis on the importance of realising that everyone in the organisation is there to serve, satisfy and 'delight' the customer. (Peters and Waterman 1982).

Self-Assessment Question

Can you record the HR planning practices in your organisation? Discuss as to how those differ from the established practices of well-run organisations. Do you feel that your organisation's practice is characteristic of one or the other? Give reasons.

2.3 Who Does HR Planning?

Traditionally in large organisations, either the personnel department or a specialist planner of staffing/HR within the personnel department carries out the function of staffing/HR planning. However, in many smaller organisations, this staffing process would be conducted by the manager of the organisation. In family-owned enterprises, for example, there is no specialised department to handle personnel, so the HR/staffing planner may well also be the wages clerk, the financial manager, the marketing and distribution manager.

In the days of full employment and an expanding dynamic international economy, staffing planning became crucial to profitability and the emphasis within staffing planning was one of recruitment and retention. When labour became scarce, staffing planning transformed into a useful and credible managerial practice seeking to provide and maintain sufficiently skilled resources within organisations. In the 1960s it would have been costly for firms to recruit people because of almost full employment. Therefore, many large organisations invested considerable resources into the management of staffing planning with the emphasis on promotion and upward mobility. Organisations were operating, both geographically and hierarchically, at high scale, thereby necessitating the effective planning and coordination of their human resources, identifying shortages and surpluses and assigning them to where they were most needed. This required considerable time and effort in staffing planning and control. Staffing/HR planners operated within specialised head office departments and from their vantage point, they could literally provide an overview of staffing flows throughout the entire organisation.

In the 1980s, because of international economic competition, staffing planning had to reorient its contribution to organisations, focussing more on reducing staffing levels and building in a capacity for flexibility and change. The 1987 report of the Staffing Services Commission (UK) emphasised ‘competence, commitment and the capacity to change’ and drew little on the traditions of staffing planning. More realistically, therefore, the state of contemporary staffing planning will have to restructure itself and reorient its own values and approach to the regulation of employment. In a 1990 study it has been reported that organisations ‘prefer neither to use the term “staffing” nor to return to the large and elaborate planning documents produced by head offices a decade ago.’ Many organisations are placing the responsibility for staffing planning with production line managers whilst maintaining strategic hold and direction at corporate level as against the earlier practice of centralised and specialised staffing planning. You will appreciate, no doubt, that this is consistent with some of the supposed moves towards human resource management in general.

Now let us look at the nomenclature, HR Planning. Traditional practices are giving way to flexible staffing use, novel forms and contracts of employment, together with innovative approaches to career and succession planning. Does the term “HR Planning” capture the essence of contemporary personnel and HR Planning? Bennison and Casson (1984) do not seem to think so. According to them, staffing planning ‘belongs to the world of calculation, computers and big bureaucracies.’ Many theorists are recommending that organisations seek to develop strategies and policies that address ‘labour skill shortages and cultural change rather than hierarchical structures, succession plans, and mathematical modelling.’ (Cowling and Walters 1990: 3).

3 HR Forecasting

What is certain is the uncertainty of the future. As time passes, the working environment changes internally as well as externally. Internal changes in the organisational environment include product mix and capacity utilisation, acquisition and mergers, and union-management relations among many other areas. Changes in the external environment include government regulations, consumerism, and literacy and competence levels of employees, among a host of other factors.

HR plans depend heavily on forecasts, expectations, and anticipation of future events, to which the requirements of staffing in terms of quality and quantity are directly linked. Uncertainty adds to the complexity of forecasting. However, change does not obviate the need for staffing planning, though this is the argument raised by those who oppose the concept. Were the future certain, there would be no need to plan. Justifications for planning are threefold:

- Planning involves developing alternatives and contingency plans.
- As long as survival and success are the main objectives of any enterprise, the uncertainty of the future is no excuse for not trying.
- Science has developed a lot of knowledge for the use of mankind. Scientific management has developed operations research techniques and statistical methods to predict the future with better accuracy and reliability.

3.1 Forecasting Demand for Employees

The first element of a HR planning system is an effective employee forecasting system that takes into account the following factors:

- **Time Horizon:** The longer the period, the greater the uncertainty. On the contrary, too short a period is not sufficient for preparation of the people to be recruited. In addition, the techniques for forecasting events in the longer period are different from those for a shorter duration. Some organisations have separate plans for different periods (short-range plans, medium-range plans and long-range plans).
- **Economic factors:** As business is an economic activity, forecasts must consider economic aspects like per capita income, employees' expectations of wages and salaries, cost and price of raw materials, inflation rate, etc. Fiscal policies and liberalisation of trade will also influence future requirements.
- **Social factors:** Here, we consider the expectations of existing and potential employees on wages, working condition and government regulations and future trends in political influences and public opinions.
- **Demographic factors:** Decisively influential upon future requirements, these include availability of youth, training facilities, women in the active labour force, sex ratio, facilities for professional education, income level, education/ literacy, etc.

- **Competition:** Competitors' strategies—including advertising, quality of product, pricing, and distribution—influence future staffing in a variety of ways. For example, if we can only preserve our market share by improving the quality of our product, we may have to employ competent R & D engineers to tackle the product design.
- **Technological factors:** Technology has to be state of the art if a company is to survive the competition. Technology, both in terms of quality and extent to which it is used, will determine the capital and labour force requirements. Given that our future staffing needs obviously depend on expected trends in technology, 'technology forecasting' has become a specialist field in modern management.
- **Growth and expansion of business:** Future growth and expansion plans will affect future staffing requirements. Growth is possible through:
 - Product diversification
 - Increased capacity of production.
- **Expansion plans are executed through:**
 - Merger
 - Acquisition
 - Joint venture participation
 - Formation of horizontal and vertical integration
 - Establishment of national and international value chains.

All these activities require additional staffing with right qualities in the right numbers at the right times.

- **Management philosophy/Leadership:** Top management ultimately decides what levels of staffing are required. The philosophy of the top management will largely determine the policies that inform decisions on future staffing needs. In many developing countries, there are 'public-sector enterprises' and 'private-sector enterprises.' The public-sector enterprises owned by the government very often adopt a liberal philosophy of employing labour, leading to enterprises that are overstaffed. Managers in the private sector, whose philosophies are more determined by economic and entrepreneurial considerations than by social policy, try to employ the optimum number of employees.
- **Innovative management:** As competition increases with globalisation and liberalisation of trade, management needs to be innovative to stay afloat and sustain competitive advantage. Emotionally intelligent workplaces, continuous improvement, relationship management, customer loyalty, economics of variety, etc., are the innovations in management that need to be adopted. Future staffing needs will be influenced by these innovative practices.

3.2 Employment Forecasting Techniques

The techniques now available for making HR forecasts can be subdivided into exploratory surveys and OR (Operations Research) techniques:

Exploratory surveys

- Delphi technique
- Brainstorming
- Committee method
- Expert opinion
- Consultancy.

Operations Research techniques

- Trend analysis
- Regression/Correlation analysis
- Frequency distribution and Significance analysis
- PERT/CPM.

From another perspective, there are three organisational approaches to HR forecasting:

- The headquarters of an organisation can forecast the total demand (top-down approach).
- The units can forecast their own demand (bottom-up approach).
- There can be a combination of total and unit demand forecasting.

Usually, enterprises that are new to employment forecasting do not develop sophisticated forecasting techniques. The techniques used tend to evolve over time from less formal, simpler methods toward the more sophisticated approaches.

This study block will discuss four techniques. Three are top-down (expert-estimate technique; trend projection; modelling) and one is bottom-up (unit forecasting). Let's look first at the three top-down approaches.

3.2.1 Expert-Estimate Technique

This is the least sophisticated approach to HR planning. An expert or a group of experts forecasts employment or HR needs based on experience and intuition. It may be that a personnel manager will do this by examining past employment levels and questioning future needs, which is a quite informal system. This type of estimate can be made more refined and hence more effective with a decision-making aid such as the Delphi technique.

Having been developed in the late 1940s, "Delphi technique" may be a term that you have seen before but would not be able to define. It is a set of procedures originally developed by the Rand Corporation of the USA for obtaining the most reliable consensus of opinion of a group of experts. Very simply put, it consists of a series of careful but in-

depth rounds of questioning of each individual expert, through a series of questionnaires, to get the data desired. The interesting feature of the technique is that the procedures ensure that there are no direct meetings between the experts but each subsequent round of questions is informed by summaries of opinions from the preceding round. A working paper of the Industrial Relations Center of the University of Minnesota describes it as follows:

‘The interaction among the experts is accomplished through an intermediary who gathers the data requests of the experts and summarises them, along with the experts’ answers to the primary question. This mode of controlled interaction among the experts is a deliberate attempt to avoid the disadvantages associated with more conventional uses of experts such as in round table discussions or direct confrontation of opposing views. The developers of the Delphi argue the procedures are more conducive to independent thought and allow more gradual formulation to a considered opinion. In addition to an answer to the problem, the interrogation of the experts is designed to cull out the parameters each expert considers relevant to the problem, and the kinds of information he feels would enable him to arrive at a confident answer to the question.’ (Milkovich et al. 1971)

In a procedure of this nature you would expect the experts to provide you with numbers of various categories of employees required. Therefore, typically, the answer to the primary question is a numerical quantity. The developers of the technique expect that individual experts’ estimates will tend to converge as the experiment continues, even though at the beginning they could be widely divergent. The working paper by Milkovich et al. summarises the most crucial shortcomings of the technique as follows:

‘Role of the intermediary:

Standard feedback takes the form of answers to an expert’s inquiry for data, summaries of all inquiries and inter-quartile ranges of the estimates. The summaries of all inquiries are brief and do not include the richness of interpretation each expert brings to bear on the problem. This is the price paid for not allowing the experts to directly interact.

‘Independent expert responses:

Experts are initially instructed not to discuss the experiment with others; however, in practice, it is difficult to isolate managers’ discussion of these issues.

‘Number of minds:

Five rounds seemed to be the typical number used in reported experiments. However, most of the convergence and most of the data requests occurred in the early rounds, leaving the usefulness of latter rounds open to question.

‘Changes in estimates:

Five out of the seven experts changed their estimate only once, while one didn’t change his initial estimate at all. From the reports of experiments in non-laboratory settings, this is a low frequency of change. It may be attributed to the short range (one year) of the forecast, and more changes in successively approximating the “true” answer would occur in a long-range problem with greater uncertainty.’

3.2.2 Trend-Projection Technique

This is a top-down technique that may be more familiar to you, as it involves developing a forecast based on a past relationship between a factor related to employment and employment itself. For example, in many businesses, employment needs are related to

sales levels. The personnel planner then can develop a table or graph showing past relationships between these two factors and estimate required staffing levels based on sales forecasts.

3.2.3 Modelling and Multiple-Predictive Techniques

The third top-down approach to prediction of demand uses the most sophisticated forecasting and modelling techniques. As you saw above, trend projections are based on relating a single factor (such as sales) to employment. By contrast, modelling techniques use many factors and hence are more advanced and refined. These techniques relate many factors to employment: sales, gross national product, discretionary income, etc. In some approaches, they mathematically model the enterprise and simulate their behaviour, using such methods as Markov models and analytical formulations. Markov models are often used by HR planners in connection with internal factors that need to be considered in the development of a HR plan. Discussion of this technique will go to greater depth later in this block. The modelling and multiple-predictive technique is used only in enterprises with corporate staff capacities.

Let's look now at the bottom-up approach, namely, the unit demand forecasting technique.

3.2.4 Unit Demand Forecasting Technique

Each unit makes a forecast of its staffing needs. The head office or the corporate headquarters sums these unit forecasts, and the result becomes the HR forecast of the organisation. The manager of each unit analyses the unit's needs on a person-by-person, job-by-job basis in the present as well as the future. By analysing present and future requirements on the job, and the skills of the incumbents, this method focusses on quality of workers.

The usual approach is for the head of personnel or the HR planner to initiate a letter or a phone call to managers of units. Each unit manager would start with a present census of people compiled on a list called a staffing table. Staffing tables include the jobs in an organisation by name and number and record the number of jobholders for each entry. Managers evaluate the resulting tables in terms of both numbers and skills of the present personnel. They also give careful consideration to the effects of expected losses through retirement, promotion, or other reasons. Another aspect to be considered is projected growth. If there are any questions, the planner must find and build answers into the calculations in determining net employment needs. If you are a manager in an organisation and a few people are working under you, wouldn't you know when they would retire and others would be promoted?

Activity

Prepare a staffing table for your unit. Indicate in it the movements of your employees, giving details of retirement dates, probable dates of promotion etc.

You, as a manager, would know the status of your employees. However, there are two assumptions on which this knowledge is built: that you have made the best use of the

available personnel, and that demand for the product or service of your unit next year will be the same as this year. You may, with regard to the first assumption, examine the job design and workload of each employee, using such techniques as time and motion studies. You may also attempt to judge the productivity of the employees in your unit by comparing the cost per product or service produced by your unit with those of similar units in the organisation. You also could compare past productivity rates with present ones, after adjusting for changes in the job, or else you could make subjective evaluations of the productivity of certain employees compared to others. In addition, you may have to base employment needs on workforce analysis, with adjustments for current data on absenteeism and turnover.

You could analyse your unit's product or service demand by extrapolating trends. Using methods similar to the trend technique for the organisation, you could determine for your unit whether it would need more employees because of a change in product or service demand. Finally, as the unit manager, you should prepare an estimate of total employment needs and plans for how the unit can fulfil these needs.

4 Creation of an HR/Staffing Plan

Now that you have been exposed to the techniques employed in HR planning, let's look more closely at those factors – both internal and external – which contribute to or influence the final outcome of the staffing plan.

4.1 Internal Considerations

As people are leaving the organisation, we often will have to replace them. In small organisations, a person's departure will be more evident than in a large organisation. Staffing planners will be concerned with the average number of employees who leave and therefore need replacing just in order to maintain a constant number of employee resources in the organisation.

4.1.1 Wastage Analysis

In large organisations, it requires a far more rigorous calculation of 'wastage' than the rule of thumb and management-owner discretion in smaller firms. The simplest way of calculating wastage is through a turnover analysis that reviews features such as the positions being vacated, the average ages of the people who are leaving, the type of skills that are being lost, etc. Such an analysis gives only a broad picture of the current state of employees and it is usual to consider a 25% turnover rate as acceptable in modern large organisations. If the turnover analysis approaches 30-35%, then the situation warrants deeper analysis.

There are features that the turnover analysis will not reveal, so you may prefer an alternative calculation called the Labour Stability Index. This index is calculated from the following formula:

$$\frac{\text{Number of employees exceeding one year's service}}{\text{Total number of employees one year ago}} \times 100 = y \%$$

This calculation, by contrast, calculates and emphasises those who stay and hence is known as a *stability index*. Its importance can be demonstrated through a calculation and comparison with the turnover ratio. Consider two companies:

Company X: in January 2000, employed 1000 persons, but by January 2001, 400 have 'voluntarily' left. This gives a turnover of $400/1,000 \times 100 = 40\%$.

Company Y: in January 2000, employed 1000 persons but by January 2001, only 100 have actually 'voluntarily' left the company, although they have been replaced four times during the year. This would again give a turnover of 40%.

When you use the labour stability index, the picture that emerges is quite different.

Company X has a stability rate of only 60% ($600/1000 \times 100$), whereas company Y has a far more impressive stability rate of 90% ($900/1000 \times 100$).

Today, companies use far more sophisticated techniques to more accurately be informed of and account for employee wastage. Also, modern-day companies are keen about the length of service of employees and therefore utilise a frequency distribution of leavers by length of service.

4.1.2 Business Objectives

To a large extent, the business objectives of an organisation will determine types and numbers of employees. If an organisation is experiencing rapid product market growth as it launches a new innovative product, more staff will be required to cover the extra workload. In the short term, organisations need not recruit new employees but can, through making short-term adjustments, ensure a supply of employees within the organisation. Several means can be adopted such as an increased use of overtime, temporary extension of the hours of those employed, use of subcontract labour and the recruitment of short-term labour.

Had HR planning been integrated with business strategy and planning, the launch of a new product and the projections for sales would have been taken into consideration by HR planners and they would have had more time to make resourcing adjustments. Take the case of an organisation that is contracting or restructuring into new business areas. There may be a need to temporarily reduce the numbers of staff in old business areas. Retraining and relocation packages may not be adequate to newly provide essential skills to the new plant or project and therefore there will be a need to 'downsize' in one area of the business whilst expanding in other areas. A case in point is the replacement of clerical and book-keeping employees in the banking industry with new technology that is automated. The use of technology requires different skills for which existing employees must be retrained or new employees with requisite skills recruited. This shows the importance of considering business objectives during the process of staffing planning and the creation of a staffing plan.

4.1.3 Markov Models

Staffing planners often use these models in the consideration of internal factors in the development of a HR plan. Simply put, the Markov model and its variants attempt to model the flow of individuals within the organisation. It states that organisations have predictable wastage patterns according to length of service, and that this pattern can be

discerned early on in an individual's career. Adaptations of the basic Markov model are used to project recruitment on the basis of stable patterns of both wastage and promotion. Using this information, a planner is in a position to predict the probability and the likely time span of an individual progressing from one grade to another further up the hierarchy. If you are a HR planner or if your work entails HR planning, you can make important decisions in the recruitment and selection process by considering such information. Also, decisions can be made in the training needs of individuals such that the organisation does not suffer from supply shortages.

4.2 External Considerations

Of all the external factors organisations need to consider, government legislation of individual and collective labour law stands out.

4.2.1 State Legislation

Gone are the days when employers could 'hire and fire' employees according to their own whims and in response to market changes. Welfare of employees is being guaranteed by state legislation and initiatives of the International Labour Organisation (ILO) to the extent that many organisations and HR or staffing planners need to seek the assistance of specialist legal departments in the development and management of HR planning.

Discrimination concerning sex, race or religion is not being tolerated in the labour legislation drafted by governments throughout the world in relation to recruitment, training, promotion and redundancy of employees. Since there is a worldwide outcry to grant redress to the handicapped, staffing planners may seek to maintain a fixed percentage of handicapped employees within the organisation, and are quite within their rights to insist that only those deemed handicapped may apply for an advertised post.

Staffing planners also need to take into consideration the laws relating to the hours that people can be expected to work, rest periods, the provision of basic medical facilities and recently the necessity to provide facilities for pregnant employees. All these impose some restriction on the practice of HR or staffing planning. Increasingly, organisations cannot do staffing planning in a 'vacuum', only considering their own operational and internal organisational needs. They are restricted within certain guidelines on what they can and cannot do in the management and employment of individuals. If you are responsible for staffing planning in your organisation, you must consider a number of legal provisions of your government as well as international conventions, particularly those of the ILO when developing and conducting staffing planning.

4.2.2 Regional Development Schemes

Governments in a large number of countries have attempted to influence the directions and levels of investment through offering tax and other financial incentives for companies to establish new plants and outlets in particular regions of the economy. This is an economic and often politically motivated policy initiative to boost employment in recession hit areas. In an attempt to boost employment in these areas companies have been offered a package of financial incentives to move to, or locate new departments, factories and retail outlets in these areas.

Staffing planners need to take into consideration the availability of labour, their skills, cost etc, before making plans for new production facilities etc. Imagine your organisation is going to invite a foreign investor and you are asked to prepare HR plans for the new installation. Considering the availability of skilled labour and their cost, you may recommend a particular region of your country as a suitable location for the new plant. Also, investment promotion zones in some countries afford tax holidays etc.

4.2.3 Micro-level Factors

In preparing credible staffing plans, you need to focus your attention on the nature of the local labour markets. In successful HR planning, information not only on the immediate local labour market needs to be considered, but also the age, skill and cost profiles of each local labour market needs to be compared. By doing this, you will note that the organisation plans the resource implications of organisational expansion, contraction and structural change in terms of quantity, quality and price. In other words, the planner must look at a variety of factors as well as compare different labour markets.

As you will realise, different local labour markets offer different average age skill profiles that could be important for organisations seeking to recruit young employees. To derive the benefit of cost advantage, organisations might seek to locate new plants in areas where unemployment is high. This, to a great extent, guarantees the availability of sufficient employees and, as economic theory would predict, as supply exceeds demand there is a tendency for wages to fall. This is evident when regional economies are depressed.

4.2.4 Analysing Demand and Supply

After having taken into account the external and internal considerations in the development of the staffing plan, you now are able to analyse the net demand and net supply of new and current employees.

There are two distinct stages in the planning process:

- an analysis of the current state of play in the organisation's human resources
- an analysis of the future plans and requirements of the business.

You would have already seen that HR or staffing planning can predict and project the availability of current staff. The reason for such predictability is because staffing flows tend typically to follow a fairly predictable pattern. Thus a good staffing plan is able to:

- locate which employees are likely to leave
- where they are likely to leave from
- the rate at which they leave
- the training implications arising from the need to keep a constant flow of suitably qualified employees to fill vacant positions.

The HR planner should be able to predict any change in this pattern since at this stage he/she should have a fairly comprehensive understanding of the variables which impact on the patterns of employment. Also, it enables the organisation, through careful

monitoring of these variables, to avoid surprises or shocks. Further, adjustments can be made rationally and smoothly in order to avoid difficulties in the conduct of the business.

5 HR/Staffing Planning in Practice

Only a few organisations practice the theoretical and statistically sophisticated techniques for planning, forecasting and tracking of employees. The ones that do are usually large scale and bureaucratic.

However, in the 1975 Institute of Personnel Management survey of staffing planning, it was found that many organisations practiced staffing planning. Of the 308 organisations who responded to the survey, 8% claimed to do some sort of staffing planning. The respondents to the survey were drawn from a wide variety of establishments, varying in size and industry. The respondents were also senior personnel specialists and therefore were in a position to indicate whether the organisation was in fact using staffing planning techniques and processes. There were apparently a number of problems in the consistency and application of staffing planning, as further analysis of the IPM data revealed that:

- Only 59.3% prepared forecasts for the organisation as a whole.
- The vast majority, (91%), claimed to produce staffing forecasts for managers but only 15% responded that they developed forecasts for apprentices.
- More than 50% of the organisations had only introduced staffing planning in the past five years and 64.9% claimed staffing planning suffered from a lack of senior management involvement. (This situation suggests that the actual practice of staffing planning as conceived theoretically, in terms of stable and long-term coherency, was far from typical.)
- 83.1% of the respondents strongly agreed that staffing planning suffers from a lack of understanding of what staffing planning is.
- 76.9% claimed to agree that staffing planning suffers from a lack of data in forecasting employee demand and supply.
- Of the respondents, 66.5% agreed that staffing planning also suffered from a lack of personnel qualified for planning.

Most organisations claim staffing planning is an ambiguous and poorly defined area of personnel management in which there are insufficiently qualified personnel to practice it. Further, when it is being practiced, it uses inadequate data. Therefore, it appears that the practice of staffing planning needs much improvement.

Many studies confirm that the practices and techniques associated with the theoretical models of staffing planning are not used. Even the basic raw data about the employed population in many organisations do not exist in a usable form for planning purposes.

At a time when many organisations and consultants are extolling the virtues of strategic HRM and the evidence which suggests that it is those companies - IBM, Rank, Xerox and British Airways - which practice so called human resource management that will be the

future market leaders (Peters and Waterman, 1982), it might seem odd that strategic staffing planning is not being widely practiced. However, organisations need to turn to innovative practices in staffing planning if the traditional bureaucratic conception of staffing planning does not conform to the changing times as organisations need to be flexible to survive. According to Ivancevich (1998) HR planning/staffing planning goes hand in hand with an organisation's strategic planning. Strategic planning refers to an organisation's decision about what it wants to accomplish (its mission) and how it wants to go about accomplishing it. Although HR planning is important for developing a strategic plan, it is perhaps even more critical to the implementation of that plan.

6 The Management of Change: HR Planning and Future Directions

Is the practice of HR planning (HRP) entirely different to staffing planning?

'In HRP the manager is concerned with motivating people - a process in which costs, numbers, control and systems interact and play a part. In staffing planning the manager is concerned with the numerical elements of forecasting, supply-demand matching and control.'
(Bramham 1989)

In a survey carried out by IPM in 1988, 'systematic human resource planning' was being surveyed to find out the extent of its use. HR planning was defined as a long-term, strategic planning of human resources concerned more with the development of skill, quality and cultural change than statistical numerical forecasting, succession planning and hierarchical structures. The results:

Of the 245 respondents, more than 60% claimed that they were now practicing human resource planning in terms of the identification of future training, retraining and development needs. The least popular practices were those associated with the 'analysis of the labour costs and productivity of competitors', the 'communication of future HR plans and intentions to employees', and the 'monitoring of HRP practices to ensure achievement of cost objectives.'

The private sector seemed to have used most of the practices associated with human resource planning. Perhaps, the large and bureaucratic nature of most public sector organisations did not permit the exercise of radical and innovative techniques designed to develop the individual as a quality resource as recommended by human resource planning.

Many management gurus, consultants, and academics agree that markets, machinery, and the money are available to all organisations; success goes to those organisations most able to recruit and develop the right people and not just at the top.

During the recent past, HR planners have been confronted with two major issues: the implications of demographic changes and the need for flexibility.

6.1 Demographic Changes

There is concern among HR planners about the changing composition of populations. Some countries like the UK have projected that the number of young people coming to the labour market is on the decline. With the decline of birth rates and death rates, the age composition of the populations are changing quite significantly. In countries where there are high rates of unemployment among the youth, innovative schemes need to be thought of in terms of HR planning.

A superficial study of the recent editions of *Personnel Review*, *Personnel Management* and the *International Journal of Staffing planning* shows the current interest in innovative labour practices such as labour contracts, part-time labour, job sharing temporary employment contracts and the potential for mature returnees to the labour market. It is generally argued that industry and business are increasingly demanding more skilled labour and that relatively unskilled, manual labour and blue collar jobs are in terminal decline, being replaced by more highly skilled computer programmers, professionally technically qualified managers and other service sector functions.

6.2 Flexibility

HR plans need to be flexible given the competitive nature of the business world. Three forms of flexibility have been recommended when preparing staffing plans. These are:

- Numerical
- Financial
- Functional.

Numerical flexibility: Organisations such as banks and retail stores that have predictable and stable patterns in the fluctuation of business activity could have a numerically flexible labour force. For instance, banks experience busy periods in the day, say during the lunch hour. By having pools of labour resources that can be called at short notice when their services are needed, organisations can cut waste by not having idle labour. Banks call such labour pools 'keytime labour'. HR or staffing planning uses its employees like a tap which can be turned on and off at will in response to demand cycles, customer arrival patterns, servicing peaks and troughs, etc.

Financial flexibility: Companies are seeking to pay individuals a more flexible wage in keeping with their performance and productivity. This is quite different from the practice of paying the 'going rate' or a collectively negotiated wage. By doing this, HR planning keeps the costs under control and avoids the rigidity in staffing plans that arise because of a fixed wage. You would have experienced in your organisations that financial flexibility allows HR planners to vary employment levels and number of employees in individual departments.

Functional flexibility: This aspect of flexibility attempts to remove rigidities and demarcations in the organisation. Often organisational rules, regulations and employment practices prevent employees from performing a range of tasks and exercising multiple skills. Today, organisations increasingly seek shifting of employees throughout the

workplace, thereby encouraging employees to develop a multiple range of skills and aptitudes.

A result of flexibility and flexible staffing planning is a de-layering of managerial hierarchies and a breakdown of the typical pyramid structure of organisations. Therefore, promotions and traditional hierarchical development may not be feasible. Rigidity in hierarchies and functional structures of responsibility, seniority and status will have to give way to fluid and rapid change at the operational level. In view of the above, this form of flexibility is considered to be the most important development in staffing planning and justifies the title HR planning.

Self-Assessment Question

What are the current practices in HR planning in your organisation? How often does your organisation engage in HR planning? Discuss with your HR department the modalities of preparing HR plans? List the factors they consider to be most important in preparing HR plans.

7 HR Audit, Inventory and Human Asset Accounting

Human resource accounting may be defined as the measurement and reporting of the cost and value of people as organisational resources. It involves accounting for investment in people and their replacement costs, as well as accounting for the economic values of people to organisations.

If you owned a company, you would be concerned about the people who work for you and would regularly ask, 'Where are we now?' You would want, from time to time, to check the status of the staffing to ensure that your company has the right number of people and that they possess the right skills, etc. In a Human Resource Inventory (HRI) you will take stock of current staffing in terms of numbers and skill levels.

An HRI can be defined as:

A list of employees currently in the roll of an establishment giving information such as trade, grade, qualification, skill, age, experience, present appointment held, etc.

7.1 Staffing Table

In its simplest form, HRI consists of developing a Staffing Table giving a summary of how many persons currently hold and perform the duties of each job. In such a table it is assumed that the present appointment defines the level of capability of each individual who is holding such an appointment. Do you think that this assumption is realistic? In your organisation have you seen such a table? If not, have you seen it elsewhere?

It behooves you to challenge the assumption that each individual's level of capability is defined by the appointment he/she holds. There are probably many whose capability is not fully utilised in the present appointment they hold, and others who are 'square pegs in round holes.' This issue may be addressed through the preparation of the capability (skill) inventories that the next section describes.

7.2 Capability (Skill) Inventories

A realistic HR Inventory (HRI) is in fact a 'Capability Inventory' that takes into account availability of talents, aptitude, and skills of existing employees, irrespective of whether such employees are presently appointed to their appropriate fields or posts. Preparation of a Capability Inventory naturally must follow different assumptions and procedures than when preparing a staffing table. You may have come across many employees in your workplace who have additional capabilities which the organisation never makes use of. In a skill inventory, all those additional skills would be recorded so that when vacancies arise in the future, these persons can be employed advantageously and more effectively. In SWOT analysis too, HRI is an important document to assess the organisational strengths and weaknesses in terms of knowledge and skill the organisation possesses.

Activity

Consider your workplace and prepare a HRI. If the organisation is large, select a department and prepare a HRI for that department. Use your skill and creativity to design a form to extract information. Remember to provide for collecting information on additional skills of employees.

7.3 Human Resource Information Systems (HRIS)

Today in our organisations, the use of technology has eased storage, classification and retrieval of information. With the availability of computers and software programmes, compiling and storing data of personnel HRIS is becoming more meaningful. It makes the whole process convenient to store the voluminous information and retrieve at will. HRIS could be very useful for career plans, promotions, increments, transfer, etc. Most organisations prepare what is known as an *Executive Resource Plan (ERP)*, the basis of which would be an *Executive Resource Inventory (ERI)*. This is prepared using the same format as for the Capability Inventory but with minor variations to feature managerial capabilities.

8 Labour Market Survey

8.1 Labour Market – a Definition

The term labour market refers to the large number of changing influences and activities involving labour demand and supply, which themselves greatly depend on economic

conditions. From the organisation's point of view, the numbers and types of employees needed during a given period reflect the relative demand for labour. From the individual's point of view, a part-time job as a cafeteria helper or a 30-year progression from a personnel assistant position to vice president of personnel/HR are both instances of supplying labour.

What do you perceive as a labour market? If you think about it carefully, the behaviour of the labour market directly influences the personnel function. People in large numbers may have come to your organisation seeking jobs. This happens when there are more workers than jobs and employers find recruiting costs minimal. In this situation, employees seek job positions and apply readily and the employer may be able to choose from among a number of qualified applicants for each position. Work attitudes tend to be work ethic oriented. What do you understand by this term? Let us explore.

Historically, cultures and individuals have had two fundamentally opposing attitudes to work.

- *Instrumental attitude*: work is a means to another end and usually an unpleasant means. We work so we can reach the goals we seek and to pay our expenses.
- *Work ethic attitude*: Work is a satisfying end in itself. By performing work, we can find satisfying, even pleasurable results and self-fulfillment.

Of the two identified above, what is your attitude to work? Attitudes toward work evolve from one's culture, education and work experiences and therefore are complex. Although there is some tendency among the blue-collar and clerical employees to hold instrumental attitudes, professional, technical and managerial categories hold the work ethic attitude.

Naturally, when the work ethic predominates in employee attitudes, you will notice that output rises and performance evaluation can be a motivating experience. Also, there will be a significant decrease in disciplinary problems, absenteeism, and turnover.

Activity

Consider your workplace and identify a department or a division where there is significant number of personnel, both non-managerial and managerial. How many are instrumental oriented and how many are work ethic oriented? Devise appropriate criteria to identify people into one category or the other.

Getting back to the nature of the labour market, every employer must be aware of several labour markets. Your primary concern is with the local labour market which supplies most blue and white-collar employees. You are able to draw your requirements from the markets that are immediately close to you. However, in the case of managerial, professional, and technical employees, you would have to draw your people from a regional or even national market. It is very likely that the local labour market is different from the regional or national markets. If the national and local labour markets differ significantly, there will be some exchange between them.

Labour markets, as in the case of local and national or international markets, will have geographic differences. There are also markets organised by skills and age cohorts. For

instance, if you are seeking a computer programmer, it is not much help if the labour market as a whole has a surplus in general but programmers are scarce. Be aware that the supply of labour with a particular skill is related to many factors, including:

- the number of persons of work age;
- the attractiveness of the job in terms of pay, benefits, and psychological rewards;
- the availability of training institutes, and so on.

By now, you should be able to understand that the personnel function is affected fundamentally by the nature and state of the labour market in the organisation's location, in the region, nation, and world, and by the kinds of employees the enterprise seeks. The labour force is so significant that it needs to be examined in sufficient depth. The next sections examine it by major subcategories, such as various demographic factors.

8.2 Defining and Measuring the Labour Force

8.2.1 Data Sources

In many countries there are bureaus of labour statistics, which collect and publish labour market data. Government and local agencies, employer organisations and private research agencies also collect and publish labour market data.

Activity

In your country what are the government and non-government agencies that collect labour market data for regulatory, planning and research purposes? (Look at the next activity also and compile it as one document.)

The US Bureau of Labour Statistics (BLS) publishes much of its labour force information from the data gathered in the Current Population Survey (CPS). It uses the definitions shown in the table on the following page. The unemployment figures do not include so-called discouraged workers who may have given up trying to find jobs, nor does it reflect underemployment.

Term	Definition
Labour force	All non-institutionalised individuals over the age of 16 who are working or actively looking for work.
Employed	Any work for pay during the reporting week as an employee, independent professional or self-employed person or 15 or more hours of work as an unpaid family worker. Persons who are temporarily sick, on strike, unable to work because of bad weather, or on vacation are considered employed.
Unemployed	Persons not now employed but looking for work (at some point within the last four weeks). This includes those waiting for recall from layoff or due to report to work in next 30 days. Unemployed persons include job losers (layoffs), leavers (voluntary quits), re-entrants (out of the labour force for over two weeks but now looking for work), and new entrants (persons looking for a job for the first time).
Labour force participation rate	The number of persons in the labour force divided by the total number of non-institutionalised individuals over the age of 16.
Unemployment rate	Proportion of the labour force that is unemployed.
Separations	Persons leaving employment due to quits, layoffs, retirements, discharges, deaths, or induction into military service.
Accessions	Persons added to payrolls as new hires or recalls from layoffs.

Source: Heneman et al., 1976

8.2.2 Other Data

In your country too, there will be government and non-government institutions that are primarily concerned with data gathering. As you have already understood, a variety of data is available to help organisations and HR planners to take decisions regarding employment situations. Labour force participation rates, wage surveys etc. are other data that are useful for HR planners. For individual counsellors and organisations involved in career planning, occupational outlook information is available to be used for projecting future employment demands and patterns.

Activity

Compile a list of types of labour market data (specific reports) available for manpower planners, decision makers, employment counsellors and those who do career and vocational counselling.

8.3 Trends in the Labour Supply

As you see from the foregoing definitions, within the population of a country, people above a certain age are considered to be in the labour force. Of these, a certain number are in employment, the balance being unemployed. The age at which people are considered to be active in the labour force varies from country to country. The proportion of the number of people in the labour force to the total number that are eligible to be in the labour force also therefore varies from country to country. A variety of factors influence the labour force participation of the people. Some of these are demographic factors while the others relate to economic and social conditions which fluctuate ever so often in many countries.

8.3.1 Changes in the Composition of the Population

Are you comfortable with the fact that labour supply of a country can significantly vary with demographic changes taking place over a period of time? For instance, a decline in the birth rate of a population means that, as these age cohorts reach the age of being considered part of the labour force, the number of young entrants into the labour market will decrease. Therefore, the labour force participation rate depends to some extent on the demographic composition of the population at any given time. When HR planners look at these data, the past labour force data too are important as the behaviour of the labour force reveals certain trends that allow planners and policy makers to make projections. For most countries, participation rate for men is higher than for women and people between the ages of 25 and 54 participate at higher rates than those younger and older. As mentioned above, significant changes in population policies may lead to increase or decrease in the birth rate and that will have an influence on the participation rates.

8.3.2 Subgroup Participation Changes

With increased levels of literacy and policies ensuring of equal employment opportunities, more women are coming into the labour market thus signalling a marked change in the participation rates. The enhanced levels of participation of women in the labour market will be discussed in detail in the next section. There have also been changes in participation rates of various age cohorts. In many developing countries a large number of young people seek employment and this number has been on the increase. Similarly, in many countries where there was a decline in birth rates during the 70s and early 80s, their labour force will be ageing (e.g., Japan and the Peoples Republic of China).

8.4 Labour Force Quality

Examine the labour statistics of your country. You will notice that over a span of twenty years, participation rates of different age groups in the labour market have changed considerably.

8.4.1 Level of Education

With increased educational opportunities, there have been great strides in the educational attainments of those entering the labour market. More high school and university graduates are entering the labour market. This has an impact on those who are holding

certain jobs. As the educational attainments of those who enter the labour market increase, those having lower levels of education and already holding jobs in the labour market will be vulnerable.

8.4.2 Women in the Labour Force

In recent years, there has been a substantial increase in the participation rates of women in the labour market. If you examine your country's labour force statistics for the past two decades (1980s and '90s) this will be evident. In general, the number of married women in the labour force also has increased. Equal employment opportunities and more access to education have been two reasons adduced for increased participation of women in the labour force.

8.4.3 The Older Employee

In order to protect the older worker, countries like the United States have adopted age discrimination legislation that defines an older employee as one between the ages of 40 and 65. In the US, approximately about 23 percent of the labour force currently is in this category. This portion of the labour force is protected because some employers hold negative stereotypes about older workers

Therefore, employers may find it difficult to accommodate older employees, firstly because of such negative stereotyping but also because more qualified younger persons are available in the labour market. Another reason for employers' negative attitudes towards older employees is the assumption that because the employee is older he is less qualified and less able to adapt.

Activity

What is your country's percentage of workers between 40 and 65? Is there legislation, which affords special recognition to such groups in the labour market?

8.4.4 Handicapped Workers in the Labour Force

There are increasing numbers of employees coming into the labour market with various physical disabilities. You would observe that employers today are more accommodating than they were a decade or two ago, to employing handicapped persons. This is partly due to the legislation mooted by UN and affiliated agencies to afford some relief to the handicapped in the labour market. Many governments have passed legislation providing a definite percentage of employment opportunities to the disabled and handicapped. The entry of handicapped persons into the labour market has seen substantial changes in the facilities that the employers have had to provide to their work forces.

Even with legislation providing for such employment, many handicapped persons have had great difficulty finding employment of any kind because employers and fellow workers believe that they could not do the job or would cause an excessive number of accidents. Also, as mentioned earlier, employers fear that it will be costly to employ handicapped workers because infrastructure requirements, such as layout changes, special work-stations, ramps to replace or in addition to stairs, provision of special toilets and

other such special facilities entail high direct costs, and higher rates of compensation and insurance.

Have you ever observed people using their faculties to do a particular job? It would have been quite evident to you that few people use all their faculties on a job. Many jobs can be found for those who do not possess all their faculties. In two thorny issues that concern employers, namely, absenteeism and turnover, employers could take consolation that for handicapped they are normally lower. This may be adduced to two reasons: the handicapped have had their abilities matched to their jobs better, and most handicapped workers seem better adjusted to working, with more favourable attitudes toward work, and thus are better motivated to do a good job.

Activity

What are your perceptions of hiring handicapped or disabled workers? Have you as a co-worker, a HR manager or an employer had the opportunity to work, hire or employ handicapped workers? If you have had the opportunity, what work habits, both positive and negative, did you notice in them? Also discuss the legislation in your country in regard to the employment of handicapped.

As you will agree, some handicapped persons are physically or psychologically unable to undertake any form of work. Some are marginally employable and they can work in light jobs without much stress and strain. However, for those able to work, it is most important that you treat them as you would treat other workers. In the case of most handicapped, they will respond better to fair treatment than to paternalism. All they want is an opportunity.

We must start perceiving handicapped workers as an asset rather than a liability. It is in the interest of your country's economy that you should perceive them so because then you would be able to transform them from being a nation's liabilities to assets. In general, it is also important to the affected individuals to be able to attain employment and thus economic and psychological independence.

8.5 Part-Time and Full-Time Work

Part-time work has increased during the 1980s. Usually, a part-time worker is a person who works less than the normal rate of 40 hours a week (or whatever the country's norm is). To understand well the notion of part-time work, you have to draw a distinction between *voluntary* and *involuntary* part-time employees. A person who is working part-time because he/she cannot get full-time employment is involuntarily a part-time employee for whom the position means something different than to a co-worker who wished for a part-time assignment.

The major groups of part-time workers are:

- **Women:** Traditionally, with the responsibilities of running homes and child rearing, more women have preferred to work part-time. Furthermore, some experts have found that more husbands would rather have their wives work part-time than full-time.

- **Students:** In developed countries such as the US and UK, a large number of students between the ages 18-24 enrolled in higher education institutions work part-time. In the US, on the average students work 20 hours a week.
- **Retired and older persons:** In order to keep active and to supplement any retirement income or social security payments, a number of older citizens work part-time. Most of these persons are highly skilled and could serve as training resources to new recruits.
- **Persons with a physical or mental disability:** Part-time work is often more suited for handicapped and disabled persons. In some specific disabilities, only part-time work enables individuals to work without aggravating their disabilities.

While most part-time work is in the service industries, there are also numerous opportunities in the retail and wholesale trades and in manufacturing.

In a great number of circumstances, there are many advantages in part-time work for employees, such as flexibility in scheduling, ability to spend more time with their families, additional compensation and stabilisation of employment. However, for employers, there are also certain disadvantages, such as part-time work requiring additional training and record keeping expenses, lack of protection from trade unions etc. Trade unions sometimes oppose the use of part-timers, viewing them as robbing work opportunities from additional full-timers who would become their members.

8.6 Trends in Labour Demand

It is the consumer that determines the demand for labour in any industry. The labour is employed to produce either goods or services. From time to time consumers change their preferences, and the volume of demand for particular products and services also changes, directly affecting the demand for labour.

For you to understand this phenomenon well, take the case of robots or programmable mechanised systems in manufacturing. The cost of robots over a period of time has become affordable and some of the manual work in many industries is now being handled by such equipment, for example, welding, painting and other assembly operations in automobile manufacturing. This has had a profound effect on the demand for labour in the new plants in certain industries.

8.7 Implications for Personnel/HR Activities

If you are engaged in personnel or HR activities in your organisation you would realise that major trends in the supply and demand of labour concern you. The reason should be clear to you. However, let me explain it further. When there are changes in the supply and/or demand, there are opportunities as well as potential problems. In many countries, low birth rates are causing concern among HR professionals. There will be a dearth of young persons in the labour market. At the same time, higher levels of education raise the expectations of people. As a result, certain categories of labour, such as non-skilled manual workers, would be in short supply. The HR personnel are called upon to find solutions to problems of this nature. As you have seen earlier in this lesson, there are

many factors influencing the nature of the labour market and HR personnel will have to be vigilant to address some of the emerging issues.

9 Succession Planning

In your organisation have you ever come across the phenomenon of succession planning? What really do you understand by this term? It is basically a plan for identifying who is currently in post and who is available and qualified to take over in the event of retirement, voluntary leaving, dismissal or sickness. A typical succession chart includes details of key management jobholders and brief references to their possible successors.

Succession planning is a strategic activity in an organisation. As such it should be managed not as a year round activity but as a year round guide. It is unreasonable to expect that when a key position opens, it will be filled by the chosen successor and things will proceed smoothly from there. A succession plan, like all other plans, is simply a plan. Let us go back to the basics to understand the rationale behind plans. A plan is a set of intentions based on a set of assumptions at a given time. Over time, both the assumptions and the intentions may change, given new information. In organisations today, actual succession decisions are made as the need arises based on the latest information that includes, but is not limited to, the succession plan. Therefore, as with other forms of business planning, succession planning should provide a framework in which to make everyday decisions; it should not provide the absolute decisions. With this understanding managers should redefine their expectations of succession planning and conceive of it as a strategy.

9.1 Assessment Centres

When job vacancies are anticipated, several policy decisions must be made. A basic one involves the relevant candidate pool. We could limit our discussion to those already in the organisation, meaning we will only discuss filling the anticipated vacancy from among internal candidates.

Assessment centres provide a means of systematically gathering and processing information concerning the promotability (as well as the development needs) of employees. Such centres provide a more comprehensive approach to selection, incorporating a range of assessment techniques. Some of the salient features of assessment centres are as follows:

- Those assessed are usually lower to middle level managers.
- Multiple predictors are used, at least some of which are work samples (for example, in-baskets, leaderless group discussions)
- The focus of the assessment centre is on behaviour.
- Exercises are used to capture and simulate the key dimensions of the job. These include one-to-one role plays and group exercises. The assumption here is that performance in these simulations predicts behaviour on the job.
- Assessments are made off-site to ensure standardised conditions.

- A number of people (raters) are used to assess or rate the candidates. They are carefully trained and their ratings are made using standardised formats. Using multiple raters increases the objectivity of assessments.
- Raters must reach consensus on those being assessed wherever possible.
- Final reports may be used to make decisions about both internal selection and employee development, although assessment centre results are rarely the only input in either area.
- Assessment centres are costly to run, but the benefits have the potential to outweigh these costs by a substantial margin.

Considerable research has been conducted to determine the reliability, validity, and fairness of the assessment centres (unlike other promotion predictors). Most has been supportive. Inter-rater reliability is generally high, as have been the validity coefficients.

Although the costs of running assessment centre are high, they can provide real benefits, indicating the extent to which candidates match the culture of the organisation. Assessment centres are most appropriate when candidates who are being considered for jobs with complex competence profiles. A well operated centre can achieve a better forecast of future performance and progress than judgements made by line or even personnel managers in the normal, unskilled way.

9.2 Employee Replacement Chart

In an employee replacement chart, the basic information provided is a hierarchical representation of the positions within an organisation and the names of their current holders. Also indicated are those who are candidates for promotion to each position. Present performance is indicated along with the age of each person and through a coding system each employee's promotion potential is also indicated.

10 Career Management

The day you accepted a job with your first employer, your organisational career began. It may have lasted only a few hours or days (temporary employees) or continued for 30 or 40 years. Also it may have involved only a single job in a single field in a single location or a series of several, usually progressively higher level jobs in many different areas located throughout your own country or several countries. Although the organisations you have served may have influenced the course of your career, you yourself would have had much to say about it.

Partly, through the actions you have taken to develop or create opportunities for movement and advancement and partly through your responses to the various opportunities that came your way, you have been able to advance in your career.

You would have realised over the years how systematic you had to be in planning your career and the effort required to make career moves and adjustments. Many authors have

pointed out the potential advantage of a comprehensive effort towards career management.

Many argue that high quality career management is more critical now than ever before because of recent competitive pressures and the accompanying restructuring and downsizing which has led to many traditional career opportunities getting dried up. Many companies are now engaged in comprehensive career management programmes comprising the three major components: planning, development and counselling.

Activity

Reflect upon your career, going back to the day you entered the world of work, and trace the career changes you have had along with the year/month it happened. How many of your career changes had been planned? Were they circumstantial or were they influenced by some person or organisation? Prepare a sheet outlining the career progress and indicate your plans for the future.

10.1 Career Planning

This is the process you would have used to assess your opportunities and your strengths and weaknesses as you developed goals and action plans to move your career in the desired direction. Although you may have done many things and assumed responsibility for your own career planning, there is much that organisations can do to help.

10.1.1 Organisational Component

Think of the organisations you served over a period of time. They would have provided you with information about potential career opportunities and organisational perceptions of their readiness or long-term potential to assist you. Potential career opportunities were identified by delineating possible career paths, job requirements, and estimates of future job openings. Career paths are typically aimed at focal jobs to which many people aspire. These include positions such as production manager, personnel manager, marketing manager, etc.

Career path information can come either through historical data or job progressions based on knowledge, skill and ability requirements. Information about jobs and their requirements is obtained through job analysis, the subject of Block 5.

Weren't you keen to know your chances of progressing to a particular job at some time or the other in your career? No doubt you were. Employees need to know their chances of progressing. Through a variety of sources data are gathered to make available such information to employees. Processes such as supervisor assessments, assessment centres, managerial reviews and succession planning make a pooled knowledge base through which high potentials are identified and ensured that planned career moves and development activities are carried out.

10.1.2 Individual Component

Smart employees also engage in their own career planning, as you will probably have done. It is necessary that you take a critical look at your strengths and weaknesses and use the findings to orient your career in the direction you want. You could also work with your supervisors on a career plan for yourself.

A typical career planning process involves four major steps.

1. A self-assessment of one's values, long-term concerns, interests, strengths and weaknesses. Also included may be ratings of one's current performance and longer-term career potential as assessed by the organisation.
2. Information gathering about career opportunities both inside the organisation and outside.
3. Establishing career goals at least for the foreseeable future. It is at this point that one must genuinely face the facts generated in the preceding steps.
4. Developing action plans to achieve career goals within established timeframes.

10.2 Career Development

Career development is the process through which the action plans are implemented. Developmental activities include all of the off- and on-the-job training techniques. Have you at any time taken any steps in particular towards developing your career? List them out. You might have engaged in classroom training, in-house or at universities, or opt for special job or task force assignments or especially early in the career, job rotation. You may have realised that lateral moves and promotions are more difficult to use for developmental purposes.

Career development is where individual career plans encounter organisational realities. Individual development interacts with the organisation and its development through the individual's career. Career development, therefore, is of significance for both individual and organisation and for human resource development.

Turn back to your career. Weren't there times when your career plans were not in congruence with the organisational objectives? Where there is no congruence, the individual has three alternatives:

- stay on and attempt to show those making the assessments and developmental assignments that they are wrong
- reassess career plans
- seek opportunities elsewhere.

10.2.1 Concept of Career

Most of us understand the meaning of the term 'career' as it is used in everyday language. Technically, however, the concept is a complex one with several levels of meaning. In order to make it clear to you, let me present two of its much-quoted definitions that have been used for decades:

.....a succession of related jobs, arranged in a hierarchy of prestige, through which persons move in an ordered, predictable sequence.

(Wilensky, 1960: 554)

.....a career consists, objectively, of a series of status and clearly defined offices . . . subjectively, a career is the moving perspective in which the person sees his life as a whole and interprets the meaning of his various attributes, actions and the things which happen to him.

(Hughes, 1937: 409-10)

Like Hughes, the literature often makes the distinction between the objective and the subjective career; human resource development is clearly concerned with both. Take your career for the purpose of further discussion. As you become more skilled and flexible, you tend to gain more opportunities for promotion or other intra- or inter-organisational moves: your learning and development affect your objective career. Would you agree with me that this learning and development also influences the way you view yourself, the rewards you gain from your work, your relationship with your employer, and the role of work in your life: your subjective career.

10.2.2 The Theories of Career Development

Traditional theories can be classified into several families as follows:

- Theories concerned with external influences upon the individual's career:
 - economic and labour market theories
 - social structure and social mobility
 - organisational and occupational structure and mobility
- Theories concerned with factors internal to the individual:
 - factors such as age, gender
 - psychoanalytical explanations
 - lifespan development
 - implementation of self-concept
 - matching personality and occupation
- Theories concerned with the interaction of internal and external factors:
 - decision-making
 - social learning
- Theories concerned with the interpretation of the individual's subjective experiences

Characteristics of the traditional theories of career

There are certain characteristics in the traditional theories of career and these are:

- They are more frequently formulated from a positivist rather than a phenomenological or constructionist approach;
- They focus upon objective rather than subjective experience;
- They emphasise intra-individual rather than contextual factors;
- They disregard the significance of gender, race and social class.

You should bear in mind that these traditional theories are now starting to be somewhat irrelevant as the kinds of organisations, their environments, and individual needs, expectations and values to which they once referred are disappearing. However, they will not disappear altogether but will be around for some more time, so you should be aware of them and their limitations.

11 Summary

In a traditional sense, staffing planning attempted to reconcile an organisation's need for human resources with the available supply of labour in the local and national labour market. In many organisations, specialist units within personnel departments may be established to concentrate exclusively on staffing planning. In the current pursuit of HRM, many organisations appear to be replacing staffing planning with employment planning, the personnel process that attempts to provide adequate human resources to achieve future organisational objectives.

All organisations perform HR or employment planning, informally or formally. The major reasons for formal HR planning are to achieve more satisfied and more developed employees and more effective equal employment opportunity planning.

HRM theory recognises that the HR department should be an integral part and member of the business strategy-making body. As time passes, working environment changes internally as well as externally. HR plans depend heavily on forecasts, expectations, and anticipation of future events. Planning involves developing alternatives and contingency plans.

A number of factors will influence what is required of forecasting to assure satisfactory future staffing. Planners have a choice of employment forecasting techniques of different levels of sophistication to focus on both the internal considerations and the external factors that influence the final outcome of the staffing plan. However, only a few organisations practice the most theoretical and statistically sophisticated techniques for planning, forecasting and tracking of employees.

In staffing planning, the manager is concerned with the numerical elements of forecasting, supply-demand matching and control. HR planning is defined as a long-term, strategic planning of human resources concerned more with the development of skill,

quality and cultural change than statistical numerical forecasting, succession planning and hierarchical structures.

The term labour market refers to the large number of changing influences and activities involving labour demand and supply, which themselves greatly depend on economic conditions. From the organisation's point of view, the numbers and types of employees needed during a given period reflect the relative demand for labour.

The age at which people are considered to be active in the labour force varies from country to country. A variety of factors influence the labour force participation of the people.

Part-time work has increased for decades. To understand well the notion of part-time work, we have to draw a distinction between voluntary and involuntary part-time employees.

If you are engaged in personnel or HR activities in your organisation you would realise that major trends in the supply and demand of labour concern you.

Succession planning is a strategic activity in an organisation. A succession plan, like all other plans, can change as its determinants change.

Many companies are now engaged in comprehensive career management programmes comprising the three major components: planning, development and counselling.

A typical career planning process involves four major steps. Career development is the process through which the action plans are implemented. Career development, therefore, is of significance for both individual and organisation and for human resource development.

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Commonwealth of Learning Executive MBA/MPA

C3 Human Resource Management

Block 5

Job Analysis and Job Design

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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The Commonwealth of Learning

1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

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1 Objectives

After studying Block 5 in this course, you will be able to:

- discuss what role Job Analysis (JA) plays and its effect on employment planning
- show competency with the tools and techniques of Job Analysis
- name various ways in which jobs can be designed, and propose the best way for the organisation in which you work
- prepare job descriptions.

2 What Is Job Analysis (JA)?

Gatewood and Feild (1994) observed that there are probably as many different definitions of job analysis as there are writings on the topic. They suggested a definition that views job analysis as **‘a purposeful, systematic process for collecting information on the important work-related aspects of a job.’** Others have characterised job analysis as the collection and analysis of just about any type of job-related information by almost any method for any purpose.

For you to grasp the essentials of JA, you should adopt a definition that views JA as a systematic process for collecting, analysing and interpreting job-related information.

Part of the problem in defining JA stems from a difficulty we have with the term *job*. Most of us seem to mean something fairly specific when we talk about a job. Ordinarily, we mean the job that we do on a day-to-day basis – the thing that gives us the paycheque. Experts in HRM do not use the term in the same way.

2.1 Definition

Job Analysis is the aspect of employment planning which is concerned with the study of the jobs in an enterprise. In particular, job analysis and the resultant job specifications clarify the following aspects of each job: the work activities; the tools, equipment, and work aids used; job-related tangibles and intangibles (such as materials used, products made, services rendered); work performance; job context (working conditions); and candidate requirements (such as knowledge, skills, experience and personal attributes).

In JA, the following information is gathered (Glueck 1978):

1. Work activities:
 - Work activities and processes
 - Activity records
 - Procedures used
 - Personal responsibility

2. Worker-oriented activities:
 - Human behaviours such as physical actions and communicating on the job
 - Elemental motions for methods analysis
 - Personal job demands, such as energy expenditure
3. Machines, tools, equipment and work aids used
4. Job-related tangibles and intangibles:
 - Knowledge dealt with or applied (as in accounting)
 - Materials processed
 - Products made or services performed
5. Work performance (Note: Not all JA systems develop the work performance aspects):
 - Error analysis
 - Work standards
 - Work measurements, such as time taken for a task
6. Job Context:
 - Work schedule
 - Financial and non-financial incentives
 - Physical working conditions
 - Organisational and social contexts
7. Personnel requirements for the job:
 - Personal attributes such as personality, interests
 - Education and training required
 - Work experience

This information can be in the form of qualitative, verbal, narrative descriptions or quantitative measurements of each item, such as error rates per unit of time or noise level.

Activity

Considering your job, list what aspects of it need to be examined in order to carry out a job analysis.

2.2 Creating a Job

Most jobs are allocated on a fairly crude basis. The manager of a unit sees a number of tasks that need to be done and allocates them to individuals on the strength of his own judgement. A new job may well be discussed with his superior manager, and possibly

with someone from the personnel department, but invariably it is the unit manager's perception of the need for, and the nature of, the post that exerts the greatest influence on the decision to add the job to the structure. As the requirements for tasks change, so jobs change, mainly in response to the demands of the immediate management concerned. Only certain kinds of jobs are created in a completely rational way. These are the jobs composed of routine, easily measurable tasks to be found in many production and clerical departments.

Most other jobs, and certainly those requiring a high degree of judgement or discretion, cannot be created in a once-and-for all manner. Such jobs have to develop and grow as they are performed. Naturally, over a period of time, a job can change considerably without anyone really noticing it. Thus, when a review of the organisation takes place, the managers concerned have to take steps to redefine the job in the light of the changed circumstances. This is where JA comes in.

2.3 How JA Is Carried Out

JA can use one or many of the following seven methods (Glueck, 1978):

1. Examination of previous job analyses or job descriptions on the position and/or other records
2. Observation of the job and the job occupant
3. Interviewing the job occupant and/or supervision by a single analyst or a group of them
4. Structured or open-ended questionnaires to be completed by job occupants and/or supervisors
5. Self-recording of data and observations, in a log or diary kept by the job occupant
6. Recording of job activities on film or with audio means
7. Analysing equipment design information from blueprints and design data.

Methods 1, 4 and 7 are the quickest but may develop less reliable data than other methods. Methods 2, 3, 5 and 6 are more accurate but more costly. As far as observation and other data gathering techniques are concerned, it has been found that proper work-sampling techniques add to the quality of the data's reliability and validity. The most advanced job analysis work is being done by the U.S Training and Employment Service and the Personnel Division of the Air Force Human Resources Lab.

Self-Assessment Question

With reference to your organisation, what methods do you consider most appropriate to carrying out a JA? Give reasons.

2.4 Why Conduct JA?

Ghorpade & Atchison (1980, 134-144) describe JA as a fundamental starting point for HR management. This description of JA arises due to employers' interest to ensure that their employees are working efficiently, in the face of stiff competition from local as well as global competition. As technology has influenced jobs, employers are continuously on the lookout for employees with requisite knowledge, skills and abilities to perform adequately. The main reason why JA should be carried out in organisations is that it provides information that can help employers locate and identify these employees.

JA information can be used in each phase of the human resource management cycle, viz., job design, job classification and evaluation, recruitment, selection, training, performance appraisal and performance management. You should now be able to understand the importance of JA to the HR management process.

Activity

Show the application of JA data in the HRM process.

2.5 Major Uses of JA Information

JA provides a range of information in regard to jobs in organisations. The information derived include the following: job description, job specification, job classification and job evaluation, job design, and performance appraisal. Let us take each of these and discuss the use of each in HRM.

2.5.1 Job Description

A job description is an account of the duties and activities associated with a particular job. A job description is prepared to identify a job, define that job within established limits, and describe its content. It is typically a one or two page summary of the basic tasks performed on a job and constitutes the role expectations relative to that job. Job descriptions have a number of important uses including development of job specifications, work force planning and recruitment, orientation of new employees, and development of performance appraisal systems.

2.5.2 Job Specification

A job specification describes the characteristics required to perform the job activities outlined in the job description. They focus on the persons performing the job rather than on the work itself. A job specification may also include information on the knowledge, skills, and abilities required to perform the job, as well as such items as the education, experience, and physical attributes needed for successful accomplishment of job tasks. Job specifications are the means by which HRM specialists identify persons with the skills they seek and help focus efforts to recruit them.

2.5.3 Job Classification and Job Evaluation

Often HRM specialists mention both job classification and job evaluation in the same breath. You must clearly understand the difference between the two. Classification means grouping

similar positions into job classes and grouping job classes into job families. Among many reasons for grouping jobs, one is simplicity. Grouping positions into job classifications allows HRM specialists to deal with personnel functions at a more general level.

On the other hand, the process of assigning a value (and a salary) to a given job classification is called **job evaluation**. Two basic approaches to job evaluation are commonly adopted. One involves comparing an organisation's pay practices to those of other organisations. This approach is often referred to as the *market pricing method*. The second approach involves rating jobs on the basis of factors that indicate the relative worth of different jobs within the organisation. This approach has been called the *factor comparison or point factor method*. Both methods rely heavily on job analysis data.

2.5.4 Job Design

Another use for job analysis data concerns the design of jobs. From the organisation's viewpoint, jobs as performed must lead to efficient operations, quality products, and well-maintained equipment. From the workers' viewpoint, jobs must be meaningful and challenging, provide feedback on performance, and call on their decision-making skills (Davis & Wacker, 1988). The aim of the HRM specialists is to design jobs that attempt to meet the needs of both employers and employees. Efficient job design allows organisations to take full advantage of technological breakthroughs without alienating the workers affected by change. Restructuring jobs allows companies to retain skilled workers while enhancing output.

2.5.5 Performance Appraisal

Lastly, information generated from job analysis is used to prepare instruments for performance appraisal which are used to evaluate employee performance. Job analysis identifies what activities should be assessed, what knowledge should be appraised, what organisational issues (i.e. tardiness, absenteeism) should be evaluated. Job analysis information can then determine the weights assigned to particular aspects of the job in order of importance.

If used properly, job analysis ensures that the appraisal instrument assesses what is actually being done on the job. A good match between the job and the performance appraisal assessment not only should improve organisational efficiency but should also enhance employee perceptions of fairness in the appraisal system. Performance appraisals not based on solid job analysis information risk being irrelevant to job performance and consequently demotivating employees.

2.5.6 Benefits of JA

As much as there are benefits towards management, especially towards line management, there are also benefits to individuals from job analysis. These are:

- The individual job holder obtains a clear idea of his main responsibilities
- It provides the individual with a basis for arguing for changes or improvements in his job (e.g., job redesign)
- It provides the individual with relevant information in respect of any appraisal he or she may have.
- It may provide the individual with an opportunity to participate in setting his own

short-term targets or objectives.

2.6 Collecting Job Data

JA involves collecting data about the job; it is a systematic process for collecting, analysing, and interpreting job-related information. Information involving job content, work method and approach, and expected outcome is collected and analysed. To make JA more informative, the knowledge, skills, and abilities that workers require to perform their jobs may also be identified and analysed. Those who perform these JA tasks are called Job Analysts. Job analysts need special training and usually it is the internal HR specialists who perform these tasks with some training.

In conducting a comprehensive job survey, a job analyst needs to explore many different sources, such as technical manuals, organisation studies, and training materials. They also have to consult job incumbents, supervisors, and technical specialists who provide information about jobs being studied.

2.6.1 Data Collecting Techniques

There are numerous ways in which data could be collected. However, HR specialists adopt the method depending on the circumstances; jobs with substantial physical demands require different data collection methods while those requiring mental skills demand some other technique. Some jobs require extensive documentation while some others do not. The determining factor is the job characteristics. In general, JA methods require the following data collection techniques: background research, performance of the job, site observations, individual interviews, group interviews, and job analysis questionnaires. It would be useful for you to look at these in a little more detail.

Background research: It should be the first step in any JA process and involves a review of job-relevant documents. Any previous job analyses or studies of the job under review could be examined and in addition certain standard literature on jobs such as Dictionary of Occupational Titles (US Dept. of Labour), Journal of Applied Psychology, and Personal Psychology. Familiarity with past research helps the analyst choose the most appropriate data collecting technique. The review of professional literature should be followed by an examination of existing job descriptions, technical manuals, training materials, organisation charts, and previous job analyses.

Job performance: Performing the job may be the best way to collect data especially when the job involves physical operations or psychomotor skills. For example, jobs involving equipment operation that demands hand-eye coordination may actually require performing the task to for an analyst to fully understand the nature of the job. In practice, this may require a lot of time to train the analyst to perform the job. Therefore, it may be more efficient to rely on observation or interview technique.

Site observations: Visiting job sites will help the analyst to observe the specifics of task performance. The site observations will help the analyst further to familiarise himself with materials and equipment used for the performance of the job and the conditions under which the job has to be performed. However, an analyst should be careful so as not to be obtrusive and

should explain the purpose of the visit to the job performer. You would no doubt appreciate that this method is not appropriate for jobs involving mental tasks, particularly jobs of upper level managers.

Individual interviews: Interviewing job incumbents is often done in combination with observation. Interviews are probably the technique used most widely in collecting data for job analysis. They permit the job analyst to talk face to face with job incumbents. The job incumbent too can ask questions from the job analyst, and this interview serves as opportunity for the analyst to explain how the knowledge and information gained from the job analysis will be used. The interviews can be structured or unstructured. Interviews may be conducted concurrently with the site visit.

Group interviews: In this technique, subject matter experts are convened to discuss the job in question. Typically, job incumbents and supervisors act as experts as they understand the finer points of the jobs. As in individual interviews, the group interviews also could be structured or unstructured. Job analyst should take precautions to ensure that the sessions produce the necessary information.

Questionnaires: This is the least costly method for collecting information. It is an effective way to collect a large amount of information in a short period of time. A questionnaire presents a list of items that are assumed to be job related and asks subject matter specialists to rate each item on its relevance to the job under study. It generally includes specific questions about the job, job requirements, working conditions, and equipment. A less structured, more open-ended approach would be to ask job incumbents to describe their job in their own terms.

The format and degree of structure that a questionnaire should have are debatable issues. Job analysts have their own personal preferences on this matter. You may use a commercially available questionnaire, or use one that is tailored to fit the job under review. It is here that information derived from background research, job performance, site observations, individual interviews and group interviews may be very useful.

Here are a few hints that will make the questionnaire easier to use. (Ivancevich, 1998, p.178).

- Keep it *as short as possible* – people do not generally like to complete forms.
- *Explain* what the questionnaire is being used for – people want to know why it must be completed. Employees want to know how their responses would be used.
- Keep it *simple* – do not try to impress people with technical language. Use the simplest language to make point or ask a question.
- *Test* the questionnaire before using it – in order to improve the questionnaire, ask some job incumbents to complete it and to comment on its features. This test will permit the analyst to modify the format before using the questionnaire in final form.

Job incumbent Diary or Log: The diary or log is a recording by job incumbents of job duties, frequency of the duties, and when the duties are accomplished. Unfortunately, most individuals are not disciplined enough to keep a diary or log containing this kind of information. If a diary or log is kept up to date, it can provide good information. This method provides valuable

information regarding jobs that are difficult to observe, such as those of engineers, scientists and senior executives.

Activity

Suppose you are appointed a consultant to carry out a JA in your organisation. Prepare a questionnaire using the above mentioned guidelines to collect data of jobs in the clerical (non-managerial) grades.

2.7 JA methods

Although any of these basic methods can be used either alone or in combination, there is no general agreement about one best method which will yield the most valuable information. In the absence of a strong theoretical reason why one method should be superior to another, most organisations base their choice on their current needs. In other words, the choice of the method is determined by circumstances such as the purpose of the analysis and time and budget constraints.

Job analysts commonly combine methods of data collection to obtain a true and full picture of the job under study. Most approaches to job analysis mix and match various job data sources and data collection techniques. Since these methods seem to have different strengths and weaknesses, many organisations are turning to a *multi-method job analysis approach* (Schneider and Konz 1989, 51-63). In this approach, the job analyst first conducts interviews with incumbents and supervisors parallel to on-site observation. Next, a task survey based on expert judgements is constructed and administered. Finally, a statistical analysis of the responses to the task survey is carried out to assess their consistency and to identify any systematic variation in them. However, this approach, which is comprehensive, will be relatively expensive and time-consuming. But, there is one distinct advantage over any of the basic methods used alone: the quality of information derived is strongly endorsed by the courts in cases that rely on job analysis information.

The job analysis methods presented in this block have *systematic* ways of *formally* applying data collection techniques. *Formal* means that the data collection procedure, and the organisation of the end product, is standardised. For example, in the individual interview, the job analyst is consistent in the questions asked of different subject matter experts. Further, the data that emerges from the interview is generally structured into precise job statements that would be understandable to someone unfamiliar with the job. *Systematic* means that data collection techniques proceed in a set pattern. For example, several current approaches to job analysis progress from background research to individual interviews or observation, group interviews, and ultimately questionnaire administration.

Since a variety of systems have evolved, this courses present an approach most commonly encountered - the distinction between *work-oriented* and *worker-oriented* methods.

- **Work-oriented job analysis** focuses on a description of the work activities performed on a job. Emphasis is on what is accomplished, including a description of the tasks undertaken and the products or outcomes of those tasks. For example,

a work-oriented analysis of a clerical or secretarial position may provide observable tasks such as ‘prepares letters,’ ‘types letters’ or ‘files documents.’ This approach is also known as by other names, such as task-oriented and activity-based job analysis.

- **Worker-oriented job analysis** examines the attributes or characteristics the worker must possess to perform certain job tasks. The primary products of work-oriented methods are the Knowledge, Skills and Attitudes (KSAs) and other characteristics required for effective job performance. A worker-oriented analysis of a secretarial position might generate worker characteristics such as ‘skill in typing’ or ‘knowledge of the organisation’s filing system.’ Until recently, worker-oriented approaches dominated the field.

Now examine each approach in a bit more detail before going on to consider their relative pros and cons.

2.7.1 Work-Oriented Approaches

There are two methods described under this. They are *Functional Job Analysis* and *Critical Incidents Technique*. The following presents details about each of these.

Functional Job Analysis

Functional Job Analysis (FJA) is the cumulative result of approximately 50 years of research on analysing and describing jobs. It provides an approach that takes into consideration the organisation, its people, and its work. The main focus of the FJA is to create a common language for accurately describing a large number of jobs in ways that can be reliably reproduced by other experts.

FJA assumes that jobs can be described in terms of three basic relationships that the incumbent has with his or her work. In order to complete the tasks involved in a job, the employee must physically relate to ‘things,’ use mental resources to process ‘data,’ and interact with ‘people.’ The extent to which a job involves each of these components forms the basis for a job description prepared with FJA.

The FJA approach uses three data collection techniques, including a review by trained analysts of background and reference materials, interviews with employees and their supervisors, and on-site observations of employees. From this data collection, the purpose, goals, and objectives of the organisation are identified. Once analysts have gained an understanding of the organisation’s work system, they develop task statements in consultation with subject matter experts.

To ensure validity and reliability, analysts edit the task statements with the guidance of incumbents, supervisors, and other subject matter experts. From the task statements, worker functions are identified, primarily through inferences made by analysts. Finally, FJA attempts to place the individual job clearly in the context of the whole organisation by focusing on the results of task performance and the way those results contribute to the attainment of organisational goals and objectives.

The two most prominent features of FJA are its formal task statements and worker function scales. FJA’s task statements include information on a variety of factors. The second feature,

worker function scales, is probably the most widely applied of the two because of its adoption in the Dictionary of Occupational Titles (DOT) published by the U.S. Department of Labour. Current versions of the DOT use the basic descriptive language of FJA to describe more than 20,000 jobs. The DOT classifies these jobs by means of a nine-digit code. If you are interested in a general description of a job, the DOT serves as a good starting point.

The worker function scales identify differing levels of complexity in three areas of task performance: things, data, and people. Tasks are assessed as to the degree of complexity involved in each of the three areas. Using behavioural terms, each of these relationships with work can be organised along a continuum of complexity (lowest to highest).

FJA is an important job analysis system in its own right. However, it is also important for its influence on subsequent systems. One advantage of the FJA is that each job has a quantitative score. Thus, jobs can be arranged for compensation or other HRM purposes because jobs with similar ratings are assumed to be similar. If you are interested learning more about this method, please refer, Fine & Getkate (1995).

Critical Incidents Technique

Developed by John Flanagan (1954), the Critical Incidents Technique (CIT) for job analysis relies on information from supervisors and others who are in a position to observe job behaviour. In this technique, personnel specialists and operating managers (supervisors) prepare lists of statements of very effective and very ineffective behaviour for an employee. These are the critical incidents. A job analyst would ask supervisors to identify and classify those behaviours (critical incidents) that result in effective or ineffective job performance. In this technique examples of particularly successful and unsuccessful job performance are used as guides for future performance. Critical incidents represent a high level of behavioural detail, focusing on the action of the worker, the context in which the behaviour occurs, and the consequences of the behaviour. CIT is widely applied in performance appraisal because of this specificity.

Other suggested uses for the technique include training and job design. One very interesting development noted by Gatewood and Feild (1994) is that CIT can prove useful in the development of structured oral interviews. They recommend conducting a traditional selection-oriented job analysis as a first step in determining interview content. Individual interview questions are then generated using CIT. A major advantage of this approach is the creation of more objective rating scales through the use of critical incidents as anchors for illustrating effective and ineffective responses.

2.7.2 Worker-Oriented Approaches

Under this category, three methods will be discussed. Those are *Position Analysis Questionnaire*, *Job Element Method*, and *Threshold Traits Analysis*.

Position Analysis Questionnaire: A structured questionnaire for quantitatively assessing jobs was developed by researchers at Purdue University. It is called the Position Analysis Questionnaire (PAQ). The PAQ contains 194 items, organised into six major categories:

1. **Information input** – Where and how does the job incumbent get job information?

2. **Mental processes** – What reasoning, decision-making, and planning processes are used to perform the job?
3. **Work output** -- What physical activities and tools are used to perform the job?
4. **Job context** – In what physical and social context is the job performed?
5. **Relationship with other people (interpersonal activities)** – What relationships with others are required to perform the job?
6. **Other job characteristics** – What activities, conditions, or characteristics other than those described in sections 1-5 are relevant?

Seven job dimensions are contained in each of the above. Computerised programmes are available for scoring PAQ ratings on the basis of these seven dimensions:

1. Decision making
2. Communication
3. Social responsibilities
4. Performing skilled activities
5. Being physically active
6. Operating vehicles or equipment
7. Processing information

These scores permit the development of profiles for jobs analysed and the comparison of jobs.

The PAQ is perhaps the most widely used and researched job analysis approach. The PAQ is a very structured job analysis questionnaire. The available evidence indicates that it can be an effective technique for a variety of intended purposes. It is reliable in that there is little variance among job analysts' ratings of same jobs. However, a major problem is its length and thus requires time and patience to complete. In terms of content, some research suggests that the PAQ is capable only of measuring job stereotypes. If this is true, then the PAQ may be providing little more than common knowledge about a job (Ivancevich, 1998).

Job Element Method

The Job Element Method represents a unique approach to job analysis; it focuses on worker characteristics rather than on job activities. The Job Element Method identifies skills, knowledge, inclinations, and other characteristics of employees in a particular job classification. This method typically relies not on job analysts to gather information but rather on a group of approximately six job incumbents, supervisors, or both who are familiar enough with the job under study to be able to easily recognise the characteristics of superior workers (Feild & Gatewood, 1989). These factors are organised into the following six broad categories of job elements:

- a knowledge, such as knowledge of accounting principles;
- a skill, such as skill with woodworking tools;
- an ability, such as ability to manage a program;
- a willingness, such as willingness to do simple tasks repetitively;
- an interest, such as an interest in learning new techniques; or
- a personal characteristic, such as reliability or dependability.

Once the job elements have been identified, the subject matter experts generate a corresponding list of sub-elements for each element. Subject matter experts then rate the job elements and sub-elements along a series of dimensions that are designed to measure the correlation between success on the job and possession of each job element. Through this correlation, the Job Element Method attempts to identify the characteristics that, if possessed by an individual, will probably result in superior job performance.

Threshold Traits analysis

The Threshold Traits Analysis System (TTAS) differs from other worker-oriented approaches in that it hypothesises that there are thirty-three relatively enduring traits related to the performance of a large number of different jobs. These traits are divided into two broad classes: *ability* and *attitude*. Ability-oriented traits are considered ‘can do’ factors, whereas attitudinal traits are ‘willing to do’ factors. Within TTAS, traits are assessed for six characteristics:

- **level** –refers to a trait’s complexity
- **practicality** –relates to the estimated proportion of job applicants thought to possess a given trait
- **weight** –an index of the impact of a particular trait on overall job performance
- **degree** –represents a four-grade assessment of a person’s possession of a trait, ranging from unacceptable to superior
- **criticality** –refers to the relationship between possession of a trait and overall job performance
- **availability** –describes the supply/demand ratio of each trait level in the employer’s labour market

In TTAS, the heart of the job analysis is the evaluation of traits. This technique demands that incumbents, supervisors, or other subject matter experts rate the relevance, level, and practicality of each of the thirty- three traits. These ratings are analysed to produce a basic functional description of the job. The functional job description then serves as the foundation for selection, training, performance evaluation, and compensation.

Activity

List the advantages and disadvantages of each JA method described above.

2.7.3 Evaluation of Traditional Methods

Several factors have given rise to an increased preference for multi method job analysis approaches. Some of the factors include: level of task specificity and communicability. Research on job analysis in this realm has been restricted largely to job analysts' evaluation of method effectiveness. Unfortunately, research has not yet answered the question of which job analysis system is the best. You may note that legal considerations would seem to favour multi method approaches. Also, several researchers have advanced conceptual and measurement-oriented arguments for adopting multi method approaches to job analysis.

2.8 Recent Trends in Job Analysis

In the United States, with the Americans with Disabilities Act coming into force, HR managers are finding it more difficult to consider certain physical ability requirements long taken for granted, such as normal vision and hearing, as essential. Such requirements can be applied only if an employer can provide documentary proof that they are essential for an employee to perform 'essential job functions.' It must be clear to you that this is no easy task. In fact, the identification of the essential functions themselves must be carried out through task-oriented or multi-method job analysis. The linkage between essential functions and requisite knowledge, skills, mental abilities, and physical abilities can best be established through a multi-method job analysis process. Obviously, job analysis methods that do not capture information salient to the essentiality of job functions and underlying mental and physical abilities would fail to protect employers from law suits.

A second recent trend in job analysis methodology is a move toward increased specificity in descriptions of job tasks and of the knowledge, skills, and abilities (KSAs) needed on a job as a means of ensuring content validity in testing. Job analysis systems that emphasise increased specificity and take account of sensory and psychomotor abilities would seem to meet the job analysis needs of most organisations in the current regulatory and legal environment. New approaches introduced in the coming years would incorporate essentials of these two trends.

3 Job Design

Once a thorough JA has been conducted and there are high-quality job descriptions and job specifications available, an organisation can use this information to design or re-design jobs. This information is very useful for structuring job elements, duties and tasks in a manner that will help to achieve optimal performance and satisfaction.

There is, however, no one best way to design a job. Different situations call for different arrangements of job characteristics. In addition, approaches to job design place different emphases on performance and satisfaction as desired outcomes. In other words, certain methods of job design primarily focus on improving performance while others concentrate on satisfaction. You will therefore see that no one approach will fully satisfy all of the goals of a manager. It should be evident to you that job design will involve making trade-offs based on the more critical needs of the organisation.

3.1 Definition

Job design is the personnel or engineering activity of specifying the contents of the job, the tools and techniques to be used, the surroundings of the work, and the relationship of one job to other jobs.

In other words, the aspect of personnel or industrial engineering that directly affects the degree of specialisation of the job and the psychological dimensions of the task is called job design.

Human factors engineering (ergonomics) and industrial psychology are concerned with whatever affects job design. They also study how human limitations affect efficiency. It has been found, for example, that fatigue can affect output: work speed and accuracy decrease as the work period increases. Another finding is that mental fatigue, which affects performance, is a result of certain kinds of work being performed at length. These are the types of factors studied by engineers in their design or redesign of jobs.

HR and operating managers are involved in other kinds of job design. For example, they help determine the amount of variety in the job, as well as the amount of responsibility and autonomy. Both theory and research indicate that this aspect of job design has an impact on motivation and performance.

There are four approaches to those aspects of job design that affect the degree of specialisation and the psychological dimensions of work. These are *work simplification, job rotation, job enlargement, and job enrichment*.

3.1.1 Work Simplification

This job design leads to very specialised jobs. In the work simplification approach, the complete job (such as making a car) is broken down into small subparts, usually consisting of a few operations. This is done because:

- Less well-trained and less well-paid employees can do these jobs
- More workers are available for hire, since there are more unskilled than skilled workers

- By repeating the same operations over and over, the employee gets better at it
- Many small jobs can be performed simultaneously, so that the complete operation can be done more quickly.

3.1.2 Job Rotation

In job rotation, the employees take turns at several work simplified jobs. Job rotation provides more flexible work assignments, makes it easier to staff the more unpleasant jobs (or heavier jobs), and reduces the boredom and monotony of the work simplified jobs.

3.1.3 Job Enlargement

This is the opposite of work simplification. If the work simplified job consisted of three operations, the job enlargement approach expands assignment until a meaningful subunit (or subprocess) is completed by one person. The theory is that 'whole' jobs reduce boredom (through more variety) and give more meaning to work. Job enlargement attempts to increase satisfaction by giving employees a greater variety of things to do. The expansion of the work is, however, considered horizontal, since the employees are not given more responsibility or authority in decision-making. Rather, they are merely allowed to do a greater number of tasks. Thus, an enlarged job is not as specialised or routine as a job designed according to scientific management, but it may not be any more meaningful.

3.1.4 Job Enrichment

Job enrichment increases the responsibility of the employees and gives them more autonomy and freedom of control. Rather than merely increasing the variety of tasks performed by an employee, job enrichment tries to design jobs in ways that help incumbents satisfy their needs for growth, recognition and responsibility. Thus, enrichment differs from enlargement because the job is expanded vertically; employees are given responsibility that might have previously been part of a supervisor's job.

Obviously, there can be a combination of several of these strategies. For example, a likely combination is job enrichment and job enlargement.

3.2 Perspectives on the Design of Work

Another approach to design of work involves four major categories:

1. The perceptual-motor approach
2. The biological approach
3. The mechanistic approach
4. The motivational approach

Both the perceptual-motor approach and the biological approach have their roots in human factors engineering. Their major focus is on the integration of human and machine systems.

Therefore, their emphasis is on equipment design and the proper match between machines and operators.

The other two approaches clearly highlight the potential trade-offs that must frequently be made by organisations with regard to job design. They are also the two that have received the most attention in the management literature. Taylor's scientific management, and the motivational approach by job enrichment best exemplify the mechanistic approach.

3.2.1 Scientific Management and the Mechanistic Approach

Job design was a central issue in Fredrick Taylor's model of scientific management. His use of job design shows how certain perspectives focus more heavily on productivity than on satisfaction.

Taylor's work emphasised the structuring of jobs – work to be broken down into simple, repetitive tasks. Once learned, these tasks could be done quickly and efficiently. Introduced in the early 1900s, many of the principles of scientific management are still relevant today although current methods of JA criticise the use of repetitive-task structure:

- Work should be studied scientifically. (This is what JA attempts to do.)
- Work should be arranged so that workers could be efficient.
- Employees selected for work should be matched to the demands of the job. (Job descriptions and job specifications used in recruitment and selection should achieve this.)
- Employees should be trained to perform the job.
- Monetary compensation should be tied directly to performance and should be used to reward the performance of employees.

Why do many managers find this approach appealing? It is because these kinds of recommendations lead to improving organisational performance. However, research has found that repetitive, highly specialised work can lead to dissatisfaction among employees. You would have noticed that in your organisations too, there are situations where gains in efficiency that scientific management offers can be offset by losses in satisfaction and higher levels of absenteeism and turnover.

Early strategies for overcoming some of the problems associated with jobs designed according to scientific management focused on job enlargement.

3.2.2 Job Enrichment as a Motivational Approach

The notion of satisfying employees' needs as a way of designing jobs comes from Frederic Herzberg's two factor theory of motivation (1959). This theory tries to find out what people want from work. According to this theory, two sets of factors influence work behaviour: dissatisfiers (hygiene factors) and satisfiers (motivators). Hygiene factors relate to the context of jobs and include pay, working conditions, supervision etc. They do not motivate. Motivators include factors like achievement, recognition, responsibility, advancement, growth and the work itself.

Motivators become operational only when dissatisfiers are removed. His basic idea is that employees will be motivated by jobs that enhance their feelings of self-worth.

Although there are many different approaches to job enrichment, the *job characteristics model* is one of the most widely publicised (Hackman & Oldham 1976, 250-279). The model proposes that for a job to lead to desired outcomes it must possess certain 'core job dimensions.' These are:

- *Skill variety* – degree to which the job requires a variety of different activities in carrying out the work, which involves the use of a number of an individual's skills and talents.
- *Task identity* – degree to which the job requires completion of a 'whole' and identifiable piece of work – that is, doing a job from beginning to end with a visible outcome.
- *Task significance* – degree to which the job has a substantial impact on the lives or work of other people, whether in the immediate organisation or in the external environment.
- *Autonomy* – degree to which the job provides substantial freedom, independence, and discretion to the individual in scheduling work and in determining the procedures to be used in carrying it out.
- *Feedback* – degree to which carrying out the activities required by the job results in the individual obtaining direct and clear information about the effectiveness of his or her performance.

If these core dimensions are present in a job, they are expected to create three critical psychological states in job incumbents. The key psychological states that are necessary for motivation and satisfaction are:

1. *Experienced meaningfulness* – degree to which the job incumbent experiences work as important, valuable and worthwhile.
2. *Experienced responsibility* – extent to which the job incumbent feels personally responsible and accountable for the results of the work performed.
3. *Knowledge of results* – understanding that a job incumbent receives about how effectively he or she is performing the job.

The more these three states are experienced, the more internal work motivation the job incumbent will feel. To the extent that these three states are important to the job incumbent, he or she will then be motivated to perform well and will be satisfied with the job.

The three job dimensions – skill variety, task identity, and task significance – all contribute to a sense of meaningfulness. Autonomy is directly related to feelings of responsibility. Feedback is related to knowledge of results. For job incumbents to be internally motivated, they must have a sense of the quality of their performance. This sense comes from feedback.

3.2.3 Job Design: The Next Challenge

In the late 1980s and early 1990s, European and Asian competitors of American firms were embracing the quality management movement, having turned away from basics of scientific management. Self-directed teams became important ingredients in the success of manufacturers worldwide. Many American corporations are also implementing self-directed work teams.

Coopers & Lybrand's **Competency Alignment Process (CAP)** takes a holistic view of reengineering work processes and the effects on how employees use their skills. CAP involves the systematic study, analysis, and assessment of jobs and the skills needed to perform them in the reengineered organisation. To accomplish this goal, CAP determines current skill levels of employees in order to identify skill gaps. When a skill deficiency exists for the reengineered organisation, it can then be eliminated through a variety of programmes including training, redeployment, and outsourcing. Without these or similar efforts, reengineering will probably not succeed. Thus, job analysts and other HR professionals are a crucial link in the reengineering process upon which so many corporations are staking their competitive future.

4 Job Descriptions and Job Specifications

How would a manager describe the openings when he advertises to hire employees? At an interview to select the best person from those who apply, what guidelines would an interviewer use? The answer: with job descriptions and job specifications.

The job description is one of the primary outputs provided by a systematic JA. From the data gathered in JA, organisations (particularly larger ones) prepare records of what jobs are being performed in the organisation (job descriptions) and the qualifications necessary to perform them (job specifications). These are used when replacement becomes necessary.

Simply stated, a job description is a written description of what the job entails. It is not necessary to overemphasise how important thorough, accurate, and current job descriptions are to an organisation. Many changes occurring in recent years have increased the need for such job descriptions. These changes include:

1. the vast number of organisational restructurings that have occurred (e.g., downsizing)
2. the need to implement new and creative ways to motivate and reward employees
3. the accelerated rate at which technology is changing work environments
4. new, more stringent regulation of employment practices through legislation.

There is no standard format for a job description but almost all well-written, useful descriptions will include information on (Ghorpade, 1988):

- *Job Title* – title of the job and other identifying information such as its wage and benefits classification.

- *Summary* – brief one or two sentence statements describing the purpose of the job and what outputs are expected from job incumbents.
- *Equipment* – clear statement of the tools, equipment and information required for effectively performing the job.
- *Environment* – descriptions of the working conditions of the job, the location of the job, and other relevant characteristics of the immediate work environment such as hazards and noise levels.
- *Activities* – includes a description of the job duties, responsibilities, and behaviours performed on the job. Also describes the social interactions associated with the work (for example, size of work group, amount of dependency in the work).

The job specification evolves from the job description. It addresses the question ‘What personal traits and experience are needed to perform the job effectively?’ The job specification is especially useful in offering guidance for recruitment and selection.

The determination of skills, knowledge or abilities required for performing a particular job must be systematic. R. J. Harvey (1993) offers the following guidelines for arriving at the characteristics that should be included in a job specification:

1. All job tasks must be identified and rated in terms of importance (by means of job analysis techniques)
2. A panel of experts, incumbents or supervisors should specify the necessary skills for performing each of the job tasks identified
3. The importance of each skill must be rated
4. Any other characteristics necessary for performing the job, such as physical requirements and professional certification, should be identified
5. Each skill that has been identified needs to be specifically linked to each job task.

Only traits and skills that are actually required to perform the job should be stated in the job specification. Job specifications need to differentiate clearly between *essential* and *nonessential* skills. Essential skills are those for which alternative ways of accomplishing the job are not possible. Changing the structure or work methods of the job can accommodate nonessential skills.

Activity

Prepare a job description for your job position using the criteria stated above.

5 Summary

Job analysis plays a major role in HRM activities and programmes. The job is the major building block of an organisation. Therefore, it is essential that each characteristic of each job in an organisation is clearly understood. One of the definitions of job analysis is ‘**a purposeful, systematic process for collecting information on the important work-related aspects of a job.**’ Part of the problem in defining JA stems from a difficulty we have with the term *job*.

A variety of information is collected to undertake a proper JA. This information can be in the form of qualitative, verbal, narrative descriptions or quantitative measurements of each item.

JA can use one or many of seven methods. Some are quick but may produce less reliable data than other methods. Others are more accurate but more costly.

JA is a fundamental starting point for HR management. JA information can be used in each phase of the human resource management cycle, viz., job design, job classification and evaluation, recruitment, selection, training, performance appraisal and performance management.

JA provides a range of information in regard to jobs in organisations. The information derived includes the following: job description, job specification, job classification and job evaluation, job design, and performance appraisal. If used properly, job analysis ensures that the appraisal instrument assesses what is actually being done on the job.

As much as there are benefits towards management, especially towards line management, there are also benefits to individuals from job analysis.

JA involves collecting data about the job; it is a systematic process for collecting, analysing, and interpreting job-related information. Conducting JA is not for amateurs. Training is required.

There are numerous ways in which data could be collected. However, HR specialists adopt the method depending on the circumstances. In general, JA methods require the following data collection techniques: background research, performance of the job, site observations, individual interviews, group interviews, and job analysis questionnaires.

Job analysts commonly combine methods of data collection to obtain a true and full picture of the job under study. Most approaches to job analysis mix and match various job data sources and data collection techniques. Since a variety of systems have evolved, an approach most commonly encountered – the distinction between *work-oriented* and *worker-oriented* methods, is used.

Work-oriented approaches include two methods: *Functional Job Analysis* and *Critical Incidents Technique*. Worker-oriented approaches consist of three methods: *Position Analysis Questionnaire*, *Job Element Method*, and *Threshold Traits Analysis*.

A multi-method job analysis approach to JA uses a combination of four general job analysis techniques: observation, interviews, questionnaires and job incumbent diaries.

Job design involves structuring job elements, duties, and tasks to achieve optimal performance and satisfaction. Job design was a concern of Fredrick Taylor, the famous industrial engineer and father of what is called scientific management. Job enrichment involves designing jobs so that employees' needs for growth, recognition, and responsibility are satisfied.

The job description is one of the primary outputs provided by a systematic JA. From the data gathered in JA, organisations (particularly larger ones) prepare records of what jobs are being performed in the organisation (job descriptions) and the qualifications necessary to perform them (job specifications).

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Commonwealth of Learning Executive MBA/MPA
C3 Human Resource Management

Block 6

**Acquiring Human Resources—
Recruitment, Selection and Orientation**

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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The Commonwealth of Learning

1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

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1 Objectives

After studying Block 6 of this course, you will be able to:

- distinguish between recruitment and selection
- contribute to a mutual matching of expectations—those of recruits and those of the organisation—and help to make intelligent compromises between the two sets.
- describe the recruiting process: who does it, how recruiters do it, and where they find recruits suitable to your organisation
- describe some contemporary issues and controversies in the field of recruitment
- detail the selection and orientation process
- describe why orientation improves the chances of employee success at work.

2 Recruiting and Job Search

In the military, the way of life of its ‘employees’ is different from that of civilian organisations. The military’s ‘executives’ expect unquestioning obedience, and military personnel must live in the same area where they work, in communities that may consist almost entirely of military staff. The ‘employer’ provides for many of their social and off-work facilities—recreational, religious, social, and shopping. However, many do not find this way of life appealing and as such, each year, thousands of military personnel retire or leave the service. Recruitment process can help solve problems faced by organisations such as military.

Recruitment tends to be studied only for practitioner purposes and there is little evidence of any overarching theory. A few general personnel textbooks have discussed recruitment and selection, e.g., Armstrong (1999), and Cole (1991). Most texts, however, do not deal with selection.

So what is recruitment? How does it differ from selection? Let us examine this in detail.

2.1 Definition of Recruitment

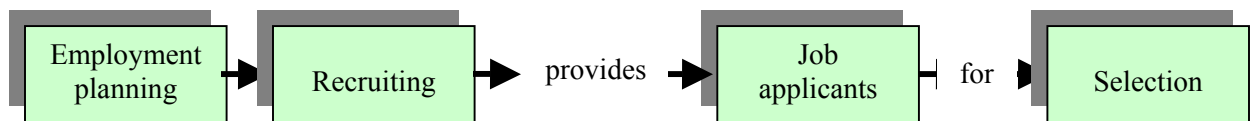
Glueck (1978) wrote: ‘Recruitment is that set of activities an organisation uses to attract job candidates who have the abilities and attitudes needed to help the organisation achieve its objectives.’

Another useful definition is: ‘searching for and obtaining potential job candidates in sufficient numbers and quality so that the organisation can select the most appropriate

people to fill its job needs' (Dowling and Schuler, 1990). How does recruitment differ from selection? Whitehill (1991) describes the recruitment process as a positive one: 'building a roster of potentially qualified applicants' as opposed to the 'negative' process of selection.

The recruitment process has two key aims: the attraction and retention of the interest of suitable applicants, and the projection of a positive image of the organisation to those who come in contact with it.

Recruiting is related directly to a number of other personnel activities. Employment planning determines the number of employees needed, and all subsequent personnel activities (such as selection, orientation, development, compensation) cannot be effective unless good employees have been recruited. (see diagram below)



The recruiting process begins with an attempt to find employees with the abilities and attitudes desired by the organisation and to match them with the tasks to be performed. Whether potential employees will respond to the recruiting effort depends on the attitudes they have developed toward those tasks and the organisation, on the basis of their past social and working experiences. Their perception of the task will also be affected by the work climate in the organisation.

How difficult the recruiting job is depends on a number of factors: *external influences such as government and union restrictions and the labour market, and the employer's requirements and candidates' preferences.*

2.1.1 External Influences

The external influences affecting recruitment are of two types: (1) government and union restrictions and (2) labour market conditions. **Government and union restrictions** represent the main external influences. Government regulations prohibiting discrimination in hiring and employment have a direct impact on recruiting practices. In many countries, government agencies can and do review the following information about recruiting to see if an organisation has violated the law:

- The list of recruitment sources (such as employment agencies, civic organisations, schools) for each job category.
- Recruiting advertising.
- Estimates of the firm's employment needs for the coming year.

- Statistics on the number of applicants processed by category (sex, race, etc.) and by job category or level.

Of course, job descriptions and job specifications must avoid positive discrimination on sex, meaning that the jobs are sex stereotyped; that is, if the job can be done by both sexes, the descriptions should not suggest one sex or the other. Recruiters need to be aware of perhaps unconscious sex stereotypes that would cause them to screen out a candidate on the sole basis of sex.

Recruiters have to keep records, as the government requires reports of recruiting and hiring practices and may require statistics on the number of recruits accepted and rejected by job and employee categories. This is also to ensure that minorities in certain countries are not discriminated against. Agencies also review a firm's employment advertising for legality - it must have no reference to preferences for sex, race, and other protected categories unless these characteristics are bona fide occupational qualifications.

Sometimes, government requires organisations to implement affirmative action programmes to recruit qualified employees not well represented among present employees. This is common where representation of females in managerial positions are concerned. For example, a firm with no female managers may be requested to recruit at universities where women are a majority and where professional courses for women are featured.

Government agencies can examine recruiting and hiring procedures on two somewhat contradictory bases. One is percentage 'goals' in the recruitment of minorities and women, whereby the organisation is asked to hire enough minority employees so that their numbers in each job category (managers, for example) approximates the minority population in the area. The other basis is adverse impact, whereby the organisation can be judged as discriminating if it rejects higher proportions of minority applicants than other applicants. The conflict is that if the firm recruits more minorities, its rejection rate of them is likely to be higher, i.e., by attracting a larger pool of minority candidates, the firm may have to thereby reject a larger number of such candidates.

Labour market conditions

The second external environment factor affecting recruiting is labour market conditions. How does it happen? If there is a surplus of labour at recruiting time, even informal attempts at recruiting will probably attract more applicants than there are vacancies. But when there are fewer people, skilful and prolonged recruiting may be necessary to attract any applicants that fulfil the expectations of the organisation.

There are several ways through which an employer can find out about the current employment picture. The central Department of Labour (relevant in a particular country situation) or a Bureau of Labour as the case may be, issues employment reports. In many countries, there are also sources of information about specific types of employees. Trade unions covering certain crafts and professional associations keep track of employment conditions as they affect their members. It is important to note that local conditions are more important than national conditions, unless the employer is recruiting nationwide.

2.2 Interactions of the Applicant/Recruits and the Organisation

Having considered how external factors such as government, unions, and labour market conditions affect the options of an organisation to recruit, you must try to understand the recruiting process: the interaction of the applicants and the organisation in recruiting.

On the one hand, there will be the nature of the organisation and the goals of the managers, while on the other there will be the nature of the task, the techniques used and sources of recruits, all these varying with the job. With regard to the applicants, how they go about seeking a job will be affected by their abilities, attitudes, past work experience and even their colleagues' and friends' attitudes.

At this stage, you may find it useful to consider the recruitment process from both the employer's and the employee's viewpoints. How does effective recruiting take place? The employer offers a job with associated rewards, looking for certain characteristics in a potential employee. The recruit has abilities and attitudes to offer and is looking for a kind of job that meets her minimum expectations. A match is made when sufficient overlap exists between these two sets of expectations.

The recruiting process usually requires some modifications and compromises on both sides. The following model (Glueck 1978) depicts the recruiting/attraction process.

ORGANISATIONAL EXPECTATIONS		POTENTIAL EMPLOYEE EXPECTATIONS	
Requirements:		Characteristics:	
Abilities.	From education	←-----→	Abilities.
	From work experience	←-----→	Experience
Attitudes.	From prior experience	←-----→	Attitudes.
Personality.		←-----→	Personality.
Job offering:			
Job characteristics (e.g., variety and responsibility)		←-----→	Minimum expectations of job characteristics.
Job rewards:			
Pay. Benefits. Promotions. Intrinsic rewards.		←-----→	Minimum expectations of pay, benefits, promotion.

2.2.1 Organisation's Point of View of Recruiting

There are at least three aspects that affect recruiting from the organisation's point of view: the recruiting requirements set, organisation policies and procedures, and the organisational image. Organisations must be careful and deliberate in setting recruiting requirements. Organisations usually specify the requirements they think are ideal in applicants for positions. They can easily have unrealistic expectations of potential employees. However, the effective organisation examines the specifications that are absolutely necessary for the performance of the job and uses these as starting expectations.

What is meant by organisation policies and practices? A job aspirant would like to know what the policy on promotion is, for example. If there is a policy to promote within, which means that the organisation recruits from outside only at the initial hiring level, it is bound to have a positive effect on job aspirants. It is another issue altogether whether this is a good policy. Other recruiting policies such as, opportunities for the handicapped, war veterans etc., would affect who is recruited.

The third aspect, that is, the organisational image, also affects recruitment. What does the public think of the organisation? This is an important factor, especially at the higher levels of recruitment and in specialised fields. An organisation's image is complex. It is based on what that organisation does and whether it is perceived by job aspirants as providing a good place to work. Usually, large organisations are more likely to have a well-developed image. How does this image affect recruiting? Job applicants seldom can have interviews with all the organisations that have job openings of interest to them. Because there are time and energy limits to the job search, they do some preliminary screening. One of these screens is the image the applicants have of the organisation, which can attract or repel them.

It is important for you to understand that recruiting in the public sector has some similarities to and differences from the private sector. There are rules and regulations that govern recruitment in the public sector such as where the applicant lives. Some jobs would require them to live within a specific area. Other requirements may be that they have to take a competitive test, like the Civil Service Examination. Recruiting managers in the public sector will have to cope with labour market problems, union restrictions etc. The government too has image problems: most private sector organisations offer better pay, incentives and benefits than the public sector and in most developing countries the best graduates opt for the private sector, which was the reverse about three decades ago.

In summary, organisations cannot afford to be strict on ideal job specifications. Those may have to be adjusted, to meet the stark realities of the labour market and other factors such as government or trade union restrictions, limitations of organisation policies and practices, and the organisation's image. If an inadequate number of quality job aspirants apply, the organisation may have to either adjust the job to fit the best applicant or intensify its recruiting efforts.

2.2.2 Potential Employee's View of Recruiting

Having examined the organisation's viewpoint of recruitment, let us now look at the point of view of the potential employee. There are several factors relevant to how the recruit looks for a job: applicant's abilities and aptitudes and attitudes and preferences based on past work experiences, friends' experiences and attitudes, and influences by parents, teachers, and others. These factors affect potential employees in two big ways: how they set their job preferences and how they go about seeking a job.

Understanding both of these is vital to effective recruiting by the organisation. This block will only examine the first—how the applicant sets his/her job preference—as the other is concerned much with aspects of job search. Just as organisations have ideal specifications for recruits, so the recruits have a set of preferences for a job. Many recruits too are unlikely to get all their expectations fulfilled. The recruit also faces the limits of the labour market (good or bad from the recruit's point of view, which is usually the opposite of the organisation's), government and union restrictions, and the limits of organisational policies and practices. The recruit must anticipate compromises just as the organisation does.

When you consider a job aspirant's point of view, his/her choice of the organisation is a two-step process. First, the individual makes a choice of the occupation (occupational choice), probably in high school (or senior secondary in some countries) or just after. Then she or he makes a choice of the organisation to work for within the occupation chosen.

Occupational choice: The three most notable perspectives from which this has been analysed are psychological, economic and sociological. A person's occupational choice is influenced by his/her preferences and images (psychological), the realities of the labour market and the person's calculation of his/her net advantage (economic) and the structural limitations of the world of work and the individual's socialisation to it (sociological). It seems reasonable to view occupational choice as a decision which reacts to personal motivation and aspirations (including economic motivations), given the restrictions of the labour market and the 'conditioning' of the social structure in which the person lives.

Organisational choice: We have assumed that everyone makes an occupational choice, and then an organisational choice within that occupation. This is true in the case of those that stay in school through high school (or senior secondary school) and beyond. What about the others, who make up the majority in many countries? For these persons, chances are that the occupational choice is quite limited, and they would make a job-organisation choice, without considering occupational choice.

What factors affect the organisation-choice decision? A number of researchers have found that more educated persons know the labour market better, have higher expectations of work, and find organisations that pay more and offer more stable employment. Although much of the research suggests that this decision is fairly rational, the more careful studies indicate that unconscious processes, chance, and luck also influence the decision. In countries where an allowance or unemployed insurance is paid

to those unemployed, it may also be an important factor as to why people look for jobs or otherwise.

2.3 Who Does the Recruiting?

In larger organisations, the HR/personnel department does this. The branch of the department with this responsibility is called the employment office or department. Recruiters, interviewers, and clerical persons staff it. This group also does the preliminary selection. Employment offices are specialised units that provide a place to which applicants can apply. It conducts the recruiting both at the work site and away from it.

In smaller organisations, multipurpose personnel people do the recruiting along with their other duties, or operating managers may take time to recruit and interview applicants. Sometimes, the organisation puts together a recruiting committee of operating and personnel managers.

The role of the recruiter is crucial to the well being of the organisation. The recruiter is usually the first person from the organisation that an applicant away from the work site or potential employee meets. Applicants' impressions about the organisation are based to a large degree on their encounter with the recruiter; hence the need for effective recruiter behaviour.

If the applicant applies in person at the work site, those in the employment office serve a similar purpose. This initial meeting might be called the reception phase of employment. The applicant is greeted, supplied with an application, and perhaps given some information on present hiring conditions and the organisation as a place to work. If the applicant is treated indifferently or rudely at this phase, he or she can form a lasting poor impression of the workplace. The reception phase is a great deal like the initial contact a salesperson makes to a prospective customer. It must be borne in mind that all applicants are potential employees, as well as clients for the organisation's services or products. Therefore, it is vital that those who greet and process applicants (in person or by phone) be well trained in communication techniques and interpersonal or people skills. They should enjoy meeting the public and helping people in stressful conditions, for job seeking can be a difficult experience for many applicants.

2.4 Sources of Recruits

When organisations need additional employees, they are faced with two recruiting decisions: where to search (sources) and how to notify applicants of the positions (methods).

Basically, there are two major categories of sources of applicants: internal (present employees), and external (those not presently associated with the organisation). Among these categories, there are many sources.

Internally, there are job postings and bidding, friends of present employees, and skills inventories maintained in the organisation by the personnel department. Externally, walk-ins, various agencies, schools and other sources such as unions, professional associations and former employees are potential sources.

Say, the shortage is for higher-level employees. If the organisation has a policy of promoting from within, it will use the skills inventories to search for candidates. But personnel managers may not be aware of all employees who want to be considered for promotion, so they use an approach called job posting and bidding. In the job-posting system, the organisation notifies its present employees of openings, using bulletin boards, organisation publications and so on. Dave Dahl and Patrick Pinto (January, 1977) provide a useful set of guidelines for effective job-posting systems:

- Post all permanent promotion and transfer opportunities.
- Post the jobs for about one week prior to recruiting outside the organisation.
- Eligibility rules should be clarified. For example, minimum service in the present position might be specified as six months. And seniority may be the decision rule used to choose between several equally qualified applicants.
- Job specifications should be listed. Application forms should be available.
- All applicants should find out what happened in the choice.

If the labour shortage is short term or a great amount of additional work is not necessary, the organisation can use present employees. It could offer to pay bonuses of various types to people not on a time payroll; overtime procedures are already developed for those on time payrolls.

Before going outside to recruit, many organisations ask present employees to encourage friends or relatives to apply. Some equal employment opportunities programmes prohibit this, however. For first jobs, this source of recruits could be powerful and organisations could use it wisely.

When an organisation has exhausted internal sources, external sources are used. The most fruitful of the outside sources is walk-ins. Private employment agencies serve as a placement agency for some white-collar employees and as a source of recruits for many employers. School counsellors and teachers can also help, usually for managerial, professional, technical, and white-collar employees. In many countries, there are government run institutions, such as labour exchanges or employment exchanges, that have tried to serve more applicants and organisation needs, but these agencies still provide primarily blue-collar and only a few white-collar applicants. The general view is that these government agencies do not help employees or applicants much. (Glueck, 1978)

Even though there appear to be many sources from which employees can be recruited, employers generally use only a few to recruit each type of employee.

Self-Assessment Question

What are your views about the recruitment strategies employed in your country? Do they conform to some of the views mentioned above? If not, what reasons could you adduce?

3 Methods of Recruitment

A number of methods can be used to recruit external applicants such as advertising, personal recruiting, computerised matching services, special-event recruiting, internships etc. To decide which method to use, the organisation should know which are most likely to attract the types of candidates they seek.

Beardwell and Holden (1997) developed the following table describing and assessing various methods used by organisations in seeking both internal and external candidates.

Method	Comments	Advantages	Disadvantages
1. Internal existing employees			
	Internal advertising may be a requirement for some organisations under union negotiated agreements		
1.1 Self-applicants	Inexpensive, quick.	Motivational factor.	Can be indirectly discriminatory. No new 'talent' into organisation.
1.2 Supervisor /manager recommendations	Know applicant's strengths/weaknesses/behaviour well	Records of existing acquired skills and experiences need constant updating	
1.3 Succession planning	Training and development already in place; therefore succession smoother.	Information may be subject to bias.	
2. Using existing contacts			
2.1 Unsolicited enquiries	Write-ins, personal enquiries 'on spec'. NB: should be handled courteously or may affect success of other external methods.	Less expensive. Know applicants are already interested.	Needs system implementation to cope. Need to review 'hold' file after time period (e.g., six months)
2.2 Previous applicants	Maintain forms of unsuccessful applicants for given time period and assess against new vacancies as they arise.	Can enhance organisation image if handled well. May speed process considerably.	As above (2.1)
2.3 Previous employees	Particularly retirees or others leaving to 'no paid job' (e.g. new mothers, or carers of elderly/sick dependants) in the 'would re-employ' category	By changing terms of employment (especially by increasing flexibility reducing hours). Could re-attract to part-time, flexible or temporary working to meet peak organisational demands. Known work behaviour.	Inbuilt flexibility requirement for employee not always feasible in given situations.
2.4 Existing employee contacts	Existing employees encourage family, friends, contacts to apply for vacancies.	Employee may well know others with similar skills, knowledge, attitudes who have passed on knowledge of culture and job requirements.	May well be indirectly discriminatory if not combined with other methods.

	Method	Comments	Advantages	Disadvantages
3.	External contacts			
3.1	Union referrals	Register kept by union of members seeking employment. Usual in some sectors (e.g. printing) where 'closed-shop' and/or custom and practice arrangements traditional.	Confidence in skills. Cost.	Indirectly discriminatory. Overlooks those in work.
3.2	Professional referrals	Registers as above, particularly for professions, e.g. lawyers, doctors, accountants, engineers, linguists.	As 3.1.	As 3.1.
3.3	Jobcentres	Central government provision via Department of Employment. Network covering most towns/cities acting as agents for potential employers/employees. Particularly concerned with manual and junior positions in administration, clerical and retail areas.	Variety of free services, which can be provided at local or national level. Speed. Perceived as providing socially responsible service within a secure, non-profit making framework. Extremely valuable if effort made to cultivate Jobcentre contact.	Unemployed, rather than employed register, reinforcing the old Labour exchange image. As with all agencies, results reflect quality of job description and person specification supplied.
3.4	Outplacement consultants/ Registers, Job Shops	Providing practical help to redundant employees, enforced early retirees, etc.	Actively seeking to place and may provide training and retraining required.	
3.4	Outplacement consultants/ Registers, Job Shops	Providing practical help to redundant employees, enforced early retirees, etc.	Actively seeking to place and may provide training and retraining required.	
3.5	Private selection—local.	Deal mainly with clerical typing, junior admin, shop staff, etc. Recruit and select for	Reduces administration for employer. 'Normal' method in many cities.	Employers pay for recruits No guarantee against recruit leaving quickly.
3.6	—management selection	Usually recruitment plus initial stages of selection of managerial, professional and specialist staff.	Specialist knowledge, objectivity, selection skills (especially when unusual recruitment need for organisation).	Payment by employer. May lack cultural awareness of organisation Internal applicant
3.7	Search consultants-'head-hunters'	Informal network of contacts keeping track of those likely to be in constant demand, especially senior management. Promising candidates sought out and approached directly.	Possibility of joining can be discussed without commitment. Concentrates on those in employment.	Potential candidates outside headhunter's Network excluded. Recruit may be head-hunted again, by same consultant! Cost?
3.8	Schools and Careers service	Guidance and some testing of young people	Useful source of raw recruits to be developed by the organization. In-depth knowledge of potential 'applicants.' Can assist in image enhancement.. Some 'guidance' of higher quality than..other methods.	Cost. Possibility of indirect discrimination if recruitment concentrated on one or two institutions.

	Method	Comments	Advantages	Disadvantages
3.9	Colleges	Recruitment of college leavers after conclusion of variety of courses. Tendency to recruit in local colleges in catchment area.	Work experience placements offer opportunity to preview. Increased employer impact on training provided, which can be very work specific.	Tends to be once-yearly process. Recruits lack experience. Possible indirect discrimination.
3.10	Universities	Traditional 'milk round' by large national/ international employers. Ad hoc inquiries by leavers. Frequently appointment boards provide full-time careers advisory service.	Can build strong relationship with those offering specialisms, prestige, etc. Sandwich and other placements offer opportunity to preview potential.	Takes recruiters away from organizations for long periods. Travel/accommodation costs can be high.
3.11	Resettlement services	Armed forces personnel, at end of contracts, provided with practical help on obtaining work in civilian life.	High quality of training in a variety of trades, including management.	Possible (preconceived?) cultural differences between civilian/service life.
3.12	Government training schemes	Central government funded initiatives targeted at specific skills shortages and/or disadvantaged groups.	Many skills provided at government cost, can be integrated with on-the-job experience. Opportunity to preview before offering permanent employment. Financial incentives.	Perception of 'cheap labour' can reduce organizational image unless well managed. Administration heavy. Training commitment required.
3.13	Temporary agencies	Provision of short or longer term cover (an alternative to recruitment of permanent employees).	Provide cover to cope with the unexpected absence, peaks in work loads, one-off or temporary requirement for skills or transitional developments in work organization.	Time scale often makes integration into organizational culture difficult. Quality can vary. Cost.
4.	Advertising/ media	An overlap between advertising and previous methods discussed frequently exists. Recruitment agencies can provide external expertise.	Essential to monitor cost effectiveness.	
4.1	Press	Local and national papers, trade and professional journals.	Only reach those using that media. Expensive, especially TV, national press. Must be targeted to identified groups.	
4.2	Television	Local and national channels		
4.3	Radio	Local broadcasts, occasionally national.	Cheaper than TV.	
4.4	Cinema			
4.5	Posters	Cost.		
4.6	Careers exhibitions	Target groups likely to present in large numbers.	Cost of organizing Dependency on others and their organizational skills, if not..	
4.7	Conferences	As in 4.6	Cost of organizing if self-managed. Dependency on others and their organizational skills, if not.	

	Method	Comments	Advantages	Disadvantages
4.8	Cassettes, videos, brochures	Useful for large- scale recruitment	Cost. Longer time scale because of preparation	
4.9	Open days	Allowing potential recruits (and sometimes their families and friends) access to site, working methods, facilities products.	Opportunity for 'no commitment' dialogue whilst giving favourable impression of the organisation at work. Allows self-selection. Useful for large-scale or specific skills campaigns.	Organisation, as opposed to personnel department involvement. Message can go 'wrong'.

(Source: Beardwell & Holden, 1997)

Activity

Identify and list the recruitment methods you have observed in the organisations you worked. Of those, what methods have helped organisations to pick effective employees? Give reasons in each case.

3.1 Effective Recruiter

As you would understand by now, there are three elements involved in recruiting: *the organisation*, *the applicant*, and the intervening variable - *the recruiter*. The recruiter is the filter and the matcher, the one who is actually seen by the applicants and is perceived, observed and studied as a representative of the organisation. Job aspirants/applicants see the recruiter not just as an employee but as an example of the kind of person the organisation employs and wants in the future.

Students prefer certain personal characteristics in recruiters. The students William F. Glueck (1979) studied tended to prefer recruiters aged between 35 and 55 years old, finding that persons over 55 do not understand them. Recruiters under 30 were found to lack the experience that would have given them the answers to students' questions. Students rated recruiters well for having had work experience in their specialties and some personal knowledge of the university they were visiting.

During the recruiting interview, characteristics in the recruiter the students wanted most were *friendliness*, *knowledge*, *personal interest in the applicant*, and *truthfulness*. Secondly, some applicants (usually average students) preferred enthusiastic and convincing communicators.

Major flaws students found in typical recruiters were:

- a. *Lack of interest in the applicant*. They inferred this if the recruiter was mechanical in his presentation, was bureaucratic, and seemed programmed. A study also found that recruits accepted offers from recruiters who showed interest and concern for them as individuals.

- b. *Lack of enthusiasm.* If the recruiter seemed bored the students inferred it was a dull and uninteresting organisation.
- c. *Stressful or too-personal interviews.* The students resented too many personal questions about their social class, their parents, and so forth. They wanted to be evaluated for their own accomplishments. They also unanimously rejected demanding or sarcastic interviewing styles.
- d. *Time allocation by recruiters.* The final criticism of recruiters had to do with how much time they talked and how much they let the applicant talk or ask questions. From the point of view of the applicant, much of the recruiter's time was wasted with a long canned history of the organisation, number of employees, branches, products, assets, pension plans, and so forth. Many of the questions the recruiter asked the applicant were answered on the application, anyway.

These findings re-emphasise the need for organisations engaged in college recruiting to train effective recruiters and to have a well-planned visitation schedule. The applicant should receive printed material describing the less interesting aspects of information (such as organisation history and details of organisation operations). The recruiter also should utilise the time allotted to him effectively, by dividing about equal time between the recruiter and the applicant. Students want to hear about the job itself, the work climate, and the kind of person the organisation is trying to hire for the job.

It is also important for recruiters to provide realistic expectations of the job. It has been found that when they do so, there is significantly lower turnover of new employees. Researchers have found that most recruiters give general, glowing descriptions of the organisation rather than balanced or truthful presentations.

Companies that wish to influence applicants should also review their recruiting literature to make sure it appeals to the most successful students. This literature, plus advertisements and articles in trade publications, is the main nonhuman influence on the organisation-choice decision.

3.2 An Evaluation of the Recruitment Process Itself

You probably now realise that organisations have to take recruitment very seriously, as the costs of recruitment can be high. Throughout the recruitment process, a variety of costs are being incurred:

- recruiters' salaries;
- management and professional time spent on preparing job descriptions, personnel specifications, advertisements, agency liaison, etc.;
- the cost of advertisements or other recruitment methods, e.g. agency fees etc.;
- cost of producing supporting literature;
- recruitment overheads and administrative expenses;

- costs of overtime or subcontracting whilst the position remains unfilled; ·
- cost of recruiting unsuitable candidates for the selection process.

Organisations must be alert to the real facts of recruitment and question whether the recruitment methods used were valid, the recruitment process itself effective, and the costs justified.

Statistical information on the cost of advertisements, time taken for the process, the position regarding applications from under-represented groups and, above all, the suitability of the candidates for consideration in the selection process should be gathered and evaluated, but organisation-wide experience shows that these processes seem to be carried out only rarely.

Dowling and Schuler (1990) emphasise the importance of such evaluations of recruitment practice and recommend attention to the following:

- return rate of application forms sent out;
- number of suitable candidates to selection process;
- costs of methods used and labour involvement;
- effectiveness of recruitment method(s) employed;
- time taken in:
 - agreeing to terms and conditions
 - communicating the message
 - selection (providing information to candidates and receiving completed application forms)
- qualitative judgement on equal opportunities provision;
- comments on image projected;
- recommendations for improvement

It is also prudent to undertake an evaluation of various methods used in recruitment. The following need to be examined to ascertain whether the methods used have produced the desired results.

- Number of initial inquiries received which resulted in completed application forms.
- Number of candidates at various stages of the recruitment and selection process, especially those shortlisted.
- Number of candidates recruited.

- Number of candidates retained in the organisation after six months.

3.3 Recruitment in Fluctuating Labour Markets

The economy and its cycles of boom and recession can impact significantly on organisations and their recruitment activities. When the economy is buoyant and in tight labour markets, organisations experience increased difficulties in attracting candidates and have to adopt flexible approaches with regard to the groups targeted and recruitment methods used. In particular, considerable care should be taken to ensure that:

- planning activities highlight staff shortfalls well in advance;
- reward packages, if enhanced to attract and retain the interest of potential recruits, will fit with the packages currently being enjoyed by the existing workforce;
- measures are in place to maximise retention of staff;
- training and development programmes are available to those with potential who could be recruited (as opposed to trying to locate those already in possession of relevant skills, experiences, etc.);
- recruitment activities are responsive and user-friendly.

Let us also see how recruitment is affected during economic recession. Recessions generally create the most difficult times for personnel specialists in organisations. In such conditions, personnel departments have to handle downsizing, particularly redundancy and redeployment. Often, in the midst of downsizing, openings arise in other parts of the organisation, necessitating recruitment. Needless to say, recruitment during such periods requires a particular sensitivity to the needs of employees, their representatives and the managers concerned.

If external recruitment is considered in such conditions, there may be many candidates, both suitable and unsuitable, making applications since the downsizing activities of other organisations produces a surplus in the labour market. During such periods, it is essential that organisations have adequate screens in place. The screens make clear the specific requirements related to the job and may also include tight application deadlines. Such screens will also employ the use of less user friendly techniques (e.g., requesting a letter of application to be made as opposed to telephoning or the use of box numbers).

Personnel specialists would do well to keep in mind the drawbacks these two examples would pose, as they are considerable. It is possible that the organisation may be dissuading suitable applicants already in employment from applying, a factor compounded if the individual perceives too great a risk of foregoing redundancy protection in current employment to move to a non-protected position.

Another problem the recruiting personnel may find would be increasing pressures to circumvent equal opportunities policies in times of plentiful supply of ‘advantaged’ applicants, increasing the problems for those within groups which are most severely hit

by the economic situation anyway. Minority groups are an example of such groups already hit by recession.

3.4 International Recruitment

The recruitment methods adopted in different parts of the world vary from country to country. For purposes of comparison, what is practiced in Europe, Japan and USA will be discussed here.

3.4.1 Europe

Recruitment practices vary considerably within countries. Legislation determines different levels of state intervention and worker participation and methods used vary in popularity according to national custom and practice. As you would know, culture plays a role in recruitment. As there is a great variety of different cultures within the European Community, just as there are many different languages, it is difficult to comment on the 'European culture'. There is a wide discrepancy in the size of labour forces too.

There is wide variation in the level of direct state involvement in the recruitment process. In some countries, e.g. Portugal and Denmark, there is no statutory obligation to consult with the authorities over recruitment, whereas in others, e.g. France, Belgium and Spain, the state HR planning service has to be informed of all vacancies.

The recruitment methods most frequently used are newspaper advertising, the state employment service, private employment agencies and more informal methods, such as word of mouth and speculative applications. Organisations frequently use a number of different methods, depending on the type of job to be filled, but legislation and custom and practice can lead to national variations. One of the most commonly used recruitment methods is newspaper advertising. State employment services play an active role in several countries, although mainly for non-managerial jobs. Private recruitment agencies are frequently used in a number of countries, but they are prohibited in Germany and Spain. The more informal methods, such as word of mouth and speculative applicants, are a very common means of recruitment in several countries. The purpose of this very brief outline was to show you that there is no single best way of recruiting in Europe but that there are a number of different approaches and success will depend on several factors including the job itself and the country in which it is based.

Where equal opportunities are concerned, the EU has issued directives and all member states have introduced regulations that proscribe discrimination in recruitment, and forbid any phrasing of a job advertisement which might suggest that either men or women would be more favoured. Enforcement, and the degree to which equal opportunities on grounds of race or sex are advocated positively, vary considerably between member states, however.

3.4.2 Japan

As you would expect, Japanese culture has had a big impact on the recruitment practice in that country. In Japan, employees are considered to be the most valuable asset an

organisation possesses and lifetime employment within one organisation is the aim of both employer and employee. It is interesting to note that the male and female roles in society are quite strictly defined: the male as breadwinner, with a complementary and arguably synergistic role of home and family organiser for the female. As such, many women may leave work on marriage or on husband's relocation.

There is a two-tier system of employment status found in Japan. There are the regular and the special workers. 'Regular' workers, for whom lifetime employment is anticipated, particularly in larger firms, are male and in possession of personal characteristics deemed suited to organisational 'fit' rather than skills and experiences specific to a particular job. These regulars enjoy special privileges and high status.

The other category, the special workers, includes full and part-time women, mid-career recruits (often possessing highly specialised skills), temporary workers and foreigners. 'Special' workers are discriminated against in terms of security of job, rewards, training opportunities, etc., and are seen as providing the flexibility required in the employment system where one group (regulars) have near lifetime security of employment. As regards the recruitment methodology, Japan has certain peculiarities.

As a result of the culture described above, the Japanese labour market has traditionally been closed, although recently there has been an increase in the number of channels available in the recruitment process, including private employment agencies and headhunters. University-organisation links are strong, and most recruitment is either through university or college processes or through private connections, with graduates recruited on the personal recommendations of specific university professors. Professors play a vital role here as in effect, they pre-screen graduates when they make recommendations. Most regular employees are hired direct from universities and schools once a year, with prestigious companies looking to prestigious universities for recruits. The 'old-boy' network is very important.

The open labour market is more apparent with 'special workers' with direct application more of a norm. Again, however, highly developed links with schools, subcontractors, subsidiaries and retrenching firms are typical recruitment channels as Japanese organisations have little tradition of 'pirating' employees from competitors.

In 1986, the Equal Job Opportunity Law was passed requesting companies to make efforts to treat men and women equally, arguing that the numbers of women in professions and leadership roles was small. The impact of legislation on the system does not appear to be marked.

3.4.3 USA

The culture in the USA is much similar to the British one, although some recruitment practices suggest more aggressive policies, particularly in relation to acquiring recruits from competitors.

Again the methods employed in the USA are very similar to those established in Britain, although Werther and Davis (1993) argue strongly in favour of the 'blind' advertisement, disguising the name and/or salary concerned (as opposed to the British preferred 'good

practice'). There also appears to be an increased likelihood of employees becoming liable to fees on placement by private agencies.

An important aspect in the USA is the extensive legislation meant to provide equal opportunity without regard to race, religion, sex, disability, pregnancy, national origin, age (over 40) and Vietnam veterans. Victims can sue for compensation and punitive damages (Civil Rights Act of 1991) in certain circumstances, and courts can insist on certain action being taken to remedy a given situation. Many organisations have responded by drawing up affirmative action plans, which ensure compliance with the laws or remedy past discrimination. Unlike in Britain quotas are acceptable and affirmative action plans must be registered by organisations where any part of the organisation sells to the federal government (Werther and Davis, 1993).

3.4.4 Recruitment in Multinational Organisations

In the case of multinational organisations, many factors come into play. International recruiters face particular challenges and constraints, including a thorough knowledge and appreciation of the organisation's policy on international recruitment. Dowling and Schuler (1990) describe these policies under four headings;

1. **Ethnocentric**, where all key positions are filled by nationals of the parent company. (A typical strategy employed in the earlier stages of a venture.)
2. **Polycentric**, where host country nationals fill all key positions in the subsidiary.
3. **Geocentric**, where the 'best' people are recruited regardless of nationality, e.g. a national of a country in which neither the parent nor subsidiary is based could also be considered.
4. **Regiocentric**, where decisions will be made on a regional basis (the new subsidiary will be based in one country within this region), with due regard to the key factor for success of the product/service. For example, if local knowledge is paramount, host country nationals will be recruited; if knowledge of established product is the key factor, parent country nationals are likely to be targeted.

Obviously circumstances will dictate which policy is relevant and factors to consider include the following (Beardwell and Holden, 1998):

Country

- The culture of the country in which the subsidiary is based, in particular its perceived 'toughness'. Dowling and Schuler (1990) suggest that India/Pakistan, South East Asia, the Middle East, North Africa, East Africa and Liberia pose particular difficulties for the Western expatriate.
- Contacts (e.g. embassies, consulates, consultants) available to assist in the recruitment of host country nationals and / or give advice generally.
- Host government requirements regarding the employment of 'foreigners' and immigration requirements.

Individual

- Language competence
- General international awareness
- Personal 'fit' with cultural requirements above
- Requirements for training
- Degree of technical competence to do the job

Organisational considerations

- Considerable costs of international relocation of the individual and her/his family.
- High levels of expatriate failure rates discovered to be between 25-40%
- Opportunities for individuals to develop career paths without international experience.

The recruitment strategy adopted will be contingent on the conclusions reached in these areas.

4 Selection

In the previous section, you saw that when an organisation believes additional people are needed to get the work done, recruiting takes place. Recruiting provides a list of potential employees (recruits). Selection is the decision that makes the choice of who should be chosen from that list.

4.1 Definition of Selection

Selection is the process by which an enterprise chooses from a list of applicants the person or persons who best meet/s the selection criteria for the position available, considering current environmental conditions.

This definition emphasises the effectiveness aspect of selection, but selection decisions must also be efficient. This means that the selection process, while finding the best person to fill the opening, must do so at the least cost possible.

It can be argued that staff selection is becoming the axis on which all other human resource issues turn. In this fast-moving work environment the time available for new employees to adapt and develop is diminishing. They are expected to become effective almost instantly, to perform, and to move on.

How do organisations actually select their employees? Arguably, firms could simply take every third name or a random selection from a list of recruits but few if any would do so.

In this unit you will be examining various approaches organisations adopt to select personnel.

One area in which practices vary is with regard to who actually makes the selection decision. In many larger organisations, personnel specialists screen the applicants, and the operating manager involved makes the choice. In smaller organisations, the operating manager does both the screening and selecting. Many organisations also give co-workers a voice in the selection choice: applicants are interviewed by their potential co-workers, who then express their preferences. This procedure is commonly used in university departments or professional organisations where the faculty or professional colleagues express preferences on applicants.

Generally, more effective selection decisions are made when many people are involved in the decision and when adequate information is furnished to those selecting the candidates. As a general rule, the operating manager and the work group should have more to say about the selection decision than the personnel specialist.

4.2 Environmental Circumstances Influencing Selection

4.2.1 The Environment of the Organisation

The nature of the organisation that is doing the selecting can have a profound effect on the selection process. For example, the way the private sector selects personnel and the way the public sector selects differs because of dissimilarities in the kinds of organisations and the environments that typify these sectors. In the public sector, selection traditionally has been made on the basis of either political patronage or merit. The patronage system provides jobs to reward those who have worked to elect politicians. In the private sector, friendship with managers or employees can become a factor in the choice. Pure ‘merit’ selection (choice based only on the employee’s excellence in abilities and experience) is an ideal which systematic personnel selection tries to achieve but seldom does.

Other aspects of the organisation affect selection: its size, complexity, and technological volatility. It is costly to develop and use systematic, reliable, and valid personnel selection techniques, so generally only the large organisations can afford to use these techniques. But even the large organisations must be stable both in technology and jobs; otherwise it will not be cost effective. In sum, the size, complexity, technological volatility, and nature of the organisation will influence the selection techniques that are cost effective for the organisation.

4.2.2 Nature of the Labour Market

The second factor affecting the selection decision is the labour market with which the organisation must deal. The labour market for the organisation is affected by the labour market in the country as a whole. It is further affected by the working conditions the organisation offers, the job itself, and the organisation’s image (The course has already discussed these).

Those who work in personnel analyse this labour market factor by using a measure known as the selection ratio:

$$\text{Selection ratio} = \frac{\text{Number of applicants to be selected}}{\text{Number of applicants available for selection}}$$

If the selection ratio is 1:1, the selection process is short and unsophisticated; if the selection ratio is 1:44, the process can be quite detailed. When there is a larger ratio, it also means the organisation can be quite selective in its choice.

4.2.3 Union Requirements

There are many organisations that are unionised, either fully or partly, and in such instances, union membership prior to hiring or shortly thereafter is a factor in the selection decision. At times, employee unions in their contracts with the organisation require that seniority (experience at the job with the organisation) be the only criterion, or a major one, in selection. Thus, you would see that in many ways, openly and subtly, a union can affect an organisation's selection process.

4.2.4 Government Regulations

The fourth sector affecting selection is the government. Many governments prohibit employers from asking prospective employees questions about their race, sex, national origin, and the like. Even indirect questions are sometimes prohibited. In the United States, the federal government also regulates selection practices. What is important is whether a practice is likely to have an adverse impact on a prospect because of her or his age, race, sex, religion, or national origin.

4.3 Selection Methods

An organisation's success depends on whether that organisation employs the right people. Choosing the right person for the job is therefore critical to its success. A poor or inappropriate choice will not only be costly to the organisation but demoralising to the employee (who finds him or herself in the wrong job), and certainly demotivating to the rest of the workforce. In many instances, the perfect match is not always possible and the organisation will then be faced with three further time-consuming and costly choices:

- to change or modify the job to fit the person;
- to encourage personal change and development until an acceptable fit is reached;
- a mixture of the above.

While there is a vast array of selection methods available to an organisation, from psychometric exercises (fast becoming popular) to graphology (inferring character from handwriting), the following list comprises the set of practices most commonly used and therefore to be discussed further:

- interviews
- biodata
- group methods (roles and problem solving)
- in-trays
- presentation
- work simulations
- repertory grid
- personality assessment
- assessment centres.

4.3.1 Interviews and Interview Skills

Interviewing is by far the most popular method. It is popular because of its ease and convenience to conduct but it requires discipline and skill to do well. There are myriad variations to interviewing but there are three common forms: One-to-one, sequential and panel.

Most people are familiar with one-to-one interview, either as an interviewee (the one who is subject to the interview) or interviewer (the one who conducts the interview). In this form of interview, one interviewer sits with one recruit or candidate and conducts the interview. This kind of interview could either be unstructured or structured. The unstructured interview typically involves little preparation. The most notable characteristic of a highly unstructured interview is that no specific questions are systematically asked of all applicants. The presumed advantage of an unstructured interview is the freedom that it allows the interviewer to adapt to the situation and to the changing stream of applicants (Ivancevich 1998). In contrast to an unstructured interview, Ivancevich (1998) argues, that a structured employment interview is characterised by a high degree of continuity between applicants. The interviewer will have a standardised list of questions that he or she will ask of all applicants. In addition, the interviewer will have a scoring form for recording applicant's responses. In a highly structured interview, there might even be a predetermined sequence of questions to ensure that the same information is obtained from everyone. The structured interview, therefore, has, substantially greater potential ability than an unstructured one, but it does constrain both the interviewer and the applicant. Neither may be given the opportunity to express certain attitudes or to explore certain areas of information that might prove useful. After many years of research on employment interviews, there now seems to be considerable agreement that all else being equal, structured interviews will more reliable and more valid than unstructured ones (Ivancevich 1998, 240, citing Michael A. McDaniel et al.).

The sequential interview is a little more advanced, as it is a series of interviews. The sequence can be structured so that the outcomes of the first interview are fed to the second interviewer before that interview, etc. The candidate moves from room to room and is interviewed by different interviewers. The panel interview consists of two or more interviewers. Naturally, any panel interview is less intimate and more formal. However, if handled well, it can provide a wealth of information. Otherwise, it may only make the candidate very nervous and feel ill at ease. There has to be coordination among the members of the interview panel – that is who is going to ask what and in what order.

The setting of the interview is very important and attention should be paid to details such as *noise level, avoiding interruptions, lighting, the candidate's reception and the dress and manner of the interviewer*. The physical positioning of furniture is also instrumental in dictating the tone of the interview; it is therefore important in creating the appropriate atmosphere. The atmosphere may be informal, but the candidate has a certain role to play. Argyle (1972) expresses this well:

There are certain subtleties about being a good candidate. It is necessary....to draw attention to his (her) good qualities whilst remaining modest and submissive. (S)he may need to show what a decisive and forceful person (s)he is – but without using these powers on the selection board.

All interviews should be well planned. It is essential that interviewers plan the sequence as well as the content of events. There is a vast body of research and knowledge regarding do's and don'ts in interviewing. Some of the more important ones are presented below:

- The interviewer should limit his (her) talking to approximately 20% of the time thus allowing the interviewee to talk for 80% of the interview.
- Limit the use of closed questions; open questions are preferred by candidates and generally elicit more information from them.
- Avoid premature closure on a decision about the candidate. It has been estimated that the interviewer usually makes a decision within the first 4-9 minutes and then seeks evidence to support the decision.
- Be aware that interviewers recognise and like a candidate similar to them (e.g. same social background, school etc.). Good practice requires that such factors be neutralised as much as possible.
- Be aware that interviewers are affected by contrast so that an average performer seen after an exceptionally weak one will be rated highly. Also the last candidate tends to be remembered more clearly than the others.
- Be aware that there is a tendency to place more emphasis on negative rather than positive information.

- Have a basic structure to the interview that carries consistently from candidate to candidate. The success of an unstructured interview for selection is only slightly better than chance.
- Only 10% of communication is through the content of the spoken word, 50% is from voice tone, level, accent, etc., and 40% from body language. How you say something is therefore as important as what you say. Interviewers like animated (but controlled) body language. Candidates should consider posture, facial gestures and intonation in the voice.
- The interview provides a cheap method and an ideal opportunity for the organisation to sell itself.

Despite many criticisms of the interview as a method, it remains extremely popular. It is worth remembering that the criticisms are largely about the interviewer(s), not the process.

The foregoing discussion clearly illustrated that skill and discipline on the part of the interviewer is critical to employing the interview as a method for finding the best person for the job at hand. Cole (1988) summarised the key skills to effective interviewing as follows:

- ability to prepare adequately;
- ability to listen, including picking up points implied in the candidate's responses;
- ability to ask relevant questions at the right time (good questioning skills);
- ability to analyse the picture of the candidate that is emerging at the interview;
- ability to summarise and make notes of the candidate's performance;
- ability to supply relevant information to the candidate without boring him/her;
- skill in building and maintaining a relationship with the candidate (rapport);
- ability to control the interview with tact, diplomacy and firmness.

4.3.2 Biodata

This refers to biographical information about the candidate and much of this sort of information is gathered on application forms. Application forms, as with other tools used for selection purposes, should be clearly designed so that selectors know how they are going to use the information when it is received.

Relevancy is a critical criterion in determining what information is to be gathered. Be sure that there is a reason for asking for data such as personal information and that it will be appropriately used. Such information may help the selectors to find out more about the candidate's group or individual orientation and further assess his/her leadership qualities.

Shortlisting from application forms is a risky business and many candidates who do not have the 'right' background or have not had the same opportunities that others had might be ruled out without regard to how well they might perform the job at hand. Researchers have found that selecting candidates on the basis of application forms was a haphazard affair with candidates who filled in the white spaces on the form standing a better chance of selection because filling in the spaces was equated with motivation.

4.3.3 Group Methods

There are two main group methods of selection: roles and problem solving. Organisations always must look for people who can be members of teams, since most roles within an organisation are performed in a team context. Techniques that identify such candidates are therefore critical in the arsenal of selection techniques. Some organisations are using Meredith Belbin's work on team roles, not only to identify what roles exist at present within the team and therefore what is the gap, but also to select a candidate with the required role preference. You may wonder what Belbin team roles are. Let me explain it you.

Belbin (1993) has identified nine team roles: plant, resource investigator, coordinator, shaper, monitor evaluator, teamworker, implementer, completer and specialist. A person is seldom strong in all nine team roles.

In the problem solving method, a small group of 6-8 people is asked to solve a work related problem in a limited period of time. Each individual may also be asked to feed back to the assessors the behaviour of a chosen candidate; thus each individual would not only be asked to contribute to the solving of the problem but would be required to appraise another individual. The candidate would be assessed on:

- problem solving ability in the short and long term/creativity;
- ability to work well and contribute to a team situation;
- interpersonal skills;
- ability to listen, to appraise and assess others;
- leadership and chairing qualities.

4.3.4 In-trays

This is a real work life simulation exercise. The exercise simulates what a manager might find in his or her in-tray and the candidate is allocated a limited period of time – say about 30 minutes – in which to go through the in-tray of memos, letters, reports and other documents and to make appropriate written decisions. These decisions or suggested actions will be communicated and explained to an assessor following the event. This exercise is designed to assess:

- ability to make appropriate decisions when under time pressure;
- capacity to deal with situations appropriately;

- awareness of the knock-on-effect of decisions to other parties;
- ability to organise and prioritise.

4.3.5 Presentation

Each candidate is asked to write and present a piece of work to an audience. It will be time limited and on a relevant topic. For example, a person applying for a job as a manager of a multinational organisation whose job will be to liaise with and manage overseas staff may be asked to present a 15 minute paper on, 'Managing Cultural Diversity'. She would be assessed on verbal and non-verbal presentation skills, relevant content, time management and the ability to cope with questions.

4.3.6 Work Simulation Exercise

A typical work situation will be simulated so that a candidate's ability to do the job effectively can be assessed. This method provides an alternative to relying on what the candidate says he/she would do in a given situation. We all know that what or how they say they would carry out a piece of work may be quite different to what they would do in practice. Examples of this method would be a secretary being asked to take a typing test, or a television newscaster presenting a news item as if he were doing it in reality.

4.3.7 Repertory Grid Technique

The notion of personal construct psychology as a theory of personality was developed by G.A. Kelly in 1955. During the early 1990s, this has been adapted for use in the selection process. The technique allows the individual to make sense of his or her world by identifying similarities and differences between sets of events in his or her life and in this way develops personal constructs or ways of seeing oneself. Anderson (1990) used the technique to elicit constructs that relate to preferred tasks. In this technique the candidate is asked to denote his likes and dislikes on a given set of activities. In the case of a marketing manager, one cluster of constructs showed that he liked variety, challenge and responsibility for the marketing function while the other showed a dislike of closely supervised work, desk-bound tasks, and advertising responsibilities. For a detailed explanation you should refer to Anderson's work on repertory grids (1990). The repertory grid is extremely useful when trying to uncover a candidate's real motivation and preferences and marks an exciting step forward in the field of selection.

4.3.8 Personality Assessment

The use of personality questionnaires in employee selection is not an area for the amateur. Some experienced users find this an invaluable tool. There are many psychometric self-report questionnaires on the market that purport to measure personality. There are also many definitions of personality, one of which is as follows (Jessup and Jessup, 1975)

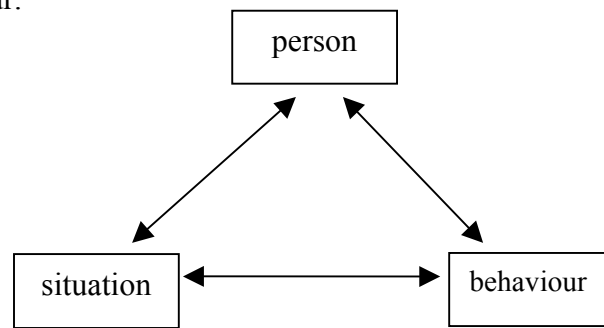
That which makes one person different from another and includes all the psychological characteristics of an individual.....personality is used to describe the non-cognitive and non-intellectual characteristics of an individual. It refers more to

the emotional make up of a person and is reflected in the style of his (her) behaviour rather than the quality of his (her) performance.

Robbins (2001) describes personality as ‘*The sum total of ways in which an individual reacts and interacts with others.*’ ‘Personality’ here is not meant in the popular sense that a person has charm, a positive attitude toward life, or a smiling face. When psychologists talk of personality, they mean a dynamic concept describing the growth and development of a person’s whole psychological system.

Opinions are diverse on the use of personality assessment as a selection method. Some authors argue that personality is ‘more or less stable’ and that it is ‘consistent’ from one time to another and ‘different’ from the behaviour of others in similar situations. Others have questioned whether people are consistent and/or variable across situations (cross-cultural consistency) and from one time to another (temporal stability). Yet some others have suggested that real consistency of behaviour would be helpful when trying to assess personality, but that real consistency may suggest abnormality or maladaptive behaviour.

Bandura (1977) questions whether the trait approach to personality, or the situation, explains the behaviour. Clearly, if personality does not to a large extent explain behaviour it may not be very useful to assess personality as part of the selection process. Bandura further suggests that behaviour is a result of the person/situation interaction (see illustration below). This diagram suggests that both the personality and the situation determine behaviour.



Person/situation interaction

Source: Beardwell & Holden

4.3.9 Assessment Centres

The topic of Assessment Centres has arisen in block 4 but merits further discussion here. Lewis (1985) has described this method as a selection procedure using multiple methods. It is a programme of tests, work simulation situations, exercises and interviews which are designed to measure and assess a wide range of different abilities, skills, behavioural characteristics and potential required for effective performance in the job. Assessment centre techniques have gained prominence and popularity in the past fifteen years or so, but they are not new; they date back to the World War II.

Setting up an assessment centre specifically for an organisation involves six stages:

1. identifying the skills and behaviours required of the post;

2. relating specific exercises and tasks to 1;
3. testing the exercises on an appropriate sample of individuals to ascertain that they do measure what they say they measure, and then feeding this information back into the process;
4. training assessors from within the organisation to observe and rate candidates effectively, or providing professionally trained staff to carry out the task;
5. running the assessment centre and choosing the appropriate candidate;
6. giving feedback, both to the candidate and the process.

Although setting up of an assessment centre that is relevant to the organisation entails enormous costs, requires time and expertise, it provides the organisation with the capacity to view and assess candidates from a number of differing perspectives using a wide variety of methods. Further, assessment centres also provide candidates a wide opportunity to exhibit their skills and talents to the assessors and also to get to know the organisation well. This places the candidates in a position to take a well informed decision if offered the job. Overall, the assessment centre is a more holistic approach to assessment.

Activity

List the advantages and disadvantages of the above selection methods with reference to your work situation.

4.4 Barriers to Effective Selection

We discussed above a number of selection methods designed to predict future work behaviour and potential. The effective methods of selection not only provide more information about the candidate but information that is relevant, useful and comparable between candidates. There is an important distinction or difference to be drawn between the amounts of information produced and how relevant it is. More does not necessarily mean better.

4.4.1 Evaluative Standards

The effectiveness of selection methods will depend upon a number of factors, which Muchinsky (1986) refers to as the 'evaluative standards'. The usual standards or measures against which methods are selected are as follows:

- Fairness
- Cost
- User-friendliness

- Acceptability (to both the candidate and the organisation)
- Validity and reliability
- Applicability.

Some 'evaluative standards' are easier to assess than others. It is quite evident that there is the need to quantify 'cost' as it affects and constrains the process. However, when you consider both direct and hidden costs (such as the cost of selecting the 'wrong' candidate or the opportunity cost of selector's time) it is not easy to quantify. In addition, other constraints and issues such as 'perception', 'fairness' and 'validity and reliability' are not only difficult to assess but even the importance of the concept may not be immediately obvious.

4.4.2 Perception

One of the most fundamental barriers to selecting the 'right' candidate on a truly rational and objective basis is that we, as individuals or groups, do not have the ability to perceive others precisely. To select staff we require an individual or a group of people to assess and compare the respective competencies of others with the aim of choosing the right person for the job. Yet through the processes of perception our views are highly personalised. Each of us has a different view of the world. We are all subject to our own cultural conditioning, and find it hard to be totally aware that others do not see the world as we do. It is therefore not an objective view of the world; it is merely our own reality.

4.4.3 Perceptual Selectivity

To illustrate this barrier let us take an example from the workplace, the taking of business minutes. Recollect a meeting at which several people were in attendance. No matter how many people were at the meeting, only one (the person who took the minutes) will feel it is a totally accurate representation of what was said. If every member of the group were asked to take minutes there likely would be as many different accounts of what happened, as there were people in the group. This is due to the perceptual differences we have.

Our view of the world or of any situation is selective and partial. You and I see the same situation differently. The notion of perception is of extreme importance to the process of selection.

4.4.4 Stereotyping

This is one of the most common barriers to accurate perception. Stereotyping means the forming of opinions that are based on very few facts, usually on the basis of class or category. Stereotyping takes place when we first meet people (as is usually the case at an interview). We try to categorise them and place them in boxes and subsequently ascribe them with traits or personal characteristics on the basis of this categorisation. For example, we may assume that:

- All professors are absent-minded, older, males and have their heads in the clouds.
- All civil servants are boring and wear pin-striped suits.

- All social workers are left-wing and wishy-washy.

Stereotypes are therefore generalisations which are oversimplified and hence by definition untrue. However, they are very useful shortcuts, which allow us to assess and evaluate people and situations quickly. In certain instances there may be a grain of truth behind the stereotype or there may have been an element of truth to the stereotype at one time, but for the vast majority of those being stereotyped, the description or view is untrue and can be damaging.

So, if stereotypes are misleading and untrue, why do we stereotype? Individuals compare others with themselves, or other situations with their own, and during this process small differences become accentuated and form the basis of stereotypes.

4.4.5 Gender Issues

Under this topic it is important to discuss sex-role stereotypes also. For example, with more women entering the managerial ranks, it is important to understand how both men and women view the manager's job. In the early days, men predominantly held managerial jobs and as a result if those jobs are viewed as being primarily masculine in nature. Such stereotyping of management and its incumbents produced negative reactions to women in management, thereby inhibiting women from either choosing or being chosen for managerial positions. In order to discover more about the possible effects of sex role stereotypes on women in management, Virginia Schein carried out two related studies among male and female managers.

Schein (1973, 95-100 and 1975, 340-344) conducted a questionnaire survey among samples of 300 male and 167 female managers. Managers were asked to identify those traits that characterised men in general, women in general, and successful middle managers. It was hypothesised that both men and women managers would describe successful middle managers as possessing characteristics, attitudes, and temperaments more commonly ascribed to men than to women. The results of the study clearly indicated that both men and women have strong male-oriented stereotypes of successful managers. That is, managers of both sexes described successful managers as exhibiting primarily masculine traits. Several important implications for management result from this study, particularly in the area of employee selection, placement, and promotion. First, if a woman's self image incorporates certain aspects of the stereotypical feminine role, she may be less inclined to pursue a managerial career because of an inconsistency between her (male-oriented) perceptions of the job and her own self image. Moreover, if other male managers also view a managerial career as primarily a masculine one, they may attempt to dissuade (or even block) a woman from attempting it. Finally, a male sex-role stereotype of a manager's job may cause a sink-or-swim attitude among a new female manager's male peers. Without co-worker support, her chances of survival in a predominantly male world would obviously be diminished.

From the information given it is clear that stereotyping has implications for gender issues in management. It is easy to see how this can be transferred from gender issues to race issues or from race issues to ageism and so on.

4.4.6 The Older Employees

A study by Rosen and Jerdee (1976) found that business students had certain views about older employees and these were:

- They are more resistant to change
- They are more rigid and less creative
- They are less likely to take risks
- They have fewer physical abilities
- They tend to avoid learning new things.

Both of these pieces of research - on gender and age - indicate how easy it would be to make selection decisions based on prejudice rather than skills and ability. It would be easy to assume, for instance, that a person who lists their age as 50 years old on their application form is going to be resistant to change, and to not shortlist them because of this assumption. A person of any age may be resistant to change and such information should be obtained during the selection process and not assumed on prejudiced views.

4.4.7 Halo Effect

Another barrier to selection is the halo effect, which can either be positive or negative (the negative description is often referred to as the *horns* effect). It occurs when some traits or personal characteristics influence or overwhelm others. So, for example, if an interviewee is liked initially, it may also be assumed that they are intelligent and we will then only hear the information during the interview that supports our original view. There is also a strong tendency for individuals to conform to the expectations held of them. So, if workers are treated like children, they will behave like children.

4.4.8 Projection

Projection is a defence mechanism, which it is thought individuals use to allow them not to acknowledge their own weaknesses. Projection is the act of attributing onto others our own traits or weaknesses. It is thought that individuals act thusly to avoid having to acknowledge their own weaknesses (it can't be a weakness since others also have it). Therefore if we often feel insecure or anxious, we project this feeling onto others and see it in them. It is said that we only see in others what is present in ourselves and therefore that what is said about another says more about the sender of the message than the receiver.

At an interview it is easy to see how we are likely to ascribe to the interviewee traits that are present not in the candidate but in ourselves. Therefore, when assessing the candidate ask yourself: 'Am I describing myself or the interviewee?'

4.4.9 Fairness

The laws of many countries draw attention to the unacceptability of unfair discriminatory practices in relation to gender and race, although less frequently in relation to age. Many organisations claim in their advertisements and in policy documents not to discriminate inappropriately on the grounds of race, gender, disability, age, religion or culture. Certainly an awareness of prejudice within structured selection methods can minimise unfair discrimination.

4.4.10 Validity

Any method of selection should be valid and reliable. Validity refers to its accuracy as a predictor of job performance, and there are a number of different sorts of validity. The three different types are discussed below.

Face validity: This refers to the feel or image of the test. On the face of it, does it seem to be valid to the candidate and the tester? It may seem a rather superficial form of validity, but it is very important to the candidate in gaining their acceptance and therefore desire to undertake the exercise. Personality questionnaires usually depend upon low face validity, so that there is an unawareness of which questions relate to which personality trait.

Predictive validity: This refers to the relationship between the outcome or results of the selection technique and the ability to perform effectively when in post. The selection method should distinguish between good and bad work performers and it is irrelevant if good performers have a low score and bad performers have a high score as long as there is a clear distinction between the two.

Content validity: It is important that the test or exercise is assessing a skill or ability that is relevant to the job. Trying to assess personality traits provides a good illustration of the importance of content validity. If, for example, the selectors were interested in the characteristic of charisma for a senior management position, it would be necessary to not only define what this meant in practice but to be sure that the method of selection was fully assessing this type of behaviour.

4.4.11 Reliability

A reliable method is one that will produce consistent results when repeated in similar situations.

All the above factors would affect selection as barriers to effective selection. Organisations should, as far as possible, strive to eliminate the effects of some of these barriers, or at least minimise them.

Self-Assessment Question

What are the barriers of selection your organisation has attempted to eliminate or reduce the effect of? How? Explain.

4.5 Popularity of Selection Methods

Robertson and Makin (1986) listed and classified the many selection methods that exist into three distinct groupings:

- those concerned with describing past behaviour
 - biodata
 - references
 - supervisor or peer group ratings
- those concerned with present behaviour
 - personality self-report questionnaires
 - (some) interviews
 - self-assessment
 - work samples
 - handwriting
 - repertory grids
- those concerned with the future
 - future biography
 - situational interviews

4.6 Selection Decision

All the foregoing methods related to selection are designed for making decisions. We can group the various approaches to making the actual selection decision into three categories:

Random choice or chance approaches: Examples of this approach are choosing the third applicant interviewed or putting names in a hat and drawing one out.

Emotional-clinical approach: The manager unconsciously picks the applicant who was most likeable in the interviews.

Systematic quasi-rational approach: This is a systemic approach using various selection techniques while being aware that unconscious emotional choices are likely to enter into the decision.

An attempt may be made to try to reconcile differences of opinion on selection between personnel specialists and operating managers. If that does not work, it appears reasonable that the view of the operating manager who will supervise the applicant should prevail, since this is the manager who must deal with an unsuitable or ineffective employee.

5 Orientation

In many instances, when employees report for work on the first day, there is hardly any advice given to them regarding how to get about the job, what pitfalls should be avoided, and in general what the company expects him/her to do in the job. In short, has there been some kind of orientation? Let us look at a definition.

5.1 Definition

Orientation is the personnel activity which introduces new employees to the enterprise and to their tasks, superiors, and work groups.

Orientation has not been studied a great deal, and little scientific research has been done on whether the programmes are adequate. *The nature of the employee and the nature of the task, the work group, and the leadership are all important features of an effective orientation programme.* The nature of the employee and the task are critical factors. For example, managers are given more detailed orientation programme than other employees. The orientation programme focuses on introducing the new employer to the task, the work group, and the supervisor-leader. During orientation, the work policies of the organisation, the job conditions, and the other employees the new employee has to work with to get the job done are discussed.

The style it uses to orient new employees varies from organisation to organisation. The style is generally affected by the organisation and its operating climate. What are called conservative organisations will orient employees quite differently than liberal organisations will.

5.2 Purposes of Orientation

An effective orientation programme serves a number of purposes. In general, the orientation process is similar to what sociologists call socialisation. The principal purposes of orientation are as follows:

Reduce the start-up costs for a new employee: In most instances, the new employee does not know the job, how the organisation works, or whom to see to get the job done. In fact he/she is a sort of a stranger to the organisation. This means that for a while, the new employee is less efficient than the experienced employee, and additional costs are involved in getting the new employee started. These start-up costs vary depending on the level of the employee; in the case of top managers it will cost much more than for lower grades of staff. Effective orientation reduces these start-up costs and enables the new employee to reach standards sooner.

Reduce the amount of anxiety and hazing a new employee experiences: Anxiety in this case means fear of failure on the job. Hazing takes place when experienced employees 'kid' the new employee. For example, experienced employees may ask the new worker, 'How many toys are you producing/per hour?' When the employee answers, he/she is told, 'You'll never last. The last one who did that few lasted only two days.' In

the military, the situation may be more devastating to a new recruit. Such hazing serves several purposes. It lets the recruit know he has a lot to learn and thus is dependent on the others for his job, and it is 'fun' for the old-timers. But it can cause great anxiety for the recruit. Effective orientation alerts the new person to hazing and reduces anxiety.

Reduce employee turnover: If employees perceive themselves to be ineffective, unwanted, or unneeded, they may seek to deal with these negative feelings by quitting. Turnover is high during the break-in period, and effective orientation can reduce this costly condition.

Save time for supervisor and co-workers: Improperly oriented employees must still get the job done, and to do so they need help. The most likely people to provide this help are the co-workers and supervisors, who will have to spend time breaking in new employees. Good orientation programmes save everyone time.

Develop realistic job expectations, positive attitudes toward the employer, and job satisfaction: In what sociologists call the older professions (law, medicine) or total institutions (the church, prison, the army), the job expectations are clear because they have been developed over long years of training and education. Society has built up a set of attitudes and behaviours that are considered proper for these jobs. For most of the world of work, however, this does not hold true. New employees must learn realistically what the organisation expects of them, and their own expectations of the job must be neither too low nor too high. Each worker must incorporate the job and its work values into his or her self-image.

5.3 Who Orients Employees?

In general, orientation is a joint effort between operating managers and representatives of the personnel department. The personnel department usually introduces new employees to the organisation, handles the paper work of getting them enrolled in the organisation, puts them on the pay rolls, explains personnel policies regarding pay, benefits, and work rules. It also may develop an orientation checklist and brief the employees on their supervisor's expectations.

The operating manager or supervisor explains the task to the new employees. He or she shows them around the workplace and introduces them to other employees. The supervisor also explains what is expected in the way of job performance and work rules. Better supervisors usually alert present employees about the hiring of new employees and encourage them to help the recruits and welcome them to the work group. In some unionised organisations, trade union officials also take part in orienting new employees.

5.4 How Orientation Programmes Work

Orientation programmes vary from quite informal, primarily verbal efforts to formal schedules that supplement verbal presentations with written handouts. Formal orientations often include a tour of the facilities, or slides, charts, and pictures of them. Usually, they are used when a large number of employees must be oriented.

The formal programme usually covers such items as:

- History and general policies of the organisation
- Descriptions of the organisation's services or products.
- The way the organisation is structured.
- Safety measures and regulations.
- Personnel policies and practices.
- Compensation, benefits, and employee services provided.
- Daily routine and regulations.

Glueck (1978) presents five guidelines for conducting an employee orientation:

1. Orientation should begin with the most relevant and immediate kinds of information and then proceed to more general organisation policies.
2. The most significant part of orientation is the human side giving new employees knowledge of what supervisors and co-workers are like, telling them how long it should take to reach standards of effective work, and encouraging them to seek help and advice when needed.
3. New employees should be 'sponsored' or directed by an experienced worker or supervisor in the immediate environment who can respond to questions and keep in close touch during the early induction period.
4. New employees should be gradually introduced to the people with whom they will work rather than given a superficial introduction to all of them on the first day. The object should be to help them get to know their co-workers and supervisors.
5. New employees should be allowed sufficient time to get their feet on the ground before demands on them are increased.

You should keep in mind that orienting management trainees is a special activity. Most management trainees come direct from universities or colleges and have to adjust from that life to work life. There is little doubt that initial experiences with an organisation are important predictors of future managerial performance. Therefore, the first impressions received are important to career and employee development. It is crucial therefore that management trainees, as they are future leaders, are put under the supervision of a successful senior executive who can be a role model for the trainees, and who also wants to get the trainees off to a good start. It must be ensured that trainees would not have unpleasant experiences during the initial period because fast turnover may cause the organisation heavy losses.

5.5 Assignment, Placement, and Orientation Follow-up

Having selected the new employees the next or the final phase of the orientation programme is the assignment of the new employee to the job. At this point, the supervisor is supposed to take over and continue the orientation. But as many instances have brought out, supervisors are busy people, and they can overlook some of the facts needed by the new employee to do a good job, however much the supervisor is well intentioned. One way to assure adequate orientation is to design a feedback system to control the programme, or use the Management By Objectives (MBO) technique.

5.6 Cost/Benefit Analysis of Orientation Programmes

There are several approaches to evaluating the costs and benefits of orientation programmes. One simple way is to calculate the cost per new employee for the orientation programme. This is done as follows:

Direct costs

- Cost of trainers or orientation specialists
- +Cost of materials provided
- +Cost of space used (if applicable)

Indirect costs

- Cost of time to supervise trainers/orientation specialists
- +Cost of supervisors of new employees on the job
- =Orientation costs

After computing these costs, the organisation should compare its costs per employee, to the costs for comparable organisations. The organisation also can compare the costs of running its own programme versus contracting it with outside vendors. This is not done often at present. Trainees can be asked to evaluate the benefits, using an appropriate attitude questionnaire.

Activity

In your first employment and subsequent ones, what orientation activities did you go through? How do you see those as contributing to your effectiveness at work?

6 Summary

Recruiting is the set of activities an organisation uses to attract job candidates who possess the abilities and attitudes needed to help the organisation achieve its objectives. There are many external factors that affect recruitment. These are, government and union restrictions, the state of the labour market, the composition of the labour force and the location of the organisation.

Three factors affect the recruiting from the organisation's view point: recruiting requirements, organisational policies and procedures, and the organisation's image. Applicant's abilities, attitudes, and preferences, based on past work experiences and influences by parents, teachers and others affect them in two ways: how they set job preferences and how they go about seeking a job.

In large organisations, the HR department does the recruiting while in smaller organisations multipurpose HR people or recruiting managers recruit and interview applicants. Two sources of recruits could be used to fill needs for additional employees: internal employees or outside persons (external).

Organisations could adopt one of several methods to attract potential employees. The method to be adopted depends on the size of the organisation and costs involved. There are certain criteria that characterise successful recruiters.

Many factors need to be taken into consideration when international recruitment has to be done.

Selection takes place after recruitment is completed. The basic objective of selection is to obtain the employees who are most likely to meet the organisation's standards of performance and who will be satisfied and developed on the job. Selection is influenced by environmental characteristics: the nature of the organisation (public or private), labour market conditions, union requirements, selection ratio, government regulations and legal restrictions on selection.

A number of selection methods are available for organisations: interviews, bio-data, group methods, in-trays, presentation, work simulation exercises, repertory grid technique, personality assessment and assessment centres.

Although organisations try to do their best in selection of employees, there are certain barriers as well. Some of the major ones are: evaluative standards, perception, perceptual selectivity, stereotyping, gender issues, older employees, halo effect, projection, fairness, validity and reliability.

The principal purposes of orientation is to reduce start-up costs for new employees, to reduce the fear and anxiety of the new employee, to reduce turnover, to save time for supervisors and co-workers, and to develop realistic job expectations, positive attitudes towards the employer and job satisfaction.

In smaller enterprises, the operating manager does all the orienting but in medium sized or larger enterprises, the operating and HR managers share this task.

Orientation programmes vary from quite informal, primarily verbal efforts to formal schedules that supplement verbal presentations with written handouts. Formal programmes could be quite extensive in their coverage. Orientation should begin with the most relevant and immediate kinds of information and then proceed to more general organisation policies.

Having selected the new employees the next or the final phase of the orientation programme is the assignment of the new employee to the job. At this point, the supervisor is supposed to take over and continue the orientation.

There are several approaches to evaluating the costs and benefits of orientation programmes.

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Commonwealth of Learning Executive MBA/MPA

C3 Human Resource Management

Block 7

**Developing the Human Resource – Learning &
Development, Training and Management Development**

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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The Commonwealth of Learning

1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

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1 Objectives

After studying Block 6 in this course, you will be able to:

- State why HR managers need to understand the process of learning and development.
- Identify characteristics of adult learning behaviour.
- Describe the process of learning.
- Discuss what HR development means to an organisation.
- Describe the organisation as a context for learning and development.
- Explain how management development is conceptualised by the HR profession.

2 Introduction

Since different yet interrelated terms will be used in this unit, the first imperative is to establish what the various terms mean. Harrison (1992) outlines the following connections:

Development is the all-important primary process, through which individual and organisational growth can through time achieve its fullest potential. Education is the major contributor to that process, because it directly and continuously affects the formation not only of knowledge and abilities, but also of character and of culture, aspirations and achievements. Training is the shorter-term, systematic process through which an individual is helped to master defined tasks or areas of skill and knowledge to pre-determined standards. There needs to be a coherent and well-planned integration of training, education and continuous development in the organisation if real growth at individual and organisational levels is to be achieved and sustained.

Beardwell and Holden (1998) propose that to achieve and maintain the survival and success of any organisation, its managers have not only to acquire appropriate people to resource it, but they also need to train and develop their employees. The reasons adduced by them are:

- New employees are, in some respects, like other raw materials — they have to be ‘processed’ to become able to perform the tasks of their job adequately and to fit into their work-group and into the organisation as a whole.
- Jobs and tasks may change over time, both quantitatively and qualitatively, and employees have to be updated to maintain their adequate performance.
- New jobs and tasks may be introduced into the organisation, and be filled by existing employees, who need re-direction.
- People need training to perform better in their existing jobs.

- People themselves change – their interests, their skills, their confidence and aspirations, their circumstances.
- Some employees may move jobs within the organisation, on promotion, or to widen their experience, and so need further training.
- The organisation itself, or its context, may change or be changed over time, so that employees have to be updated in their ways of working together.
- The organisation may wish to be ready for some future change, and require (some) employees to develop transferable skills.
- The organisation may wish to respond flexibly to its environment and so require (some) employees to develop flexibility and transferable skills.
- Management requires training and development. This will involve initial training for new managers, further development and training for managers, management succession and the development of potential managers.

Beardwell and Holden add a word of caution. ‘We also have to recognise that human resource development does not take place in a vacuum. To be effective, it presupposes effective selection, effective supervision and an appropriate management style, the opportunity to transfer learning to the work-place, career paths and promotion possibilities, appropriate incentives and rewards. It also presupposes some degree of planning, and linkage to the strategy of the organisation, and is, therefore, implicit within organisation development.’

3 Learning & Development

Is it really necessary that human resource managers need to understand learning and development? If you examine what organisations look for in their members, you will realise that it is important for you to understand these basic processes so that you are able to make use of them effectively for the organisation.

Barrow and Loughlin (1993) assert that organisations will be expecting the following abilities of their employees:

- a high level of education, possibly up to degree level, so that employees can operate new technology, understand the contribution of their role to the company and take decisions appropriate to their jobs
- the ability to learn new skills and adapt to changing circumstances – by taking responsibility for their own learning, keeping their skills up to date, learning new processes
- the ability to work in organisations with flatter structures and fewer layers of management – to work without supervision, set own objectives, monitor own performance, correct failures
- the ability to manage the interface with customers and between departments, requiring a good level of interpersonal skills

- the ability for problem solving, creative thinking about future possibilities, and contributing their own unique ideas.

Barrow and Loughlin (1993) further describe how Grand Metropolitan Foods Europe was confronting the challenges of the 1990s with a training strategy that will give employees of all levels access to qualifications in business and management through programmes focused on learning, self-development and developing others.

Rothwell (1992) reports on how organisations are extending their activities to developing the skills of both suppliers and customers in order to improve the quality of their 'supply chain.'

If you are a HR manager, in order to be effective, you must understand the processes of learning and development, what influences them and how they may be facilitated.

Beardwell and Holden (1998: 274) argue that learning and development are processes that we all experience, active processes in which we all engage. We do not simply have learning and development done to us.

3.1 Defining Learning and Development

You have observed that the concepts '*learning*' and '*development*' are often used loosely and at times interchangeably. The following definitions will enable you to understand the concepts clearly and distinguish between them.

Learning is:

....a process within the organism which results in the capacity for changed performance which can be related to experience rather than maturation.

[Ribeaux and Poppleton, 1978: 381]

Note that learning is seen as a process through which experience, as distinct from maturation, produces the capacity to behave differently. It is not just a cognitive process that involves the assimilation of information in symbolic form (as in book learning), but also an affective and physical process (Binsted, 1980). Beardwell and Holden (1998) similarly state that our emotions, nerves and muscles are involved in the process, too. It is a process that can be undertaken at various levels of effectiveness, producing either positive or negative change in the learner. The more conscious we are of the learning process, the more effective it is likely to be.

Development, however, is the process through which an organism or individual becomes increasingly complex, more elaborate and differentiated, by virtue of both learning and maturation. In an organism, greater complexity, differentiation among the parts leads to changes in the structure of the whole and to the way in which the whole functions (Reese and Overton, 1970:126). In the individual, this greater complexity opens up the potential for new ways of acting and responding to the environment. This leads to the opportunity for even further learning, and so on. You may have experienced yourself that learning,

therefore, contributes to development. The key point is that learning is not synonymous with development but development cannot take place without learning.

According to Beardwell and Holden (p. 274), the outcomes of a person's learning and development are the way they think, feel and interpret their world (their cognition, affect, attitudes, overall philosophy of life); the way they see themselves, their self-concept and self-esteem; and their ability to respond to and make their way in their particular environment (their perceptual-motor, intellectual, social, interpersonal skills). Daloz (1986: 24-26) likens it to a journey that starts from the familiar world and moves through 'confusion, adventure, great highs and lows, struggle, uncertainty Toward a new world' in which 'nothing is different, yet all is transformed'; 'its meaning has profoundly changed.' It should be clear to you that learning and development, therefore, are significant experiences for individuals and for organisations.

3.2 Learning about Learning from Your Own Experience

All of us, at sometime or the other engage in the processes of learning and development, but often without paying conscious attention to them and, therefore, not fully understanding them. This unit will help you understand the motivation for and influences upon learning. It will also examine how people learn, and what helps or hinders them. Start to pay attention now to how you are reading this unit so that you can begin to understand your own processes of learning. Later, you will have the opportunity to identify who benefits from and who pays for your learning. This will help you understand something of the problematical issues inherent in employee development.

3.3 The Need for Learning and Development in the Organisation

Beardwell and Holden (p. 276) note that today's organisations must emphasise the characteristics of *quality and continuous improvement, flexibility and adaptability in order to survive and be effective*. This makes learning and development of their members of crucial and strategic importance, not just in terms of extensive training in task skills, but completely new task boundaries and hence work relationships, and ways of working and thinking about work. Overall, they amount to the need for all individual employees to learn how to learn, for managers to facilitate this and for all together to become a *learning organisation*.

Peter Senge popularised the concept of *learning organisations* in his book the *Fifth Discipline*. He described them as places 'where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together.'

According to Garvin (1993) learning organisations appear to be proficient in a number of activities: systematic problem solving, experimentation with new approaches, learning from their own experience and history, learning from the experiences and best practices

of others and transferring knowledge quickly and efficiently throughout the organisation. Howard (1992) reports that learning in firms such as Xerox, General Electric and Pittsburgh Plate Glass (PPG) has been traced using a learning perspective involving three stages:

1. cognitive – members are exposed to new ideas, expand their knowledge, and begin to think differently;
2. behavioural – employees begin to alter their behaviour; and
3. improvement of performance – changes in behaviour lead to measurable improvements in results.

Ivancevich (1998) states that in an organisation dedicated to creating a learning environment, training is a top priority. He further states that learning organisations do not simply appear; they need to be fostered by devoting time, energy and resources on a continuing basis to the training and development of employees (managerial and non managerial).

3.3.1 The Need for Quality and Flexibility

Quality is achieved through continuous improvement in the processes, products and services of the organisation: Deming's 'journey of never-ending improvement.' It calls for the transformation of the management of the people 'so that employees become involved in quality as the central part of their job' (Sheard, 1992: 33).

The main features of total quality management (TQM) are giving satisfaction to customers, both internal and external; continuous improvement in process and product; employee involvement, usually through teamwork; management by data and facts. It therefore demands an organisation-wide culture that emphasises the importance of attitudes and the generation of enthusiasm and commitment to quality from top to bottom of the organisation. The striving for quality, therefore, makes great demands for extensive learning and development in organisations, and not just at the level of training employees in task skills and in the operation of quality procedures.

Morgan's (1988: 21-22) description of the operations concept called just-in-time (JIT) also intimates the deep-seated nature of the learning and development required by this element of the quality approach. It transforms the 'patterns of management and control':

Four-hour margins [in supply of stock] allow little room for error or prolonged decision-making, and spread responsibility and control throughout the system. . . These systems call for a new type of involvement in the work process and dissolve the traditional relations between workers and managers. Every person in the system becomes a kind of manager and quality controller.

Beardwell and Holden propose that organisations also need to be flexible: 'the business outlook is uncertain and the response must be flexibility. The prerequisite for flexibility is a highly-skilled body of staff.' With a complex environment and information society, organisations need to seek competitive advantage through the use of human resources

(who at the same time have increased expectations about their job content and quality of life).

The increase in or enhancement of the skills that employees use is frequently now referred to as multi-skilling. There are many examples of multi-skilling. Barry (1988) reports how one company used multi-skilling to rectify the skills imbalance that resulted from restructuring and redundancy. It initiated a major programme of training and development for its fitters and electricians to 'introduce cross-trade competency, increasing core trade skills, significantly increasing flexibility and developing a team approach in the engineering department.' The programme called for attitude change, improved communication and team-building; it also involved the supervisors. It was carried out through college and in-house training, including residential weekends and work-based projects and led to City and Guilds accreditation of this multi-skilling.

Crofts (1990:17) reports on another multi-skilling programme that followed company restructuring and rationalisation after a merger:

The aim was to end up with core employees fully trained to carry out all aspects of production, changeovers and maintenance. Quality would be improved through their own corrective action rather than by inspection.

One of the first hurdles facing the organisation before any multi-skilled training could take place was to achieve a major shift in management style. A new breed of participative manager was needed who was prepared to involve employees and foster their creativity. It required greater delegation, a lot of information-giving and building up levels of trust. (Crofts, 1990:16)

3.4 The Nature of the Learner

According to Beardwell and Holden, learning is a natural process in which we all engage. It is not just a cognitive activity and it affects the person as a whole, be that person an infant or the adults who concern you as a manager. Managers, educators and trainers must be aware not only of the human ability to learn but also the inevitable barriers to learning and development, the most salient of which will be discussed here.

3.4.1 Learning and Development throughout Life

Like all animals, we humans learn and develop from birth. This learning and development leads to skilful and effective adaptation to, and manipulation, of the environment, which is one element in a much-quoted definition of intelligence (Wechsler, 1958, in Ribeaux and Poppleton, 1978). Society also plays a vital role in the development of humans; it fosters and facilitates these activities of its members, but also channels and controls them through socialisation and education so that they yield outcomes that contribute to and are acceptable to it.

People continue learning throughout life, whether encouraged or not, whether formally taught or not, whether the outcomes are valued or not. They learn at work and at home, in their hobbies and their social lives.

Most of us have learned a good deal more out of school than in it. We have learned from our families, our work, our friends. We have learned from problems resolved and tasks achieved but also from mistakes confronted and illusions unmasked. Intentionally or not, we have learned from the dilemmas our lives hand us daily.

(Daloz, 1986: 1)

Learning organizations are possible because, deep down, we are all learners. No one has to teach an infant to learn. In fact, no one has to teach infants anything. They are intrinsically inquisitive, masterful learners who learn to walk, speak . . . Learning organizations are possible because not only is it our nature to learn but we love to learn.

(Senge, 1990:4)

Not all individuals have had happy experiences, although they have had a lifetime's experience of being learners, especially those in formal educational settings. Again, they may not necessarily be competent or confident learners.

What is lifelong learning? It means continuous adaptation. An individual's capacities to adapt to the environment and to change it are strengthened by increased knowledge and improved skills. Further internal changes and new possibilities for the individual then emerge which feed the individual's self-esteem and confidence and enhance social status. Learning generates far-reaching changes in the individual and promotes development.

3.4.2 Barriers to Learning and Development

Mumford (1988), writing primarily about managers, identifies significant blocks to learning. They are also relevant to other learners in the organisation. These are given in the Table below.

Table 1 - Blocks to learning

Perceptual	Not seeing that there is a problem
Cultural	The way things are here...
Emotional	Fear or insecurity
Motivational	Unwillingness to take risks
Cognitive	Previous learning experience
Intellectual	Limited learning styles Poor learning skills
Expressive	Poor communication skills
Situational	Lack of opportunities
Physical	Place, time
Specific environment	Boss/colleagues unsupportive

Source: Mumford (1988: 26).

Anxiety and lack of confidence are frequently emphasised as significant impediments to learning. Personality characteristics, such as an external rather than an internal locus of control may also make the individual less open to new learning.

Adult learners: Malcolm Knowles (1984) proposed that adults learn differently because their needs and experiences are different. He put forward what he called an ‘andragogical’ model of learning which suggests that:

- The adult learner is self-directing.
- Adult learners have experience on which to draw and learning events need to take this into consideration. They may have developed poor learning habits, and be defensive about their habitual ways of thinking. However, their former experience is a source of self-identity, so it must be approached sensitively and with respect.
- Adults are ready to learn when they become aware that they need to know or do something so that they can be more effective: they ‘do not learn for the sake of learning.’ Learning experiences, therefore, have to be related to their needs and situation.
- What motivates them most are their needs for ‘self-esteem, recognition, better quality of life, greater self-confidence, self-actualisation.’

Human resource development has to address these needs appropriately.

Activity

What, in your opinion, are the barriers to learning and development of the adult learner? How do adults differ from young students in the way they learn?

3.5 The Outcomes and Process of Learning

Having read the previous sections, you would be able to appreciate that human resource managers need to understand the processes and nature of learning and development. Let us, therefore examine these topics as follows:

- the outcomes of learning:
 - skill
 - competence
 - ‘know-how’ and tacit knowledge
 - hierarchies of cognitive and other skills.
- the process of learning:
 - theories of the process of learning
 - elements in the process of learning
 - the stages of learning
 - cyclical models of learning, learning styles.

(Source: Beardwell and Holden)

3.5.1 The Outcomes of Learning

Human resource managers are generally concerned about several outcomes of learning: knowledge of various types and levels, skills of various kinds and levels and attitudes. The following section looks at the distinctions between and among ‘know-how’ and tacit knowledge, skill, competence and higher order thinking skills.

‘Know-how’ and tacit knowledge: According to Beardwell and Holden, knowing ‘how to do something’ is a very different matter from knowing about ‘knowing how to do something.’ This truism is captured in the everyday suspicion and disparagement of ‘the ivory tower’: ‘those who can, do; those who can’t, teach.’

Howard Gardner, the Harvard education psychologist (1985: 68) makes the distinction between ‘know-how’ and ‘know-that.’ For him, ‘know-how’ is the tacit knowledge of how to execute something, whereas ‘know that’ is the statement of formal thinking (propositional knowledge) about the actual set of procedures involved in the execution:

Thus, many of us know how to ride a bicycle but lack the propositional knowledge of how that behavior is carried out. In contrast, many of us have propositional knowledge about how to make a soufflé without knowing how to carry this task through to successful completion.

Tacit knowledge is an essential ingredient of ‘know-how.’ Sternberg (1985: 269) recognises this in his definition of practical intelligence:

Underlying successful performance in many real-world tasks is tacit knowledge of a kind that is never explicitly taught and in many instances never even verbalised.

Myers and Davids (1992) say that this tacit knowledge would appear to be acquired through experience rather than through instruction, and is embedded in the context in which this experience is taking place. However, unlike the formal knowledge that it accompanies, this tacit knowledge never becomes explicit, although it remains very significant. Myers and Davids (1992: 47) question whether ‘tacit skills’ can be taught, and identify that they are often transmitted in ‘an environment of intensive practical experience’ and in task performance. They also note the need to take account of both formal and tacit knowledge in selection. Later, in this module, you will examine the concept of action learning, which contextualises learning and hence draws upon tacit knowledge, and is needed for the development of all levels of skills.

Beardwell & Holden further say that, traditionally, practical knowledge tends to be the characteristic feature at lower level in any representation of the social hierarchy of skills.

Cooley (1987: 10-13) draws attention to the way in which practical knowledge, craft skill, is devalued in the face of technological progress.

Beardwell & Holden say that organisations need both ‘know-how’ and ‘know-that’: the concept of competence is potentially a significant one for them.

Skill: the following definition would give you an idea of what skill means in the context of organisations.

...the performance of any task which, for its successful and rapid completion, requires an improved organisation of responses making use of only those aspects of the stimulus which are essential to satisfactory performance. (Ribeaux and Poppleton, 1978: 53-54)

This definition is particularly appropriate to perceptual-motor skills, which involve physical, motor responses to perceived stimuli in the external world. Beardwell & Holden argue that such skills are needed at every level of the organisation, from the senior manager's ability to operate a desktop computer to the cleaner's operation of a floor-scrubbing machine. High levels of such skills are particularly needed to operate complex and expensive technology. There are however, many other kinds of skills needed in organisations, such as cognitive, linguistic, social and interpersonal skills, that could also be defined in these terms. Too, their complexity suggests the need to recognise various levels of skill, and such recognition will be addressed in the following sections.

Competence: Beardwell and Holden hold that while the concept of skill has long been an intrinsic part of theories of selection and training, the notion of competence is a much more recent arrival. Throughout the world, it is now becoming a major element in the design of training and development. Despite considerable debate about its integrity as a concept and its effectiveness as a practice, it maintains its significance. For example, much management education and training is now increasingly formulated in terms of management competencies. The various definitions of competence include these two:

... an underlying characteristic of a person which results in effective and/ or superior performance in a job. (Boyatzis, 1982)

... The ability to perform the activities within an occupational area to the levels of performance expected in employment. (Training Commission, 1988)

The core of the definition is an ability to apply knowledge and skills with understanding to a work activity. Note at this point that the concept of competence integrates knowledge and skill that are evident and assessed via performance.

Hierarchies of cognitive and other skills: Today's organisations need their employees, particularly managers, to practice the thinking skills that occupy the upper categories in various hierarchies of skills. The HR manager can use these hierarchies to identify the prior learning that needs to take place before the higher order skills can be attained. Then, the organisation can plan ways of facilitating the entire learning sequence. A model of the hierarchy of cognitive skills that has informed practice since its presentation several decades ago is Bloom's taxonomy of cognitive skills (Bloom et al. 1956) The following is a brief look at this model, which describes the various levels of thinking at which learning can take place.

Bloom's Taxonomy of Cognitive Skills:

1. **knowledge** (i.e., simple knowledge of facts, of terms, of theories, etc.)
2. **comprehension** (i.e., an understanding of the meaning of this knowledge)
3. **application** (i.e., the ability to apply this knowledge and comprehension in new concrete situations)

4. **analysis** (i.e., the ability to break the material down into its constituent parts and to see the relationship between them)
5. **synthesis** (i.e., the ability to re-assemble these parts into a new and meaningful relationship, thus forming a new whole)
6. **evaluation** (i.e., the ability to judge the value of material using explicit and coherent criteria, either of one's own devising or derived from the work of others).

(Fontana, 1981:71)

3.5.2 The Process of Learning

Having identified what learning has to be achieved, now examine the process by which it will be achieved. This section looks at two theories of the process of learning and the elements within it: *behaviourist approaches to learning*, and *information-processing approach to learning*.

Behaviourist approaches to learning

Beardwell and Holden state that the behaviourist approach has been one of the most influential in the field of psychology. According to them, it proposes that learning is the process by which a particular stimulus, repeatedly associated with, or conditioned by, desirable or undesirable experiences, comes to evoke a particular response. Known as conditioning, this process can be of two kinds. Classical conditioning occurs when a stimulus leads automatically to a response. Dogs, for example, salivate at the presentation of food; Pavlov demonstrated that they could also be conditioned to salivate at the sound of a bell rung before food is presented. Operant conditioning (Skinner) takes place after a desired response, which is then reinforced, or rewarded, to increase the probability of the repetition of the same response when the stimulus recurs.

Information-processing approach to learning

This approach regards learning as an information-processing system in which a signal, containing information, is transmitted along a communication channel of limited capacity and subject to interference and 'noise' (Stammers and Patrick, 1975). The signal has to be decoded before it can be received, and then encoded to pass it on. In learning, data received through the senses are filtered, recognised and decoded through the interpretive process of perception; this information is then translated into action through the selection of appropriate responses. The effectiveness of learning depends on attention being paid only to the relevant parts of the stimuli, the rapid selection of appropriate responses, the efficient performance of them, and the feeding back of information about their effects into the system. Overload or breakdown of the system can occur at any of these stages.

3.6 Development

Development is the process whereby, over time, learning brings about significant changes in the individual. HRM is the management area responsible for shaping human change

towards productive ends, so for this field, the concept of development is worth exploring in some detail.

3.6.1 Concept of Development

What organisations need of their members is development, for this is the process whereby a person, through learning and maturation, becomes increasingly complex, more elaborate and differentiated. They, then become better able to adapt to the changing environment.

Beardwell and Holden further argue that development is a significant topic that contributes to the understanding of how people change through life, an understanding needed in many areas of policy and practice. However, development is a difficult area to study, embracing both the individual's inner life and the changing nature of a complex world, with the lifespan as the time dimension.

3.6.2 Lifespan Development

According to Beardwell and Holden, lifespan development embraces the total development of the individual over time, and results from the interweaving of the biological, social, economic and psychological strands of the individual's life. It is the framework within which individuals learn and hence constitutes an important background to the development of the employee, of which the employer needs to be aware.

There are two perspectives in the literature regarding the influence of the socio-cultural context on the individual's lifespan experiences.

- The first proposes that there are tendencies towards common patterns in individual experiences resulting from socialisation. In any given social setting, whether culture, class or organisation, the members of that social group experience pressures to conform to certain patterns of behaviour or norms. Sometimes these pressures are expressed as legal constraints (the age of consent, marriage, attaining one's majority), as quasi-legal constraints (such as the age at which the state pension is paid and hence at which most people retire from the labour force), or as social and peer group expectations.
- In contrast, the other perspective places emphasis on the environment and how it offers different opportunities and threats for individual lives. The process of development or elaboration takes place as the individual's innate capacity to grow and mature unfolds within a particular context, which in turn facilitates or stunts growth, or prompts variations upon growth.

3.6.3 Career Development

Individuals in work settings do not develop independently of the organisation. Their development interacts with the organisation and its development through the individual's career. Career development, therefore, is significant to both the individual and the organisation and its human resource development.

The career development of employees is one manifestation of human resource development, and those responsible for it will benefit from a knowledge of the theories of it and lifespan development. Indeed, unless managers construe the work of blue-collar workers and of women in terms of career, the development of these classes of employees may continue to be neglected.

The concept of career

Beardwell and Holden argue that although the term 'career' is well understood in everyday language, the concept is a complex one with several levels of meaning. Two much-quoted definitions imply the concept of development:

... a succession of related jobs, arranged in a hierarchy of prestige, through which persons move in an ordered, predictable sequence. (Wilensky, 1960: 554)

... a career consists, objectively, of a series of status and clearly defined offices ... subjectively, a career is the moving perspective in which the person sees his life as a whole and interprets the meaning of his various attributes, actions and the things which happen to him. (Hughes 1937: 409-10)

Like Hughes, the literature often makes the distinction between the objective and the subjective career. Human resource development is clearly concerned with both.

3.6.4 Continuing Professional Development

Beardwell and Holden are of the view that many professions are now requiring their members to undertake continuing professional development (CPD) because the changing environment is rendering obsolete some of their original skills and knowledge and demanding the development of others. CPD is more than updating: it calls for a continuous process of learning and of learning to learn, and so is likely to have considerable benefits for organisations employing professionals.

Whittaker (1992) states that CPD is needed to ensure that professionals remain up to date in a changing world and that the reputation of the profession is enhanced, and to encourage professionals to aspire to improved performance and ensure that they are committed to learning as an integral part of their work. She identifies the following principles underlying CPD:

- development should always be continuous, the professional always actively seeking improved performance
- development should be owned and managed by the learner
- development should begin from the learner's current learning state - learning needs are individual
- learning objectives should be clear, and where possible serve organisational as well as individual goals
- investment in the time required for CPD should be regarded as being as important as investment in other activities.

3.6.5 Other Forms of Development within Organisations

Some other forms of development within organisations merit the brief discussion that follows.

Self-development: Self-development is the term used to denote both ‘of self’ and ‘by self’ types of learning (Pedler 1988). People developing themselves take responsibility for their own learning, identify their own learning needs and how to meet them, often through the performance of everyday work, monitor their own progress, assess the outcomes and reassess their goals. The role of others in self-development is not to teach or to train, but perhaps to counsel or act as a resource. Self-development is often advocated as an appropriate form of management development.

Employee development: One definition of employee development makes it apparent that investment in employees is a wise business strategy. This is Harrison’s, which defines employee development as:

... The skilful provision and organisation of learning experiences in the workplace . . . [so that] performance can be improved . . . work goals can be achieved and that, through enhancing the skills, knowledge, learning ability and enthusiasm at every level, there can be continuous organizational as well as individual growth. Employee development must, therefore, be part of a wider strategy for the business, aligned with the organization’s corporate mission and goals.

(Harrison, 1992: 4)

Staff development: Beardwell and Holden state that this is similar to professional development, but generally refers to the development of administrative and technical staff by the organisation. Its aim is to enable such employees to perform their current and future roles effectively, but does not generally include their development as managers.

Management development: The development of managers is discussed later in block 7.

Organisation development: This does not strictly fall under the ambit of this unit, but organisations, like people, need to develop to become more flexible, differentiated and adaptable to their environment. Indeed, the very development of organisational members will contribute to the development of the organisation itself.

3.7 The Organisation as a Context for Learning

We have been discussing how people learn and develop. It is interesting to see how individuals can learn and develop within organisations.

3.7.1 Learning and Development Is Unrestricted

What does this mean? You should by now understand that the process of learning knows no boundaries. Beardwell and Holden argue that people bring the fruits of this naturally occurring and continuous process into their place of work and so, as Cooley (1987: 169) shows, ‘ordinary people’ have the potential to contribute the knowledge, skills, attitudes

and creative thinking that organisations need for their survival, flexibility and development. Interestingly, their learning and development continues within the organisation. Many employers realise that they benefit from this and encourage, facilitate and extend those aspects of their employees' learning that are essential for the organisation and support them informally or undertake formal employee development activities (Beardwell and Holden).

Beardwell and Holden further argue that organisations themselves can sometimes make inhospitable environments for the learning and development that individuals bring to them. Some employers ignore the significance for the organisation to this learning, and do little either to overcome the way in which their organisation may thwart the development of their employees, or to foster that learning and development.

We must recognise in our overview of human resource development that much employee development may not be intended, planned or systematic. Beardwell and Holden present that in spite of this, individuals may:

- learn how to carry out their initial and subsequent jobs through doing and observing, through trial and error, through the influence of and feedback from their peers and supervisors, through modelling themselves on others, and through informal mentors;
- develop themselves through their own more or less systematic analysis of their learning needs;
- take the initiative to acquire additional knowledge or understanding by attending educational and other courses.

Because of this, employee development is problematical. Some employers may feel threatened by the potential of their employees' learning and development, and not welcome significant changes in the people they had selected as employees. Their fear is based on the enhanced marketability of the employees; through work, employees may acquire knowledge and skills that make them marketable to other employers.

3.7.2 Influences upon Learning and Development in the Organisation

Several factors need to be considered here, as the following section prompts you to do.

It is based on Beardwell and Holden, who observe that the learning and development of employees are affected by:

- The organisation and its management
- The people of the organisation
- Career management in the organisation
- Influences outside the organisation.

The organisation and its management: When employees carry out their jobs, learning and development take place. Factors such as the design of jobs and the organisation structure, and the degree to which it is centralised and bureaucratised, influence learning

opportunities of employees. Beardwell and Holden argue that an organisation that is growing or changing is more likely to offer opportunities for employees to grow than one that is static or declining.

Effective learning and development can take place only if the managerial style is compatible with this need. The higher order skills needed in organisations require the opportunity to take risks and hence to make mistakes. For this to happen, a pre-condition is the nature of the management style: risk-taking and supportive management style. Essentially, organisations that want to develop these characteristics need also themselves to learn to learn, to become learning organisations.

The people of the organisation: Other people in the organisation are significant for learning and development, to provide instruction and feedback, support and encouragement, confidence building, perhaps even inspiration. Learners at times look upon them as models or as points of comparison. Always learners do not only learn just from their formal instructors or supervisors, but also from peers and subordinates. The strength of this informal method of learning is that it offers whole rather than part learning, and the opportunity to make use of tacit knowledge.

Beardwell and Holden state that organisations attempt to capture and use formally some of these informal ways of learning through people. For example, shadowing is a method that gives the opportunity for a learner to observe the actions of a senior manager systematically and over a period of time. From this observation the learner can infer certain general principles, grounded in everyday organisational realities. Mentoring is another way in which informal learning is initiated formally.

Career management in the organisation: Herriot (1992) argues the importance of career management, which according to Mayo (1992: 37) is ‘making sure that the organisation will have the right people with the right skills at the right time.’ Organisations that promote the careers of their employees are likely to provide learning and development opportunities for them. One step in Mayo’s framework for career management is the review and revision of opportunities for learning through experience.

Sternberg (1985) indicates that tacit knowledge is important in achieving successful organisational careers:

Tacit knowledge relevant to managing one's career appears to be more important to career success than does tacit knowledge relevant to managing people, tasks, or self.

By ‘managing career’ he means ‘knowing what activities lead to the enhancement of one’s reputation and success in one’s field of endeavour.’

Influences outside the organisation: Beardwell and Holden argue that many significant influences upon learning and development emanate from outside the organisation. They further elaborate that in recent years the competency movement in particular has greatly influenced both what organisations develop in their employees and how. Government driven education and training initiatives and changes have contributed to the institutionalisation of competency-based education and training and so influenced human resource development. If you are interested in some of the schemes in the UK, read

Beardwell and Holden (pp. 312-314). It provides a detailed account on National Council for Vocational Qualifications (NCVQ) and the Investor in People (IIP) initiative.

3.7.3 Facilitation of Learning and Development in Organisations

Beardwell and Holden describe ways in which organisations can facilitate the learning and development of their members. These ways will be discussed briefly under the topics of the design of learning, mentoring, action learning and becoming a learning organisation.

The design of learning: the messages about how to design effective learning are very consistent. For example, the advice that Sternberg (1985: 338-341), a theorist of intelligence, gives on how intelligent performance can be developed includes the following:

- make links with ‘real-world’ behaviour;
- deal explicitly with strategies and tactics for coping with novel tasks and situations;
- be sensitive to individual differences and help individuals capitalise on their strengths and compensate for their weaknesses;
- be concerned with motivation.

The implications of the androgogical model of learning introduced by Knowles (1984) are that the facilitator of adult learning needs to:

1. set a climate conducive to learning, both physical and psychological (one of mutual respect, collaborativeness, mutual trust, supportiveness, openness and authenticity, pleasure, ‘humanness’);
2. involve learners in mutual planning of their learning;
3. involve them in diagnosing their own learning needs;
4. involve them in formulating their learning objectives;
5. involve them in designing learning plans;
6. help them carry out their learning plans - use learning contracts;
7. involve them in evaluating their learning.

Belbin and Belbin (1972) draw upon their experience of studying training in industry and provide the following advice on training 40- to 55-year-old adults:

1. Reduce anxiety and tension in the adult learner:
 - provide social support and allow social groups to form
 - use acceptable instructors
 - offer a secure future.
2. Create an adult atmosphere.

3. Arrange the schedule:
 - appropriate length of sessions
 - preference for whole rather than part method
 - start slowly.
4. Correct errors at the appropriate time.
5. Address individual differences:
 - different instructional approaches
 - effects of previous education and work
 - spare-time interests.
6. Follow up after training.

The value of these approaches is illustrated in the lessons drawn from the adoption in Britain of the Deming-inspired quality and continuous improvement programmes (Hodgson, 1987: 43):

Train with extreme sensitivity - pick trainers who have operators' confidence, are alert to remedial training needs and people's fears about going back to class; minimise the gap between awareness, training and use; gear course contents to people's learning needs – don't impose blanket programmes.

Action learning

The architect of action learning is Revans, who wrote (1983, 16) 'There can be no action without learning, and no learning without action' and who has helped managers learn through action in several countries since the 1940s. According to Beardwell and Holden, Revans sees learning (L) as the combination of 'programmed knowledge' (P) and 'questioning insight' (Q):

$$L = P + Q$$

When facing unprecedented changes, Revans argues, managers cannot know what programmed knowledge they will need. Instead, they need to understand 'the subjective aspects of searching the unfamiliar, or of learning to pose useful and discriminating questions.' Action learning helps achieve this understanding by 'the simple device of setting them to tackle real problems that have so far defied solution' (Revans, 1983: 11).

There are two phases of an action learning programme (Revans, 1983: 31-32):

- Diagnostic phase:
 1. Analysis (identifying the key questions).
 2. Development (finding the 'paper answers' to them).

3. Procurement (preparing to explore further by marshalling resources and support)
- Therapeutic phase:
 4. Construction or assembly (bring the resources, collaborators into contact, upon which there may be a return to phase 1).
 5. Application (the assembled resources are set in motion; fresh key questions may be uncovered).
 6. Review (the application phase acquires momentum and the efforts to address the key questions have to be reviewed).

The diagnostic phase calls only for intellectual skills, whereas the therapeutic phase draws upon interpersonal skills.

Action learning then, offers a philosophy and a practice that human resource managers can adopt to help bring about the higher order skills needed in an organisation. However, it demands commitment and support from the top, and would need to be cascaded down from higher learning sets.

Mentoring

Beardwell and Holden state that during the last 15 years or so many organisations have introduced mentoring programmes. In organisations mentors are more experienced employees (and often managers) who guide, encourage and support younger or less experienced employees, or 'protégés.'

Organisations set up formal mentoring programmes for various reasons (Clutterbuck, 1991). These include the support of a graduate intake or training scheme and the development of 'high fliers' or senior managers; the encouragement of career advancement of women or those from minority groups; the nurturing of employees with skills in short supply; the stimulation and fostering of innovation in the organisation; the support for managers in training or for other learners in the organisation.

Protégés are not the only beneficiaries of mentoring: mentors also gain greatly from being challenged to understand their jobs and the organisation, and to find ways of helping their protégés share this understanding and work effectively. Mentors may also find that they, too, need mentoring. Mentors draw upon their own networks to give experience and support to their protégés, and encourage them to develop networks of their own. In this way, the practice and benefits cascade through the organisation (Beardwell & Holden).

The learning organisation

Morgan (1986) discusses how an organisation can become more intelligent, transcend the 'bounded rationality' of bureaucracy, learn to learn and challenge assumptions. The way to do this, he argues, is to encourage openness and acceptance of error and uncertainty; recognise the need to explore different viewpoints; offer guidelines on the limits to action

rather than specific targets, and let the goals emerge from these processes; create the kinds of structures and processes that will allow the above to take place.

Since learning and development are an important HR responsibility for all managers, and since a number of interesting topics have been covered up to now in this block, a few points of summary are in order:

1. Development of individuals is key to development of organisation's ability to cope with external pressures and changes.
2. Those who plan learning and development activities in organisations should be cautious so as to give consideration to the need for—
 - quality and flexibility of the learning and development activities
 - nature of learners
 - concepts of adult learning
 - individual and organisational barriers that could impede learning by individuals.

Activity

Consider your workplace to be the setting for this exercise.

- What opportunities and threats is the company facing? What are the strengths and weaknesses of the workforce in the present situation? Who needs development? Of what kind? How will it be undertaken? Who will be responsible for it? Who else would play a part in it? What are the barriers to or constraints upon their development likely to be?
 - What further learning and development will you need yourself?
-

4 Training

The Manpower Services Commission of the United Kingdom, which was set up by the 1973 Employment and Training Act until it was replaced in 1988, defined training as:

A planned process to modify attitude, knowledge or skill behaviour through learning experience to achieve effective performance in an activity or range of activities. Its purpose, in the work situation, is to develop the abilities of the individual and to satisfy the current and future needs of the organisation.

(Manpower Services Commission, 1981)

4.1 Are Training and Development the Same?

Goss (1994, p. 62) argues that although the terms ‘training’ and ‘development’ are frequently treated by some as synonymous or by others as representing mutually exclusive activities, from an HRM perspective, they are better understood as being linked, such that training is seen as both a part of and a precondition for development. The traditional reason for regarding training and development as distinct personnel practices has much to do with hierarchical divisions within organisations. Training has evolved as something that is provided for non-managerial workers, whereas development has been treated as the preserve of management (hence the still common pairing, management development). Goss adds that this type of binary divide has two difficulties within a HRM perspective. First, it undermines the assumption that all employees are a valuable resource to be ‘developed’ to their maximum potential. Second, it can obscure the fact that managers also need training.

From an HRM perspective, then, the connection between training and development must be regarded as highly interactive, each facilitating the other, in what may be thought of as a dialectical relationship (Goss, p.62).

Ivancevich (1998) presents the following points in respect of training:

- Training is the systematic process of altering the behaviour of employees in a direction that will achieve organisation goals. Training is related to present job skills and abilities. It has a current orientation and helps employees master specific skills and abilities needed to be successful.
- A formal training programme is an effort by the employer to provide opportunities for the employee to acquire job-related skills, attitudes, and knowledge.
- Learning is the act by which the individual acquires skills, knowledge, and abilities that result in a relatively permanent change in his or her behaviour.
- Any behaviour that has been learned is a skill. Therefore, improvement of skills is what training will accomplish. Motor skills, cognitive skills, and interpersonal skills are targets of training programmes.

4.2 Training and HRM

Beardwell and Holden argue that the recognition of the importance of training in recent years has been heavily influenced by the intensification of overseas competition and the relative success of economies like Japan, Germany and Sweden where investment in employee development is considerably emphasised. They add that technological developments and organisational change have gradually led some employers to the realisation that success relies on the skills and abilities of their employees, and this means considerable and continuous investment in training and development.

It is the view of Beardwell and Holden that HRM concepts such as ‘commitment’ to the company and the growth in the ‘quality’ movement have led senior management teams to

realise the increased importance of training, employee development and long-term education. Such concepts require not only careful planning but a greater emphasis on employee development. Indeed some commentators have seen this aspect of HRM as so important that they see human resource development (HRD) as being a discipline in its own right and as important as HRM (Hall, 1984; Nadler, 1984).

4.3 Training and Individual Needs

Look now at the extent to which training is important to the individual. Very often individuals are unaware of their own training needs. Therefore helping them towards some awareness is becoming an important issue, especially where (as discussed earlier) the organisation supports 'self development.'

Beardwell and Holden quote from the Price Waterhouse Cranfield Project Report (1990) to highlight the sad fact that the further down the organisational ladder a job category resides, the less money is spent on training. Thus managers and professionals generally receive more financial support for training than clerical and manual workers.

Beardwell and Holden argue that the divide between professional and non-professional workers is increasing with the growing use of flexible work patterns, which emphasise core and periphery workers engaged on part-time or restricted contracts. As a result of these changes, management is less likely to be committed to training periphery workers.

4.4 The Creation of a HRD Plan

Beardwell and Holden argue that there are no set procedures to producing a HRD plan. However, they present eight basic points to be used as guidance in developing such plans:

1. Discern the training and development requirements from the organisational strategy and business objectives.
2. Analyse the training requirements for effective work performance in organisational functions and jobs.
3. Analyse the existing qualities and training needs of current employees.
4. Devise an HRD plan that fills the gap between organisational requirements and the present skills and knowledge of employees.
5. Decide on the appropriate training and development methods to be used for individuals and groups.
6. Decide who is to have responsibility for the plan and its various parts.
7. Implement the plan and monitor and evaluate its progress.
8. Amend the HRD plan in the light of monitoring/evaluation and changes in business strategy.

4.5 Analysing Training Needs

According to Hall (1984) the first vital step in HRD is the 'identification of needed skills and active management of employee learning for their long-range future in relation to explicit corporate and business strategies.' If an organisation wants its training to be effective, not only should individual needs be identified but also how their needs fit the overall organisational objectives. This is not an easy task, however.

Bernhard and Ingolis (1988), in studying training and its strategic implementation in US companies, believe that a considerable amount of money is 'thrown away' mainly because fundamental issues such as analysis of training needs in relation to the short and long-term business plans had not been addressed.

An integral part of analysing training needs is the recognition of what will 'fit' the company culture, as well as the company strategy and objectives. In other words the training scheme that may fit one company may not fit another, and these company differences can only be ignored at great cost.

4.5.1 Methods of Training Needs Analysis

Beardwell and Holden propose two elements for consideration in carrying out a training needs analysis - the job requirements and the person requirements.

In regard to the job, the following need to be examined (Beardwell & Holden, p.342):

- Job description
- Job analysis
- Interview with job holders
- Interview with managers and supervisors
- Performance objectives
- Analysis of competencies
- Characteristics of people required (Person Specification)

Job description: Given the recent popularity of flexible work practices in many organisations, there has been criticism levelled at too highly structured job descriptions. Job descriptions are, however, necessary in order to give the employee a sense of purpose and to enable his or her immediate superiors to appraise performance, but a culture must prevail which enables employees to deal with problems that may be outside their immediate work domain.

Job analysis: Job analysis is a more sophisticated method of evaluating job functions and is often used to discern the levels of skill necessary to do a job, primarily for the purpose of creating pay structures. The information gleaned from such procedures can be useful in analysing the skill needs and requirement of jobs.

Interview with job-holders: This is one of the most commonly used methods whereby a manager, supervisor or member of the personnel department interviews the current job-

holder about the duties and functions of the job. The interview can be structured in the sense of having a series of questions framed to cover all aspects of the job.

Interview with managers and supervisors: Alternatively a personnel manager or senior manager can interview the immediate supervisors of the job. Often descriptions arising are compared with the interview responses of the job-holder to act as a double check for discrepancies or elements missed by either party.

Performance objectives: the aim of increased quality, for example, will require performance objectives to be laid down. In doing so, assessment must take place as to whether current employees need training to reach these objectives.

Analysis of competencies: An analysis of competency requirements could be useful to match standards (such as NVQ in UK) that are considered relevant to the various jobs involved.

Characteristics of people required (Person Specification): the effort to identify skills and competency requirements often forgets the characteristics of the people required for the job, although this will to some extent have emerged in the competencies analysis.

Beardwell and Holden present the following aspects for consideration in relation to the individual:

- Personal profiles
- Performance appraisal
- Assessment centre techniques
- 'Global review' and training audits
- Relating resources to the training objective

Here is a closer look at these.

Personal profiles: Personal profile records, which include information concerning career aspirations of employees which may well be of significance in creating training initiatives, are increasingly being used in organisations and are useful for training needs analysis.

Performance appraisal: Although the performance appraisal has come in for much criticism recently, a good appraisal can reveal much about the strengths and weaknesses of individuals in terms of their performance. Indications of areas where training and development programmes could improve performance are vital to both the individual and the organisation.

Assessment centre techniques: Assessment centres are the most thorough way of analysing individual strengths and weaknesses although they are rather elaborate and expensive to implement. A variety of techniques are used, including in-depth interviews and re-interviews, psychometric tests, and team performance simulation exercises. A detailed profile of employees can be constructed, which is useful for analysing training needs. The only disadvantage is the high cost incurred.

‘Global review’ and training audits: the most wide-ranging method of training needs analysis is to undertake a ‘global review’ or more modestly, a training audit. These are usually undertaken when far reaching changes are planned within an organisation. The use of survey questionnaires and in-depth interviews are often used together with all, or combinations of, the approaches previously mentioned.

Relating resources to the training objective: An across the board use of all these methods should be cautioned as they could be too expensive in terms of time and money. It is essential therefore to assess the cost-effectiveness of training needs analysis in relation to the outcomes and returns expected.

4.6 Training Methods

Despite the available variety of methods, an organisation has to be cautious when selecting training methods for its use. A careful use of training methods can be a very cost-effective investment; however, it has often been found that organisations often use inappropriate methods which can be both costly and time wasting and bring very little improvement in the performance of the employee. Storey, in a comparative analysis of training in British and Japanese organisations, found that some British training is wasted as it is not embedded in the organisation, as is the Japanese. British organisations also suffered from the ‘band wagon effect’ and what he calls ‘programmitis,’ or a constant series of newly launched programmes and initiatives, which led to chopping and changing rather than consistently coherent long-term training initiatives (Storey, 1991).

4.6.1 Types of Training

According to Beardwell and Holden (p. 345) training methods can generally be divided into two types: ‘*on-the-job*’ and ‘*off-the-job*’ training. Depending on the situation, each can be effective at meeting certain training requirements. The following comments present the two types in detail.

On-the-Job Training

This is probably the most common approach to training, and can range from relatively unsophisticated ‘observe and copy’ methods to highly structured courses built into workshop or office practice. Most organisations in many countries still resort to traditional methods of training. There is much to admire in some, for example, the German ‘dual’ apprenticeship system, which is based on a thoroughgoing traditional scheme composed of a combination of ‘on-the-job’ and ‘off-the-job’ training.

Three common methods used in on-the-job training are:

- Learning by doing
- Mentoring
- Shadowing and job rotation

‘*Learning by doing*’ is still a very popular method of teaching new skills and methods to employees. These old traditional methods can still be very effective although some

modern consultants underrate their efficacy. The advantages are that they are tried and tested and that they fit the requirements of the organisation. Here, the new worker observes a senior experienced worker and learns what to do. The disadvantages are that the senior worker is not usually trained himself/herself in the skills and methods of training and therefore it can be a process that may be time consuming as a newcomer struggles to cope with the senior worker's explanations.

Far more successful is to use a senior or experienced worker who has been trained in instruction or training methods and whose teaching skills are coordinated with a developed programme linked to off-the-job courses. Such a system is clearly exemplified by the apprenticeship system in Germany.

Mentoring is another version of the system whereby a senior or experienced employee takes charge of the training and development of a new employee. This suggests a much closer association than master/apprentice and elements of a father/son mother/daughter relationship can exist whereby the mentor acts as an adviser and protector to the trainee.

Shadowing and job rotation: Shadowing, another popular on-the-job training method, usually aims to give trainee managers a 'feel' for the organisation by giving them the experience of working in different departments. Trainees must be encouraged to feel it is not time wasting and people in the various departments in which they are temporarily working must feel a commitment and involvement in the training if it is to work. Unfortunately, trainees are often not warmly welcomed and are seen by supervisors and workers in the department as obstacles to the daily routines. If well structured and planned with the cooperation of all departmental supervisors, this method can be a worthwhile learning experience.

Job rotation is another version of training that became popular in the 1970s to help relieve boredom and thereby raise the productivity of shop floor workers. If appropriately implemented this can be an excellent learning experience for workers and suitably fits with HRM concepts of team-work and empowerment whereby people are encouraged to take greater responsibility for their work and that of the team. On the negative side, there have been criticisms that not enough structured training is given to enable workers to do these jobs well.

Off-the-job Training

As with on-the-job training, you will find a variety of methods under off-the-job-training. Beardwell and Holden present some of the more popular ones:

- Courses
- Interactive learning methods
- Induction training

Courses

In general, courses and other types of ‘off-the-job’ training have come in for much criticism recently. Yet, rejecting off-the-job training in this way would be ‘throwing out the baby with the bathwater.’ Off-the-job training is sometimes necessary to get people away from the work environment to a place where the frustrations and bustle of work are eliminated. This enables the trainee to study theoretical information or be exposed to new and innovative ideas. The problem arises when those ideas or learning experiences do not appear to relate to the work situation.

Although there is a variety of training methods it would be impossible in this unit to cover in depth all the rich variety and approaches to training. You would find it useful to bear in mind that there may be nothing wrong with the methods, but how they are utilised by the trainer and the learner. In other words, making the appropriate match between the training requirements of the employee and the training methods available is the key.

Much traditional training is a one-way learning process where the student is normally a passive learner receiving information from a lecturer, tutor or instructor. While this can be an efficient way of imparting information, all education theorists agree that the best form of learning is where the student is actively involved in the learning process.

Interactive Learning Methods

According to Beardwell and Holden there is a wide variety of interactive learning techniques, some of them adaptations of one-way approaches:

- *Workshops*: Term used to describe an intensive training activity in which participants learn primarily by doing as against a ‘sit-and-listen’ type of activity. The key idea is heavy participant activity and high interaction, stemming from the use of a good variety of participative training techniques.
- *Case studies*: the case study method presents a trainee with a written description of an organisational problem. The person then analyses the case in private, diagnoses the problem, and presents his or her findings and solutions in a discussion with other trainees.
- *Role play*: the aim of role playing is to create a realistic situation and then have the trainees assume the parts (or roles) of specific persons in that situation.
- *Simulations*: Participants engage in realistic problem solving, usually as members of two or more simulated companies that are competing in the market place.
- *Interactive computer learning packages, video and audio tapes*: Assisting the learner through the use of sight and sound, interactive videos, audio tapes. Programmed instruction (using text, machine, or computer) could be used where the trainee receives immediate feedback on answers. A correct answer brings new information, whereas an incorrect answer generally results in remedial material.
- *Problem solving*: This is a technique used by experienced trainers to ensure that training is organisation- and job-related. An opportunity is given to the trainee to identify and solve real problems. When participants use problem solving to solve

their own problems, they do not experience 'training shock' from returning to their jobs and not knowing how to apply their new found knowledge and skills. The reason: they brought chunks of their jobs into the classroom (Eitington, 1996)

Beardwell and Holden recommend that you read Harrison (1988) and Reid, Barrington and Kenney (1992) for a fuller explanation of these techniques and others.

Induction Training

Beardwell and Holden propose that one of the most important initial steps in the training process is the induction programme. The new recruit often perceives the new work environment as perplexing and even frightening. Not surprisingly, in many jobs, there is a high turnover rate in the first few weeks, which gradually trails off with increased service with the organisation.

Much can be done to allay the fears of the inductee. Many organisations try to reduce uncertainty in the new employee by presenting them with lots of information concerning the organisation, such as:

- the history of the organisation
- the mission statement and organisational objectives
- company ethics
- the structure of the organisation
- personnel policies
- terms of employment
- payment systems and benefits
- holidays and sickness arrangements
- rules and regulations of the organisation
- discipline and grievance procedures
- trade unions and/or staff associations
- welfare and social facilities
- health and safety measures
- job description
- introduction to immediate supervisor
- introduction to fellow workers.

Although the above is not an exhaustive list, such information can be useful. However, some forms of information may intimidate the new employee. Therefore, the induction programme should be planned around the needs of the new employee and the imparting of information should be given at appropriate moments, e.g., explanation of pay and related issues should be provided on pay day. The information is more likely to be remembered by the inductee.

Too much lecturing can also have a negative effect. Inductees want to have a go at the job to see if they can do it. Therefore, the programme needs to be spread over time to give variety. A break from the job to give further information could be a welcome change of activity (Reid, Barrington and Kenney, 1992)

4.7 Responsibility for and Delivery of Training

We have so far discussed various aspects of training including different types. Another important consideration is: 'Who is to be responsible for training and who will deliver it?' Beardwell and Holden place the alternatives in three categories, sketched below:

1. Training departments
2. Training consultancies
3. Line managers

4.7.1 Training Departments

From the 1950s, and particularly the 1960s, the responsibility for and delivery of training in many large organisations rested very much with specialist departments. By the 1980s and 1990s, however, training departments had come in for considerable criticism and were accused of:

- being too rigid to respond to the changing needs of the organisation;
- being too much of an administrative expense;
- having lost contact with the changing skills needed on the shop floor or at the place of work;
- being self-serving and bureaucratic;
- providing 'off-the-job' training at their various centres which did not match up to 'on-the-job needs'
- providing training that was too theoretical and not practical enough;
- not providing training and development which met individual needs. Courses were too class/group based.

However, today, there are signs of many organisations returning to 'in-house' training.

4.7.2 Training Consultancies

Consultancies for training could be useful, if carefully selected. You may have noted in your experience that providing training consultancies has become a thriving industry. While there are many excellent consultancies, there are also spurious consultancy organisations which have unqualified, inexperienced and untrained staff.

Used carefully, reputable consultancies can provide invaluable specialist services and expertise that are often not available in organisations, particularly small and medium sized ones.

4.7.3 Training and the Line Manager

Every line manager should know the training needs of employees under her/him. A line manager could easily suggest training scenarios suitable for his employees, usually in consultation with the personnel or training department. Organisations are devolving training budgets to the line manager in the belief that funding can be spent most effectively at the point where needs have been identified.

This can be very effective because the assessment and delivery of training is more closely attuned to people in their working environment, but its efficacy depends very much on how it is carried out.

4.8 Evaluation and Monitoring of Training

Although one of the most important stages in the training process, evaluation and monitoring is often the most neglected or least adequately carried out part. This may look simplistic, but it could also be complicated. Why is it seen as simple? Normally, information from the trainees is obtained and analysed, and programmes and courses amended if the need arises. However, it is complex because there are other stakeholders such as the training designers, the trainers and the sponsors, each of whom may have their own purpose. To be properly conducted, evaluation must be carried out with a view to all of the stakeholders mentioned above.

4.8.1 Methods of Evaluation

There are several methods cited in Beardwell and Holden (1998). These are:

- *Questionnaires* (feedback forms) are a common way of eliciting trainee responses to courses and programmes.
- *Tests or examinations* are common on formal courses, especially those that result in certification, e.g., a diploma in word processing skills. End-of-course tests also can be employed after non-certificate short courses to check the progress of trainees.
- *Projects* are initially seen as learning methods but they can also provide valuable information to instructors about the participants' understanding of subject matter.
- *Structured exercises and case studies* provide opportunities to apply learned skills and techniques under the observation of tutors and evaluators.
- *Tutor reports* gather the opinions of those who deliver the training. This gives a valuable assessment from a different perspective.
- *Interviews* of trainees after the course or instruction period are another technique for gathering information directly from the learners. These can be informal or formal, individual or group, face-to-face or by telephone.
- *Observation* of courses and training by those devising training strategies in the training department is very useful and information from these observations can be compared with trainee responses.

- *Participation and discussion* during training can provide invaluable insights about the learning experiences of participants. This activity needs people who are adept at interpreting responses, as this can be highly subjective.

For complicated training evaluations, it is recommended that a combination of these approaches be used.

4.9 International Training Trends

Advanced industrialised nations have long recognised the importance of training to the development of the economy. As new technology progresses, making certain jobs and skills redundant, an increasing emphasis is being placed on the need for a skilled and highly trained workforce. Many of the jobs being replaced by machines have been of an unskilled and semi-skilled nature, and this emphasises the need for higher education and skills for those wishing to gain employment in the future. In addition, traditional skills in various some more technical fields, for example the engineering and construction industries, are also rapidly being made redundant. The type of economy in which a young person can receive an apprenticeship that would hold them in good stead for a lifetime career is dwindling. This trend is an international one and poses problems for people in the USA, Japan, Germany, France, Sweden and other industrialised nations. To many, the solution for such countries is the investment of more capital in education and training, and the creation of an ever more skilled and knowledgeable workforce, partly because these countries can never compete with 'third world' economies in terms of cheap labour.

(Beardwell and Holden, 1998: 352)

4.10 Adaptability and Change in the 21st Century

According to Beardwell and Holden, if economies are to remain relatively prosperous, one of the policy imperatives for the future must be a considerable investment in education and training by both public and private organisations and governments.

Advanced economies of the future will not be based on a cheap and unskilled workforce. As noted, developed countries can never compete with developing countries on these terms.

Beardwell and Holden further argue that there has to be a training and education imperative requiring the expansion of school and higher education funding. There will have to be greater accessibility to universities by more of the population, and a coherent system of vocational education and training (VET) in which harmonised qualifications are accredited and appreciated by all employees. Beardwell and Holden (1998) are of the view that the future organisation is a learning organisation and the future employee is one who is continually seeking to develop him or herself.

5 Management Development

5.1 Definition

Management development has been defined as:

A conscious and systematic process to control the development of managerial resources in the organisation for the achievement of goals and strategies.

(Molander, 1986)

An attempt to improve managerial effectiveness through a planned and deliberate learning process.

(Mumford, 1987)

5.1.1 Management Education and Training Are Not Development

Beardwell and Holden argue that management education and training are important components in a development programme but they do not, by themselves, constitute management development. According to them, when we educate managers, we seek to introduce, extend or improve their learning and understanding about the managerial world they occupy. For example, managers on a postgraduate Diploma in Management Studies will study and learn about the psychology of individuals and organisations. This will begin to raise their awareness and understanding about human behaviour and how to manage people more effectively in the 'reality' of the workplace.

Management training tends to be specific and short-term. It is primarily concerned with teaching managers the skills to perform their jobs more effectively. For example, managers will attend short courses during their careers on a whole range of business topics such as financial planning, improving communication skills, etc.

Management development, as you have seen from its definition above, is a systematic process to control the development of managerial resources in the organisation. Dessler (2001) opines that management development is any attempt to improve managerial performance by imparting knowledge, changing attitudes, or increasing skills.

5.2 HRM and Management Development

5.2.1 HRM and the Role of Management

Human resource management is about the effective management of people in organisations. According to Kerfoot and Knights (1992):

- HRM involves the integration of people with business goals and strategies.
- HRM views people as assets, to be developed and utilised in a productive way, rather than costs to be minimised or eliminated.

We can draw an inference from these features: people do matter. People influence effectiveness and success in a way that is seen as significant for the organisation. What is

therefore important is the way people are managed. The way people are managed within a given organisational context is the outcome of two important and interacting sets of variables. According to Beardwell and Holden, these are:

- The philosophies, ideologies, values and beliefs of management that operate and dominate within the organisation.
- The practices, policies and management styles that managers employ in their managerial role.

There are various approaches to human resources management. These various approaches have been grouped into categories that have come to be known as ‘hard’ and ‘soft’ approaches to HRM.

A ‘harder’ approach to HRM emphasises a rational-economic perspective where people, although acknowledged as important to an organisation’s success, are viewed as a resource to be used alongside and in conjunction with capital and plant. They are deployed in a seemingly calculative, instrumental way for economic gain: people are a means to an economic end. (Beardwell and Holden, p. 377)

In the ‘softer’ approach to HRM, a more humanistic perspective is adopted where organisational goals are achieved with and through people. People are seen as a valued resource to be nurtured and developed.

Beardwell and Holden suggest the following propositions based on the above discussion.

- If there is such a thing as a philosophy of human resource management, it is essentially a philosophy of management control over employees depicted in management strategies, policies and behaviours.
- Management acts as a conduit through which human resource management is enacted. They establish the rules, guidelines, procedures and systems.
- Senior managers determine the extent to which people are integrated into the organisation’s strategic plans. They set the agenda and create the cultural climate of prevailing values, attitudes and behaviours.
- Middle and junior managers translate and ‘operationalise’ broader human resource strategies and policies. They give human resource management its meaning and reality. It is their preferred management style and actual behaviour that decides how the human resource is deployed and managed and thus what people experience as ‘human resource management.’
- The way managers themselves are managed and developed is a significant influencing factor in the way people are subsequently treated.

5.2.2 Some Implications for Management Development

If you accept the above propositions, there are certain implications that you can identify. (Beardwell and Holden, 1998: 378)

- **Managerial attitudes and values:** If strategic HRM is to be effectively implemented, managers must possess a set of values and attitudes that support the thinking that people are central to the success of the organisation. If managers entertain the notion that technical and business skills are central and that people are subordinate, then there could be conflicting situations. However, in the contemporary management development scenario, the focus is on imparting people skills and making managers emotionally intelligent.
- **Managerial roles and relationships with employees:** There is no doubt that managers should accept and adapt new managerial roles and forge new relationships with their employees. The notion that the managers have ‘a right to manage’—the so called ‘managerial prerogative’ where a managerial elite plans, makes decisions and controls resources—is fast becoming obsolete. However, there is a certain resistance from the managers, especially the middle level, in letting employees participate in the decision-making process.

5.3 Organising and Implementing Management Development Programmes

5.3.1 Organising

When the organisation has a clear set of policies, objectives and approaches established, it is in a position to consider the best way to organise and implement the development programme.

Organising an effective management development programme, even a modest one, is no easy task and requires considerable effort. Very often, the task of organising management development programmes falls on personnel and training specialists while line managers shy away from it.

Beardwell and Holden (p. 396) hold the view that if a development programme is to be successfully planned and implemented, there has to be a clear and unambiguous allocation of responsibility and a willingness to accept that responsibility. Traditionally, responsibility for development has rested with the personnel function with some input from the manager’s boss. The individual manager was essentially passive in the process: they were only required to ‘turn up and be developed.’

In contemporary management development, organisations are adopting and promoting a tripartite view where responsibility is shared among the personnel specialist, the boss and the individual.

The effective development of managers requires the full involvement and participation of all three parties. An active process of discussion and negotiation usually results in all parties accepting and owning a share of responsibility for development objectives, planning and implementation. (Beardwell and Holden)

There are several factors that need to be seriously considered in organising management development programmes. Beardwell and Holden discuss these as follows:

- **Availability of suitable managers:** To achieve strategic objectives, organisations need to ensure they have the right numbers of managers, with the right skills, available at the right time. A ‘managerial audit’ is normally carried out, utilising information from sources such as performance appraisals, personnel files and discussions with bosses, to reveal the skills available to meet forecast demand. These skills are then compared with the organisation’s established HRM plan and development objectives. In certain cases, it may not be feasible or appropriate to develop the existing stock of managers and organisations will then enter the market place to buy in the required skills.
- **Reward and appraisal systems:** Extrinsic reward systems such as competitive salaries, and performance related pay with fringe benefits such as company cars, company pension schemes, share options, etc. are important to successfully recruit and retain high calibre managers. But equally as important are the intrinsic reward systems. Those responsible for development must provide regular feedback in the form of guidance, praise and encouragement. This is true for young and old managers alike.
- **Resourcing and support:** To be successful, development requires adequate resourcing and support. In smaller organisations, the physical resources to carry out development (trained personnel, training space and materials) are rarely available and external resources in the form of consultants, academics and professional institutions are utilised. In larger organisations, skilled training personnel are normally available, together with other resources like dedicated training and residential facilities. External resources may also be used if it is cost effective or if specialist skills are required. Whatever the resources available, no development programme will succeed if senior and middle management do not support it. There has to be sustaining support for the duration of the programme, especially during a time of major change.
- **Promotion and succession planning:** in conjunction with reward and appraisal systems, careful consideration needs to be given to career paths and progression, especially for younger managers. This requires a well-prepared human resource plan that looks to the future. It links the development of managers to succession planning where managers are ‘pencilled into’ positions vacated by those who retire, or when leavers and organisation growth create new opportunities.
- **Structures and systems:** Implementing management development successfully is dependent upon an effective management development infrastructure that
 - identifies and allocates responsibility;
 - provides and disseminates information efficiently;
 - provides administrative support;
 - increases awareness and ‘visibility.’
- **The diversity of management:** By now, it should be clear to you that development has to be linked to the reality of managerial work. Development programmes must make room for the diversity of management skills, attitudes and experience that reside within the organisation.

5.3.2 Implementing Management Development Programmes

It is important to anticipate the question ‘Why are we developing this particular manager?’ You should be familiar with some techniques and choices available to organisations when they implement development programmes.

Management education and training comes in a variety of forms. A great deal of it is formalised, planned and structured. It can take place ‘on-the-job’ (in the workplace environment) or ‘off-the-job’ (away from the workplace). This is true for young managers at entry level. Older, more experienced managers might attend short courses, either internally or externally, which are designed to ‘top-up’ their managerial skills base (Beardwell and Holden, 1999: 402).

Within these and other programmes, you find a diverse range of formalised learning methods. These methods have tended to evolve through a pragmatic process of trial and error. Research by Burgoyne and Stuart (1991) reveals the following methods are likely to be used (in order of predominance of use):

1. Lectures
2. Games and simulations
3. Projects
4. Case studies
5. Experiential (analysis of experience)
6. Guided reading
7. Role playing
8. Seminars
9. Programmed instruction (computerised/packaged).

Although these methods are widely used in education and training, their abstract, detached and artificial nature can never compensate for the reality of dealing with every-day managerial problems and issues (Burgoyne and Stuart, 1991). Beardwell and Holden present a summary of the other weaknesses that have been identified in formalised management education and training. They are:

- a clash between academic culture/expectations and managerial culture/expectations
- difficulty in transferring and applying knowledge to the ‘reality’ of the workplace
- the relevance of course material to the needs and wants of individual managers and organisations.

5.4 Issues and Controversies in Management Development

Beardwell and Holden argue that the development of managers, like so many aspects of organisational life, is surrounded by debate and controversy. You may already be acquainted with some of the more significant contemporary issues and controversies.

5.4.1 Organisational Power and Politics

Managers are employed by organisations to ‘get things done through people’ (Torrington et al., 1989). They make things happen. As well as technical, human and administrative problems, managers are confronted by ‘political’ factors. They have to contend with ‘obstacles’ such as:

- competition for scarce resources;
- conflicting viewpoints and priorities;
- confrontation with coalitions of vested interests;
- managing ambitious and self-interested individuals.

To cope and to survive in an organisation, managers have to become ‘politically competent.’ To achieve political competence, managers must first understand power in organisations: the ability to make things happen (Lee, 1987). They must be aware of how power manifests itself, its sources and how it is used. They need to understand the way political strategies and tactics are formulated and how they are used by various ‘actors’ (Ryan, 1989). They must develop an awareness of political context: the rules of the game, individual actors’ power bases, relationships and coalitions, political agendas, etc. (Lee, 1987).

There is now a growing realisation that managers require some measure of political competence and awareness. The absence of politics on development programmes, which tend to be politically neutral, is generating frustration and confusion in managers who find difficulty in relating or applying what they learn to the ‘reality’ of managing back in the workplace (Baddeley and James, 1990).

A politically competent manager can contribute to organisational effectiveness. Equally, a politically incompetent manager can hamper and damage organisations as well as themselves.

5.4.2 The Ethics of Management Development

Like power and politics, the ethical conduct of management and the ethical frameworks used by developers, has received little attention beyond academic journals and books. More recently, ethical conduct has become an important consideration, especially for human resource management, because of its influence on managerial behaviour. For example, there is increasing publicity in the media about organisations that are being accused of abusing employee rights and exploitation. (Beardwell and Holden, 1999: 415)

The Institute of Management (UK), in its Code of Conduct and Guides to Professional Management Practice, states:

The discharge of one's duties as a professional manager also involves the acceptance and habitual exercise of ethical values, among which a high place should be accorded to integrity, honesty, loyalty and fairness. But the Institute recognises that . . . it is usual for managers to encounter circumstances or situations in which various values, principles, rules and interests appear to conflict . . . no ready answer can be given for such conflicts.

Beardwell and Holden propose that we ask ourselves: 'Is ethical conduct rarely taught on development programmes because there is actually nothing to teach?' In other words, managerial work is so complex, ambiguous, and at times confusing, it is not possible to legislate or create an all embracing framework of moral competences.

5.4.3 Managerial Competences

Since the late 1980s, there has been something of a 'mini-revolution' in management education and training. The Management Charter Initiative (MCI), an employer-led initiative in the UK with the aim of developing recognised standards in management practice, established a set of generic standards based upon 'the areas of activity which the majority of managers would be expected to perform competently,' (Miller, 1991), namely managing—

- resources
- people
- information
- finance.

The standards are based upon management competences derived from a functional analysis that breaks down the various job functions of a manager into a series of elements and units. Against these units and elements are performance criteria that a manager is expected to meet if they are to be assessed as 'competent.' However, the competency approach has drawn a considerable amount of criticism.

5.4.4 The Future of Management

Beardwell and Holden cite several authors on this issue. They hold that, as in so many other walks of life, trying to predict the future of management will always be problematical. Because management development is future-oriented, those responsible for development will have to form views about the way management as a profession will progress and the skills and knowledge that will be required in the future.

According to Beardwell and Holden and several authors they cite, the following are trends that seem likely to develop in the next five to ten years:

- Organisations will continue to decentralise and seek greater flexibility from their workforce. a smaller, but more highly skilled, group of managers will assume an 'expanded role' in clearly defined strategic business units. They will be given greater control over resources, technical, financial and human, and be expected to utilise those resources to achieve broad objectives and performance targets (Storey, 1992: 266).

- The nature of managerial control will change as a better educated workforce, the growth of professionals in the workforce and new technology will lead employees to demand greater autonomy over their jobs and working lives. Managers will be under pressure to respond by adapting their management styles and behaviour and moving to a more participative, facilitative approach (Wilson and Rosenfeld, 1990).
- There is an increasing awareness that people represent a real source of competitive advantage. The competitive gap is narrowing as technology becomes cheaper and more widely available, barriers to competition are removed, and markets are 'globalised.' Organisations are encouraged to adopt the view that they must release the potential 'locked up' in their employees and use that potential to achieve and sustain organisational success. Many appeared to be adopting the 'softer' HRM approaches discussed earlier. The goal is to increase employee participation, commitment and performance.
- The growth of information technology (IT) has led to information being more available and more accurate than ever before. Instead of 'tiered ranks' of middle managers manually collecting, sifting and analysing information for decision making and control purposes, technology has enabled strategic decision makers at senior manager level to obtain an immediate and detailed view on how their organisation is performing. In some cases, this has had a dramatic influence on the nature of managerial work, the numbers performing that work and the status of managers.

Middle management is often used as a punctuation mark, a control between top and bottom. That is reduced with information technology. People are managing and controlling themselves.

(Management Today, May 1991)

- As you have already seen, managers will be expected to adapt and respond to environmental and organisational changes. But in some circumstances, the question arises: 'Do we need managers at all?!' Human resource initiatives such as autonomous working groups, quality circles and teamwork are founded on the belief that employees are capable of organising themselves, solving problems, taking decisions, exercising responsibility and working with minimum supervision. Continuing to exercise control through 'traditional' management styles may be seen as an inhibiting and constraining force.
- Linked to the previous point, a possible question is: are managers a 'disappearing resource'? Hunt (1987) argues that a trend may be developing where there is a 'shift by individuals away from the objective of managing a team of people towards a search for autonomy, creativity, growth and accountability for oneself.' He cites a number of factors that may be contributing to this shift:
 - idealistic management development practices
 - inadequate reward packages for managers
 - poor career prospects created by hierarchical structures
 - the growth of 'professionals' who are self-managing

- a false view of management contained in management texts
- a loss of authority and status amongst managers.
- Managers of the future will possess skills and attributes that are markedly different from those that have gone before. The emphasis will shift more to managing people and developing flexibility, adaptability and coping skills in the face of complexity and relentless and unremitting change. To achieve this, new skills will have to be developed. Limerick and Cunnington (1987) identify cognitive, transformational and empathetic skills as being significant.
- The notion of established career paths and career ladders will have to change. Organisations and managers alike will have to learn to renegotiate their 'psychological contracts' as expectations of each other change (Herriot, 1992). Managers will be expected to take greater ownership for their careers, although few seem to be preparing themselves for this (*Management News*, January 1992).

Beardwell and Holden argue that in view of the above, the future nature and role of management is predicted to change, and in some areas in a fairly significant and dramatic way. This will undoubtedly have implications for both management development and human resource management.

5.4.5 Evaluating Management Development

According to Beardwell and Holden, when organisations seek to evaluate their development programmes one of the first difficulties they encounter is deciding what it is they are evaluating? Management development extends well beyond education and training and effective evaluation therefore should take account of wider factors such as changing values and attitudes, selection processes, reward and promotion structures, strategic and individual objectives, environmental influences, etc.

In most organisations, evaluation is carried out at three stages:

- Inputs: methods and participants
- Process: what took place
- Outputs: the effects

The evaluation of management education and training tends to concentrate on the input and process stages (methods used and what took place) and less on the effects of the activity (Rae, 1986). Beardwell and Holden argue that where evaluation does take place at the output stage, it is usually immediate in time scale and narrow in both scope and content, i.e. questionnaires issued at the end of a training course. They propose that to conduct evaluation effectively, more data must be gathered. In their view, a range of methods can be employed:

- in-course and post-course interviews and questionnaires
- attitude surveys and psychological tests
- observations by trainers, managers and others

- self-reports by managers.

Once data are gathered they have to be interpreted. However, this may pose difficulties. Some of the difficulties are technical, but many reside in individual and organisational value and belief systems.

Beardwell and Holden hold the view that evaluating the success or otherwise of a systems-wide management development programme is extremely difficult and, in most cases, it has to rely on an intuitive, ideological belief that development will improve organisational effectiveness. This does render programmes vulnerable and open to criticism during difficult times.

6 Summary

There are quite a number of definitions of learning that rest on the viewpoint that acquisition of knowledge and understanding facilitates change in perceptions and practice. In the modern world of work employees are expected to cope with change and emergence of new technology, assume more responsibility, become more skilled and knowledgeable and through it develop the ability for problem solving and creative thinking. For all these to happen, learning and development is essential.

As organisations become flatter with a greater degree of responsibility devolved to the workforce and also become more flexible, individual employees must be ready to accept more responsibility through a continuous process of learning how to learn.

In this unit, the nature of learning, the nature of the learner in relation to work and career has been discussed. As changes occur in the environment, individuals at work must adapt continuously and that can be achieved only through learning which is a lifelong process. However, this is not easy as there are barriers to learning which include anxiety and lack of confidence on the part of the learner. As all employees are adults, the concept of adult learning and Knowles' theory of adult education has been discussed.

The outcomes of learning and the processes including the acquisition of new skills, competence, know-how and tacit knowledge have been discussed. Various theories and models of learning have been presented.

The concept of development was examined as a process, which is being demanded of employees in the modern organisation. The concept of career development and continuing professional development has been dealt with in the organisational context. Organisation as a context of learning and the concept of learning organisation too have been dealt with.

Although the terms 'training' and 'development' are frequently treated by some as synonymous training is seen as both a part of and a precondition for development. Training has evolved as something that is provided for non-managerial workers, whereas development has been treated as the preserve of management. From an HRM perspective, the connection between training and development must be regarded as highly interactive,

each facilitating the other, in what may be thought of as a dialectical relationship. Training is seen as a key instrument in the implementation of HRM policies and practices, particularly those involving cultural change and the necessity of introducing new working practices.

The first and most vital step in an HRD plan is to analyse the training needs of the organisation in relation to the organisation's strategy and equate it with the needs of the individuals within it. A variety of methods could be adopted to carry out a training needs analysis. Job analysis, interview with managers and supervisors and performance appraisal are few methods commonly used.

Despite the available variety of methods, an organisation has to be cautious when selecting training methods for its use. A careful use of training methods can be a very cost-effective investment. There are two major types of training: '*on-the-job*' and '*off-the-job*' training. Depending on the situation, each can be effective at meeting certain training requirements. Implementing training programmes could be handled by training departments, training consultancies or line managers.

Although one of the most important stages in the training process, evaluation and monitoring is often the most neglected or least adequately carried out part. This may look simplistic, but it could also be complicated. Here too, a variety of methods could be adopted.

One way management development could be is, as an attempt to improve managerial effectiveness through a planned and deliberate learning process. A viewpoint highlighted in this section is that management education and training are important components in a development programme but they do not, by themselves, constitute management development.

If strategic HRM is to be effectively implemented, managers must possess a set of values and attitudes that support the thinking that people are central to the success of the organisation. The notion that the managers have 'a right to manage,' the so called 'managerial prerogative,' where a managerial elite plans, makes decisions and controls resources, is fast becoming obsolete.

Organising an effective management development programme, even a modest one, is no easy task and requires considerable effort. In contemporary management development, organisations are adopting and promoting a tripartite view where responsibility is shared among the personnel specialist, the boss and the individual. The effective development of managers requires the full involvement and participation of all three parties. There are several factors that need to be seriously considered in organising management development programmes.

Exercise

Maintain a learning diary: Reflection is essential for effective learning. Systematically reflect upon what and how you learn by keeping a learning diary. It will also help you remember issues to discuss with your instructor/mentor, and may also contribute to your

continuing professional development portfolio. Spend half-an-hour every week recording the following:

- The most meaningful or stressful events of the week
- How they came about and who was involved
- What you felt about them
- How you dealt with them
- The outcomes/your evaluation of your actions
- What you would repeat/avoid in the future
- What further knowledge, skills and understanding you need to perform more effectively
- How you could acquire these
- What is your action plan?

(adapted from Beardwell and Holden, 1998)

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Commonwealth of Learning Executive MBA/MPA

C3 Human Resource Management

Block 8

Rewarding Employees: Performance Appraisal,

Compensation Including Job Evaluation

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

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e-mail: info@col.org

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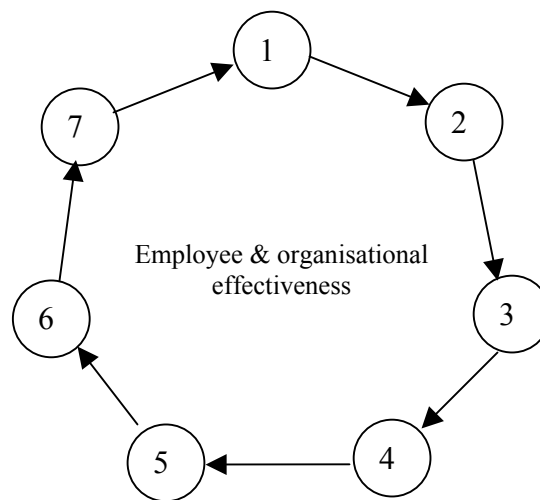
1 Objectives

When you have studied Block 8 of this course, you will be able to:

- articulate the basic concepts regarding performance appraisals and the roles they play in management
- explain performance appraisal is carried out
- discuss the concepts, roles and methods of job evaluation
- describe the concepts and principles of compensation
- discuss employee benefits

2 Basic Concepts of Performance Appraisal

Although the terms ‘performance evaluation’ and ‘performance appraisal’ are interchangeable, only the latter term will be used in this course so as to minimise potential confusion throughout the text. Performance appraisal can be defined as a formal and structured system by which management measures, evaluates and assesses an employee’s job-related attributes, behaviours and outcomes. It is undertaken to discover how productive the employee is and whether the employee can continue to perform in future to help achieve the organisation’s goals. It constitutes an essential part of the human resource management process and is a factor in determining the crucially important dimensions of employee and organisation effectiveness for success. As the following diagram illustrates, it occupies an important subroutine function within the human resource management function of an organisation. As indicated in the diagram, performance appraisal can be linked to the career planning and development of the employee.



Key:

1. Personnel planning & forecasting
2. Employee recruitment & selection
3. Employee training & development
4. Performance appraisal and career planning & development
5. Compensation & employee benefits
6. Promotion, transfer & separation
7. Labour relations

When you examine the above diagram carefully, you will note that the whole process is central to the organisational as well as personal effectiveness. HR departments start with personnel planning and forecasting. Block 4 discussed this aspect under HR planning. Once the requirements are determined, then recruitment and selection is done, as earlier blocks have also discussed, and the personnel thus acquired need to be oriented, and later trained and developed. When the new employee works in the job, there needs to be an appraisal of his or her work periodically.

Self-Assessment Question

What are your initial thoughts about performance appraisal in your organisation?

3 The Reasons for, and the Importance of, Performance Appraisal

As an individual whose work performance may have been appraised in a formal process, you may not be conscious of one of the features of this organisational activity. The feature is somewhat abstract, but worthy of note. It is that only a minority of activities in HRM – selection, appraisal, and grievance resolution or discipline – are concerned with appraising or evaluating employees *as individuals*. In all other cases, the focus of attention is on jobs, structures, procedures or people in groups, and not on individuals *per se*.

Take for example, job evaluation (to be discussed later in this block) which focusses on jobs, not on job holders. Job design and organisation development focus on job/task structures; wage and salary administration focus on procedures. HR planning and collective bargaining focus on people in groups.

As Cole (1991) argues appraisal or evaluation of an employee's performance in terms of their job performance is a serious activity requiring a quality of managerial judgement that, places a considerable responsibility on the managers involved. As you observed in the diagram above, compensation, further development and promotion depend on how managers evaluate an employee's performance. As Cole very aptly says, 'it is a task that is delicate as well as complex.'

According to Cole (1991), there are several reasons why appraisals are carried out in organisations. These may be summarised as follows:

- to identify an individual's current level of job performance
- to identify employee strengths and weaknesses
- to enable employees to improve their performance
- to provide a basis for rewarding employees in relation to their contribution to organisation goals

- to motivate individuals
- to identify training and development needs
- to identify potential performance
- to provide information for succession planning

The most likely reason for the adoption of appraisal of employees is to draw attention to present performance in the job in order to (a) reward people fairly and (b) identify those with potential for promotion or transfer.

Today, throughout the world, performance appraisals play an integral part in making a variety of critical decisions in the management of human resources. The order of importance among these uses is, from most to least –

1. Salary administration
2. Performance feedback
3. Identifying individual strengths and weaknesses
4. Documenting personnel decisions
5. Recognising individual performance
6. Identifying poor performance
7. Assisting in goal identification
8. Making promotional decisions.
9. Retention or termination of personnel
10. Evaluating goal achievement

You have seen the various reasons why performance appraisal is so important in the personnel/HR function of organisations and some form of prioritising on the uses of appraisal of person's performance. This is not all. One of the key areas why performance appraisal is so diligently carried out by managers is the productivity of people in jobs. Let us in the next section explore some concepts as well as practical approaches on productivity and its reliance on performance appraisal.

Activity

With reference to your organisation, write a brief account on uses of performance appraisal schemes. Compare it with the uses outlined above.

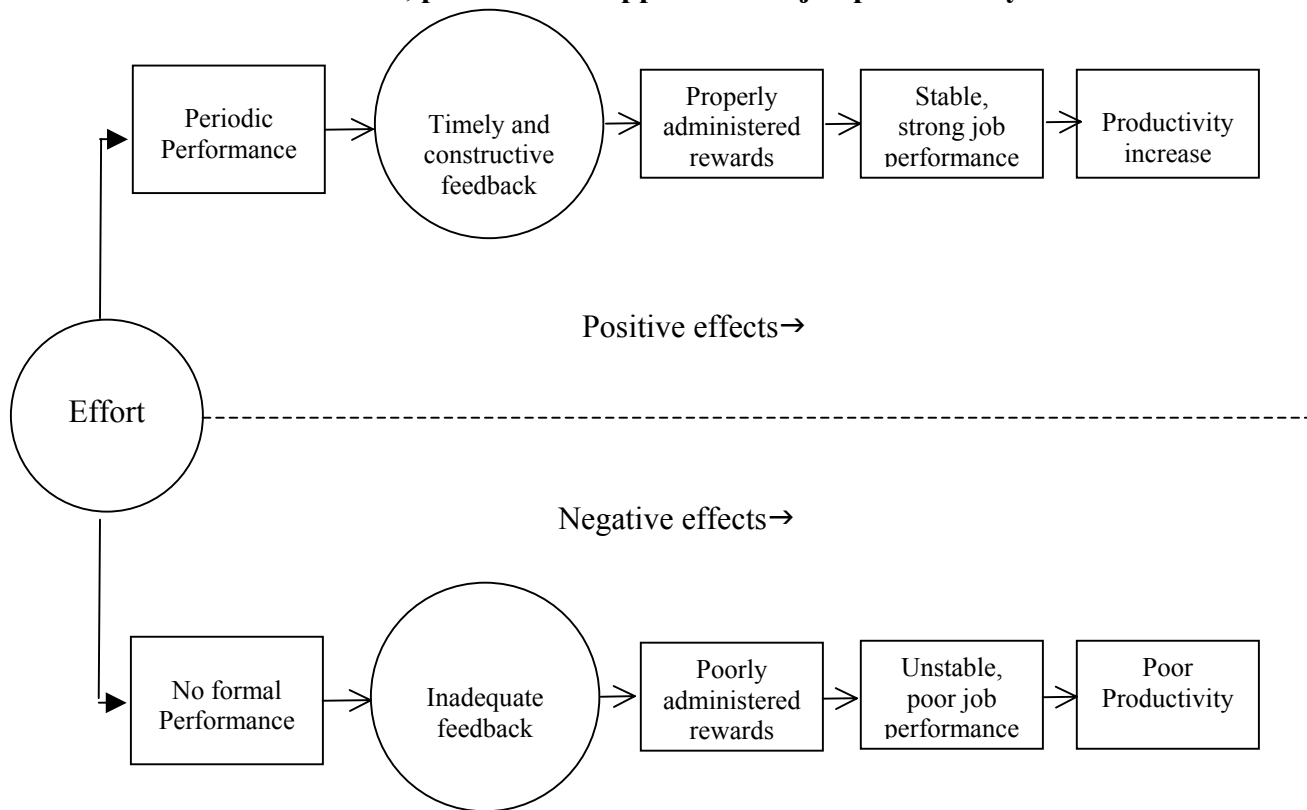
3.1 Performance Appraisal and Productivity

Productivity experts recommend that people work smarter and not harder. While education and appropriate training are required to do this, it is crucial to note that the relevant process does not end with training. When training ends, performance begins, and its appraisal (performance appraisal) merges into support productivity increase.

Hence, today's employees in modern organisations need 'instructive performance appraisal' leading to supportive feedback that links to desired rewards for the desired behaviour, i.e., behaviour that engages acquired knowledge to improve productivity. It can thus be seen that, when construed instructively, the performance appraisal process can channel an employee's efforts into strong job performance with sustainable growth of productivity. Similarly, the opposite is also true. Weak and uncoordinated performance appraisals linking to equally weak feedback and reward systems can surely lead to poor results. Here lies the crux of the matter: human effort in the final analysis must be managed and nurtured well for superior performance.

The following diagram illustrates this intimate link between effort, performance appraisal and job productivity.

Effort, performance appraisal and job productivity



If you examine the above diagram, you will notice that performance appraisal needs to be done periodically and feedback immediately made available to the employee. It has to be timely and constructive. In other words, comments by a manager or a supervisor, about an employee's job performance needs to be available to the employee as early as possible

and also should point to a direction where the employee is able to correct any wrong job behaviour so that his or her performance will be as per the expected outcomes in the job description.

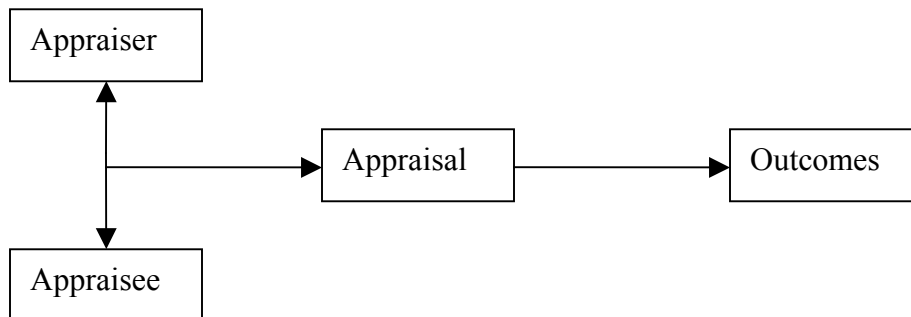
As you will have noted, the whole process of performance appraisal involves key elements. The next section helps you examine closely what these are in order to fully comprehend the complexity of, and potential for improvement in, any appraisal you must do in your organisation.

Activity

In a commercial organisation which deals with marketing of consumer products, what role can performance appraisal play to increase productivity?

3.2 The Process and the Components of Performance Appraisal

The performance appraisal process can be broken down into four elements, namely, the appraiser, the appraisee, the appraisal method and the outcome. The following diagram explains the process graphically.



3.2.1 Appraiser

The appraiser is a key element in the process but managers generally dislike playing the role of appraiser of their employees. In most situations, the immediate supervisor or his senior conducts this task, and research in the U.S. companies indicate that many dislike it and try to avoid it. The problem arises due to complexity and difficulty of the process the diagram above depicts in very simple terms. The essence of the complexity lies in the fact that appraisal involves a human being observing and judging the performance of another. The purpose is to be completely objective and neutral as appraiser, devoid of personal considerations whatsoever. Yet charges of bias and perceptual distortion (based on race, gender age and such) are often levelled at the appraiser.

The common perceptual errors such as halo effect, leniency, central tendency, recency and contrast are tractable to human factor involved here.

The experts on the subject have specified four important criteria that must be satisfied to become a performance appraiser. (Kreitner & Kinicki 1992, 478)

- Able and willing to observe the behaviour & performance of the appraisee at work.
- Knowledgeable about the dimensions or features of performance.
- Understand the instrument used, its format and the scale.
- Possess the motivation to conduct a performance appraisal conscientiously.

3.2.2 The Appraisee

In the appraisal process the appraisee (the subject) usually plays a passive role when the appraiser is observing his or her performance. Therefore, unless the appraisee is properly prepared to understand the process, he or she may find it a demeaning and potentially threatening experience. Some experts suggest that the appraisee himself/herself needs to play the role of analyser, influencer, planner and protégé in the process, to achieve a sort of equality with the appraiser (Kreitner & Kinicki, 1992). Proactive appraisee roles are the following.

1. Analyser	<ul style="list-style-type: none"> • Performs self-assessment of goal achievement • Identifies performance strengths & weaknesses • Makes suggestions for performance improvement • Takes personal responsibility for solving performance problems.
2. Influencer	<ul style="list-style-type: none"> • Improves communication skills (e.g., Negotiating, advocating, providing information, advising, soliciting feedback and listening) • Strives for collaborative relationship with boss.
3. Planner	<ul style="list-style-type: none"> • Develops a clear vision of why his or her job exists. • Identifies quality of service goals relative to customers or clients. • Understands what his or her job contributes (or does not contribute) to the organisation.
4. Protege	<ul style="list-style-type: none"> • Learns from high-performing roles without compromising uniqueness. • Learns through initiative rather than by waiting for instruction from others.

(Source: Jacobsre, B. & Keye, B.L. 1986, 26-32)

The basic goal of this proactive role for the appraisee is to link performance appraisal and career development and to achieve a mutually beneficial development programme.

Having discussed the appraiser and the appraisee, you can now turn to the appraisal method, which needs elaboration. Over the years, various methods have evolved and tried

out, sometimes producing controversy. When you have spent a few minutes on the activity below, proceed to the explanations of the three principal approaches, namely:

- Trait approach
- Behavioural approach
- Result approach

Activity

Have you seen a performance appraisal interview? For an appraisal interview to be successful, what skills should an appraiser possess?

3.2.3 Trait Approach

As the term implies, this approach involves rating the individual employee's personal traits or characteristics such as initiative, decisiveness and dependability. Though used commonly by management, this approach is considered to be the weakest. This basically arises from the fact that these traits are ambiguous relative to the actual job performance and the needed improvement. Appraising someone as having low initiative does not say anything precise about how to improve. Also this can trigger a defensive reaction on the part of the employee being appraised.

3.2.4 Behavioural Approach

This approach points directly to the persons' actual work behaviour rather than a trait like his or her personality. For example, it can be focussed to seek information as to whether the employee works alone on all projects, on most projects or about half the projects. Similarly, whether he or she teams up with others on major projects or works alone on all major projects. When these behavioural patterns are coupled with performance rating, appraisal is enhanced.

3.2.5 Results Approach

This approach focusses on the product or the outcome of one's effort. It seeks to identify and evaluate what has been accomplished by an employee subject to appraisal. Management By Objectives (MBO) is usually regarded as the most appropriate format for using the results approach.

Performance appraisal is undertaken to serve a variety of management purposes. The controversy regarding which approach is best can only be resolved when you consider the reasons for doing the appraisals. Hence, the contingency approach has an overarching consideration here.

The following table presents appraisal methods from the perspective of the management purposes they serve.

Contingency approach to appraisal methods.

Management purpose or function.	Appraisal method	Strengths and weaknesses
Promotion decisions	Trait	Appropriate when competing appraisees have <u>dissimilar</u> jobs.
	Behavioural	Appropriate when competing appraisees have <u>similar</u> jobs.
	Results	Same as above.
Development decisions	Trait	Tend to cause defensiveness among low-esteem employees.
	Behavioural	Pinpoints specific performance improvement needs.
	Results.	Identifies deficient results and not why.
Pay decisions	Trait	Weak performance–reward linkage.
	Behavioural	Enhances performance reward linkage.
	Results.	Same as above.
Layoff decision	Trait	Inappropriate, potentially discriminatory.
	Behavioural	Weighted combination of behavioural, result plus seniority is recommended.
	Results.	Same as above.

(Source: Wesley & Klimoski, 1984, 35-79).

The above tabulation indicates clear strengths of the behavioural approach. However, much depends on the nature of the role and the character of the appraisee. For roles in which the nature of the role is less prescribed and yet has a significant effect on outcomes, the results based approach may be favoured. This often is the case with management roles for which many organisations favour the results based model of Management by Objectives. Performance appraisals are employed by management to inform human resource development decisions and productivity. It is therefore crucial that performance appraisals be effectively conducted so as to provide instructive information.

3.2.6 Formal Evaluation

The main purpose of appraisal is to help staff improve their performance. To that end, it is imperative that credibility is built into appraisal system, thereby maintaining employee goodwill. Therefore, it is necessary to develop a formal procedure that is clearly understood by all employees. There should be an appeal procedure should disagreement and misunderstanding occur in the course of implementation. This appeal procedure must provide for staff to be assisted by a trade union or staff representative if requested.

As an appraisal system can be used to measure performance, behaviour, and attitude, the actual method used can be a combination of both quantitative measures such as rating scales and qualitative measures involving unstructured and narrative reports on specific factors or overall levels of behaviour and work performance.

3.3 Methods of Performance Appraisal

The efficacy of the performance appraisal system as a whole in human resource management is dependent on the right choice being made as to methodology. Many tools and techniques are employed in the appraisal process. Let us focus on some of the key ones to understand their relative merits.

3.3.1 Written Essays

These are written narrative describing an employee's strengths, weaknesses, past performance, future potential and suggestions for improvement.

Although this is simple method, it requires a great deal of writing ability and use of objective language on the part of the appraiser. Therefore, what can be considered a good or bad appraisal is dependent not only upon the employee's actual level of performance but also upon the appraiser's writing skill.

Therefore, this method is not generally suitable for most organisations except for professional organisations where there are generally accepted terms and vocabularies that are considered to be objective and expressive.

3.3.2 Critical Incidents

In this method, the appraiser focusses attention on those key factors within the whole array of factors in the appraisee's behaviour that renders the performance effective or ineffective.

The appraiser observes the actual behaviour of the employee and notes the key factors that lead to effective outcomes. The entire focus is on critical factors which are observable, specific behaviours and not vaguely understood personality traits. When conducted properly, the appraiser records and interprets a list of critical incidents that can inform the appraisee of behaviour that most significantly affects outcomes. The employee can then focus on such behaviour to ensure results that are acceptable or expected. You should note that this method places demands on the competency and objectivity of the

appraiser in identifying, noting and relaying on a regular basis those activities that determine the employee's effectiveness.

3.3.3 Graphic Rating Scale (GRS)

This is an old method of performance appraisal used by managers. Under this method, a set of performance standard criteria is developed. These standards are usually related to such factors as quantity and quality of work, extent of knowledge related to job tasks, attendance, initiative, honesty and loyalty. Once these criteria are determined, we decide on the scale to be used for evaluating each criterion established. Typically, five scale points are used for evaluation. For example, the required job knowledge might be rated ranging from level 1, being equated to poorly informed about work duties, to level 5, equated to complete mastery of all job tasks and duties.

Though easy to administer, graphic rating scales do not provide the depth of information that essays or critical incidents do. One important advantage, however, is that GRS allows quantification and easy analysis for comparison.

3.3.4 Behaviourally Anchored Rating Scale (BARS)

This combines both the critical incident and GRS methods. Under this method, the appraiser rates the employee based on pre-determined items on a continuum scale and the points scored measures actual behaviour rather than traits or general employee characteristics. Thus BARS is designed to assess definite, observable and measurable job related behaviour.

The BARS technique is well recognised for its objectivity and for reducing common sources of appraiser errors, such as generalising an overall impression about the employee onto all the factors being assessed (the halo effect), the leniency factor and central tendency. However, three types of problems are commonly associated with BARS. Firstly, initial anchors, i.e., the baselines for measurement, are difficult to specify and apply objectively. Secondly, each scale is developed for a specific behaviour and cannot be commonly applied to other situations and thirdly, development of BARS are costly and time consuming. Therefore, many organisations may not be in a position to afford this method.

3.3.5 Individual Ranking, Paired Comparison and Group Order Ranking

Irrespective of the techniques used to appraise performance, organisations often then rank their employees. There are three common approaches to ranking: individual ranking, paired comparisons and group order ranking.

1. Under the individual ranking approach, individual employees are ranked from the level of best to the level of worst. The result is the rank ordering of employees in a particular category from the highest performer to the lowest. The problem with such ordering is that, while it shows who is better than whom, it gives no absolute measure of performance nor the degrees by which any individual is better or worse than another.

2. Under paired comparisons, each employee is compared with another, and one is considered as superior or weaker of the pair. When all paired comparisons are completed, each employee is assigned a summary ranking based on the number of superior scores achieved. This approach ensures that each employee is compared against each other. However, this comparison system can easily become unwieldy if the number of employees is large.
3. Group order ranking is the method by which the employees are categorised after evaluation into groups such as top 5 per cent, next 15 per cent and so on. This takes away the need to rank order each and every individual. Instead employees are ranked into groupings like the top 5 per cent or such. When the number of employees is small, these groupings become rather meaningless

Group order Ratings by a combination of approaches: 360-degree feedback. A survey of Fortune 500 companies showed that only about 10 per cent of employees were satisfied with their organisation's performance appraisal methods (Vinson, 1996). According to Ivancevich (1998), therefore, it is not surprising that organisations are experimenting with alternatives to the traditional 'supervisor only' downward appraisal. One system of appraising performance that appears to be growing in popularity is the 360-degree feedback system. As the name implies, this method uses multiple appraisers, including supervisors, subordinates, and peers of the target person. In some cases, it also includes self-appraisals. The appraisal is 360-degree feedback in that information is collected and feedback is provided in full circular fashion – top to bottom and back to the top.

Many organisations now utilise some form of 360-degree feedback programmes. The programme at British Aerospace is typical (Ivancevich 1998, 271). The upward portion of the feedback programme involves an anonymous system whereby team members provide information about their supervisors, using a questionnaire. Then, these results are collated so that a report can be prepared for the manager. Anonymity is generally considered important, except in an environment where there is an exceptionally high degree of trust.

Ivancevich (1998) further argues that research does suggest that including upward and peer feedback in an appraisal can have positive effects on managers' behaviour. Further, he argues that these effects seem to be sustainable over time. Thus, there appears to be a future for 360-degree feedback. These programmes were originally believed to be useful to develop feedback, but more and more companies seem to be using it for helping with personnel decisions such as merit pay increases and promotions. However, some authors have pointed out that improper attempts to introduce 360-degree systems into climates not prepared for them (for example, where there is a low level of trust or too much competition) can have predictably disastrous effects.

Activity

Examine the performance appraisal schemes (at least one each from the public, private and non-profit or non-government sectors) in your country and write a comparative account on the strengths and weaknesses of each scheme.

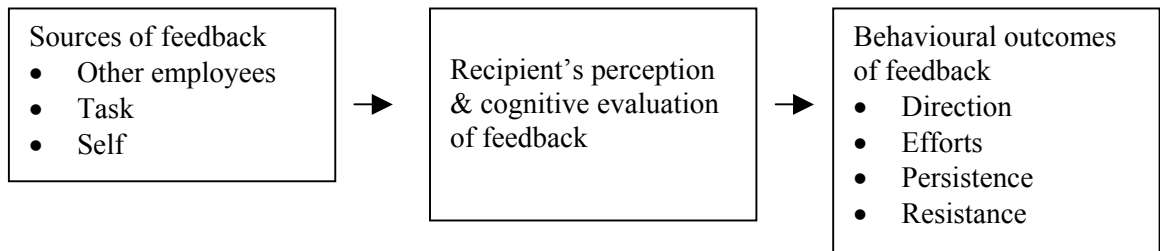
4 Feedback on Performance

Feedback is conceptually objective information about adequacy of one's own job performance. It serves two basic functions called instructional and motivational. In its instructional function it clarifies the role or teaches new behaviour as when an accountant for example is advised to handle a certain entry as capital item rather than as an expense item or when a college professor is led to replace reading assignments with take home writing assignments for first year law students. Secondly, feedback can well serve as a motivational factor when the boss compliments an employee verbally with a promise of a reward for successfully completing a project before deadline.

An effective feedback system entails the following basic elements: a set of performance standards, a mechanism for monitoring performance and finally the act of providing objective feedback. It is said that self control or regulation is the desired end result for all feedback control systems.

4.1 Feedback Model

A conceptual feedback model on job performance may be composed as follows.



(Source: Taylor et al., 1984)

The above conceptual model indicates that employees receive feedback from a variety of sources, namely, peers, subordinates, supervisors and outsiders, the task itself and oneself. Self managed persons and those with high self-confidence rely on own personal feedback more than others. The presence of multiple sources for feedback may leave an employee bombarded by feedback from all sources and this would require that the recipient establish some means of screening them.

In most situations, the request for feedback information as perceived by the employee comes too late and with no effect on performance. The typical example is when a restaurant server asks the question from the guest, 'How was every thing?' before presenting the bill. This probing question should have been asked while eating was in progress, where the guest would respond instead of turning a deaf ear. Hence, managers need to consider the situational variables in the feedback system.

The most critical factor in the feedback is whether it is positive or negative. It is critically important to consider the ultimate impact of the feedback on the employee's motivation and behaviour. Certain kinds of negative feedback (e.g., the employee being told that his or her performance is below average) can have a positive impact on improving

performance when the employee takes it as a challenge and sets higher goals to pursue. However, care must be taken when giving negative feedback to minimise the threat content to avoid creating undesirable insecurity and defensiveness.

4.2 Cognitive Evaluation of Feedback

People cognitively evaluate factors such as accuracy, the credibility of the source, the fairness of the system of appraisal, the performance-reward expectancies and the reasonableness of the standards set by the organisation. Any feedback that fails to clear one or more of these cognitive hurdles, will be rejected or down played by the employee. Personal experiences of the employee largely dictate how these will be considered and weighed. In a performance appraisal system, the credibility of the source of the feedback is determined by three crucially important perceptions about the provider: trustworthiness, expertise and dynamism. It is said that belief in the credibility of the manager providing the feedback is what matters most in the performance appraisal feedback system.

Expectancy Motivational Theory suggests that a proper feedback system must foster the belief that high effort in attaining performance expectancies leads to performance rewards, if it is to motivate desired behaviour from the employee. Hence, evidence of a powerful linkage should be inbuilt in the chain of activity, efforts, and performance and be made evident and reinforced by the performance appraisal feedback system.

5 Reasons for Malfunction or Failure

There is room for any system or function, including performance appraisals, to malfunction at some point in time. Many managers are aware of this and have heeded the warning of experts to 'beware.' Let us examine some of the problems that performance appraisal can develop and ways to avoid them. Generally, the problems are concerned with system design and operation, the appraiser, and the employee.

5.1 System Design and Operating Problems

Poor design can be the cause of some performance appraisal systems failing or malfunctioning. The design can be blamed if the criteria for appraisal are poor, the technique used is cumbersome, or the system is more form than substance. If the criteria used focus on activities instead of output results, or on the person rather than performance, performance appraisal will be faulty. These will be explained as you proceed. Some appraisal techniques take a long time to do or require extensive written analysis, both of which many managers resist. If this is the problem, another technique can be chosen.

5.2 Problems with the Appraiser

Even if the system is well designed, problems can arise if the appraisers (usually supervisors) are not cooperative and well trained. Supervisors may not be comfortable with the process of appraisal, or what Douglas McGregor called playing God. Often this is because they have not been adequately trained or they have not participated in the design of the programme. Inadequate training of appraisers can lead to any one of the recognized appraiser problems outlined below.

5.2.1 The Halo Effect

The halo effect appears in appraisal when the appraiser tends to assign the same rating or level to each factor being rated for an employee. This results from an overall assessment of the person that totally colours the appraiser's view of the employee. Appropriate supervisory training can reduce halo problems, which are present more in some techniques (e.g., graphic rating scales) than in others.

5.2.2 Standards of Appraisal

Appraisal standards may also cause problems in performance appraisal. This arises because of perceptual differences in the meaning of the words used to evaluate. Thus, good, adequate, satisfactory, and excellent may mean different things to different appraisers. If only one appraiser is used the appraisal can be distorted, and there may be a constant error between the two. Also in work situations this is not practical. In many systems there is a tendency to rate persons higher than they should be, especially if negative ratings must be explained to employees. Training of the appraisers plus review of the appraisal patterns by the appraiser's superiors can reduce this problem somewhat.

5.2.3 Central Tendency

Some appraisers rate all their personnel within a narrow range. Although there are actual performance differences between individuals, supervisors may rate them all either average or above average. This distorts the results for promotion and compensation decisions. The problem is most likely to be found with graphic rating scales. Appraiser training probably would help this problem, too.

5.2.4 Recent-behaviour Bias

One difficulty with many of the appraisal systems is the time frame of the behaviour being evaluated. Appraisers forget more about past behaviour than current behaviour. Thus many persons are evaluated more on the results of the past several weeks than on six months' average behaviour. You would have noticed that some employees are well aware of this difficulty. If they know the dates of the appraisal, they make it their business to be visible and noticed in many positive ways for several weeks in advance. This fault in appraisal can be mitigated by using a technique such as critical incident or management by objectives (MBO) or by irregularly scheduled appraisals.

5.2.5 Personal Biases

Various studies have indicated that appraisers' biases can influence their appraisals of employees. If appraisers like certain employees better than others, this can influence the ratings they give. This problem is related to the effects of prejudices against groups of people. Some studies indicate that sexual and racial stereotypes can creep into appraisals and discriminate certain communities. Effective training of appraisers removes these biases. Some appraisal techniques (such as forced choice, field review, performance tests, and MBO) tend to reduce this problem. It is the manager's responsibility to examine the patterns of appraisal and promotion to determine if there might be systematic discrimination at appraisal time and take steps such as supervisory training or discipline to reduce this bias.

You would have observed through the topics discussed above that many appraiser problems can be solved by training the appraiser. This training is of two types: how to rate effectively and how to conduct effective appraisal interviews. It has been clearly established that appraiser training reduces rating errors. You should note that the quality of the appraiser is more important to effective appraisal than the technique used. Training alone will not eliminate all appraiser problems, just as driver training does not eliminate speeding and accidents. But appraiser training, combined with good system design, can make performance appraisal more effective.

5.3 Employee Problems with Performance Appraisal

For the appraisal system to work well, the employees must understand it, must feel it is fair, and must be work oriented enough to care about the results. If the system is not explained to the employees so that they understand it, they will not work well. One way to foster this understanding is for the employees to participate in system design and be trained to some extent in performance appraisal. Reflect upon the scheme of appraisal used to evaluate your performance. Do you feel that you participated in the design of it?

Another is the use of self-appraisal systems. With regard to fairness, performance appraisal is in some ways like grading systems in schools. How would you react if you got a lower mark than you had hoped you would get? You may get angry or give up. Similar responses can come from employees as well, if the performance appraisals are incompetent or unfair.

Performance appraisal may also be less effective than desired if the employee is not work oriented and sees work only as a means to ends sought off the job. It might be seen only as paper work, unless the appraisal is so negative that the employee fears termination. Reaction to positive and negative feedback varies depending on a series of variables: (1) the importance of the task and the motivation to perform it, (2) how highly the employee rates the appraiser, (3) the extent to which the employee has a positive self-image, and (4) the expectancies the employee had prior to the appraisal; for example, did the employee expect a good appraisal or a bad one?

Let us briefly see how performance appraisal can be a useful personnel activity. Whether formal appraisal becomes a problem for an enterprise or has a positive influence on it depends on four factors:

- When appraisal takes place – the timing (when to do it and how often)
- Who evaluates – the appraisers (there can be several supervisors and the HR department personnel)
- What is evaluated – the criteria for appraisal (some examples are, quality of work, quantity of work and employee’s interpersonal relations; however, the criteria should be *relevant, unbiased, significant and practical*)
- How appraisal takes place – the appraisal technique (individual appraisal methods, multiple-person appraisal methods and other methods)

Activity

Why is performance appraisal difficult to implement? Review the reasons outlined above.

6 Job Evaluation

In addition to relating pay levels to those paid for comparable jobs in other enterprises, the enterprise must also determine pay structures for its employees having different jobs *within* the organisation. Factors similar to those affecting pay levels affect these pay structures too.

Managers can cope with the attempt to provide equal pay for positions of approximately equal worth by arbitrary management decisions, collective bargaining, or job evaluation. If managers try to make these decisions without help from tools such as job evaluation, it can result in unsystematic decision-making that is likely to lead to perceived inequities. Decisions based on bargaining alone can lead to outcomes based solely on relative power. Therefore, most management experts suggest that compensation decisions be based on systematic job evaluation, influenced by the results of collective bargaining. Later on in this course, you will be discussing collective bargaining; let us now discuss *job evaluation*.

6.1 Definition

What do you understand by the term ‘job evaluation’? *Job evaluation* is the formal process by which the relative worth of various jobs in the organisation is determined for pay purposes. Essentially, it attempts to relate the amount of the employee’s pay to the extent that her or his job contributes to organisational effectiveness (Glueck, 1978).

You will not find it easy to evaluate the worth of all the jobs in an enterprise. Take the example of a physician and a nurse’s aid. It may be obvious that the effective physician

will contribute more to the goals of patient care in the hospital than the nurse's aid; what is important is *how much* the differential is worth. Since it is difficult to compute how much a particular job contributes to organisational effectiveness, proxies for effectiveness are used.

Let us see what these proxies are. These are *skills required to do the job, amount and significance of responsibility involved, effort required, and working conditions*. Compensation must be in keeping with the differing demands of various jobs if employees are to be satisfied and if the organisation is to be able to attract the personnel it wants.

You should also know how job evaluation is done. It is usually performed by analysing job descriptions and occasionally job specifications. Early in the process, it is imperative that job evaluator check the availability and accuracy of the job descriptions and specifications. It is usually suggested that job descriptions be split into several job series, such as managerial, professional, and technical, clerical and operative.

The next step is to select and weight the criteria used to evaluate the job. Typical factors frequently used for job evaluation are education, experience, amount of responsibility, job knowledge, and work hazards and working conditions. It is however important that the factors used are accepted as valid for the job by those being evaluated.

Once the method of evaluating the job (discussed below) is chosen, evaluators make job evaluations. As those familiar with the jobs tend to rate them higher, especially if they supervise the jobs, it is useful for each committee member to evaluate each job individually. Then the evaluators should discuss each job on which the ratings differ significantly, factor by factor, until agreement is reached.

6.2 Job Evaluation Methods

The four most frequently used job evaluation methods are:

1. job ranking
2. factor comparison
3. classification
4. the point system

Although there is little research in the area, it appears that the four methods do about equally reliable jobs of evaluation.

6.2.1 Job Ranking

The simplest system, used primarily in smaller, simpler organisations, is job ranking. Instead of analysing the full complexity of jobs by evaluating parts of jobs, the job ranking method has the evaluator rank order whole jobs, from the simplest to the most challenging. Because of problems you will see below, ranking is probably the least frequently used method of job evaluation.

The evaluator sorts the jobs into ranks, allowing for the possibility of ties. If the list of jobs is large, the paired-comparison method, whereby each job is compared to every other job being evaluated, can be used. The evaluator counts the number of times a particular job is ranked above another, and the one with the largest number of highest rankings is the highest ranked. There is no assurance that the ranking thus provided is composed of equal-interval ranks. The differential between the highest job and next highest may not be exactly the same as that between the lowest and next lowest. If the system is used in an enterprise with many jobs to be rated, it is clumsy to use, and the reliability of the ratings is not good.

6.2.2 Factor Comparison

At the other extreme is the most complex (and the next least frequently used) system: the factor comparison method. This is probably the most costly, and it is probably slightly more reliable than the other methods. The factor comparison method requires five steps.

1. Choose the key jobs to be evaluated. These jobs are well known in the enterprise and, in the opinion of the evaluators, are properly paid, at present.
2. Rank the key jobs on important factors of job evaluation. These factors usually are mental requirements, skill requirements, physical requirements, responsibility, and working conditions.
3. Divide up the current pay among the factors. Thus, the rater is asked: If the jobs pay US\$8.00 per hour, how much of the US\$8.00 is for mental requirements? and so on.
4. Reconcile the differences in rankings found in steps 1 and 2 by the committee members.
5. Place the key jobs on a scale for each factor. This becomes the basis for evaluating non-key jobs in the structure.

6.2.3 Classification or Grading System

This system used in many levels of governments groups a set of jobs into a grade or classification. Then these sets of jobs are ranked in levels of difficulty or sophistication.

The classification approach is more sophisticated than ranking but less so than the point system or factor comparison. It can work reasonably well if the classifications are well defined. It is the second most frequently used system.

6.2.4 The Point System

Most job evaluation plans use the point system, not only because it is more sophisticated than ranking and classification systems but also because it is relatively easy to use.

Essentially, the point system requires evaluators to quantify the value of the elements of a job. On the basis of the job description or interviews with job occupants, points are assigned to the degree of various factors—for example, skill required, physical and mental effort needed, degree of dangerous or unpleasant working conditions involved,

and amount of responsibility involved in the job. When these are summed, the job has been evaluated. Most point systems evaluate about ten aspects of each job. The aspects chosen should not overlap, should distinguish real differences between jobs, should be as objectively defined as possible, and should be understood and acceptable to both management and employees. Because not all aspects are of equal importance in all jobs, different weights reflecting the differential importance of these aspects to a job must be set. These weights are assigned by summing the judgments of several independent but knowledgeable evaluators. Thus a clerical job might result in the following weightings: education required, 20 percent; experience required, 25 percent; complexity of job, 35 percent; responsibility for relationships with others, 15 percent; working conditions and physical requirements, 5 per cent.

Self-Assessment Question

What do you understand by the term 'job evaluation'? How is it different from 'performance appraisal'?

7 Compensation

Compensation is part of a transaction between an employee and an employer that results in an employment contract. From the employee's side, pay is a necessity in life. Compensation received for work is one of the chief reasons people seek employment. Pay is the means by which they provide for their own and their family's needs. Pay can do more than provide for the physiological needs of employees. It can also serve their recognition needs.

Compensation is one of the most important functions in the HR functions for the employer, as well. Compensation claims a large part of the cash flow in an enterprise. It may be the major method used by an enterprise to attract the employees needed to get the work done, as well as a means to try to motivate more effective performance.

7.1 Definition

Compensation is the monetary reward paid by an enterprise for the work done by an employee.

You should note that compensation or pay is only one way: the employee is rewarded for work. Work also provides benefits, promotions and status, intrinsic rewards of the job, and other rewards. The relative importance of pay to the other rewards varies with the employee.

7.2 Objectives of Compensation

The objective of a compensation system is to create a system of rewards that is equitable to the employer and employee alike, so that the employee is attracted to the work and motivated to do a good job for the employer. Glueck (1978) cites Thomas Patten who suggests that in compensation policy there are seven criteria for effectiveness. The compensation should be:

Adequate: Minimum governmental, union, and managerial levels should be met.

Equitable: Each person is paid fairly, in line with his or her effort, abilities, training, and so on.

Balanced: Pay, benefits, and other rewards provide a reasonable total reward package.

Cost effective: Pay is not excessive, considering what the enterprise can afford to pay.

Secure: The employee's security needs relative to pay and the needs which pay satisfies are met

Incentive providing: Pay motivates effective and productive work.

Acceptable to the employee: The employee understands the pay system and feels it is a reasonable system for the enterprise and himself.

7.3 Compensation Decision Makers

Three groups of managers are involved in compensation decisions. The first are HR executives; the HR department develops the pay system and administers it. For smaller enterprises, the personnel specialist does this as part of the total job. When an enterprise has more than about 500 employees, a compensation manager (also called wage and salary administrator) may be made responsible for the compensation activity. The compensation administrator is a consultant, coordinator, catalyst, and implementer of the system, which is designed in conjunction with top managers and the chief HR/personnel executive.

Secondly, operating managers make the raise decisions, but a crucial factor is the policy decisions made by the third group, top management. They determine the pay policies of the enterprise (for example, pacesetter or follower in the industry). Top managers make the decisions that determine the total amount of the budget that goes to pay, the form pay will take (time versus incentive) and other pay policies such as raise levels, secrecy and communication policies, security in pay policies, and executive compensation.

Compensation decisions, then, generally are made by operating management (as advised by HR/personnel) and administrated and implemented by HR/personnel.

7.4 Compensation Decisions

How do you think pay is determined? Do you believe that pay can be determined by a manager and employee sitting down and talking it over, or do you think the government

or unions determine pay. In fact, pay is influenced by a series of internal and external factors.

Pay can be determined absolutely or relatively. There is a school of thought that a pay system set by a single criterion for a whole nation or the world, an absolute control of pay, is the best procedure. However, attempts to use this approach, was not a great success. Since absolute pay systems are not used, the pay for each individual is set relative to the pay of others.

Glueck (1978) cites Allen Nash and Stephen Carrol who point out that pay for a particular position is set relative to three groups. These are:

- Employees working on similar jobs in other enterprises (Group A).
- Employees working on different jobs within the enterprise (Group B).
- Employees working on the same job within the enterprise (Group C).

The decision to examine pay relative to group A is called the *pay-level decision*. Let us look at this first. The objective of the pay-level decision is to keep the enterprise competitive in the labour market. The major tool used in this decision is the pay survey. The pay decision relative to group B is called the *pay-structure decision* and uses job evaluation, a topic discussed earlier. The decision involving pay relative to group C is called *individual pay-determination*.

8 Methods of Payment

8.1 Payment for Time Worked

Employees can be paid for the time they work, the output they produce, or a combination of these two factors. The great majority of employees are paid for time worked, in the form of wages or salaries. Pay surveys are used to establish competitive pay for the industry, and job evaluation is the principal method for setting time-pay schedules. Then pay ranges, pay classifications, and similar tools are developed for individual pay determination, the final step in a time-based pay system.

Typically, most employees are paid salaries; exceptions are blue-collar and some clerical employees, who are paid hourly wages. One issue in the time-pay system is whether everyone should be paid a salary. Would you rather be paid strictly by the hour and not know your income week to week, month to month, or be paid a salary so you could plan your life? In general, most blue-collar employees are given hourly pay, but there has been a movement to place all employees on salaries and give them the same benefits and working conditions others have. The advantage claimed for this move is that blue-collar workers become more integrated into the enterprise, and this improves the climate of employee relations.

But if everyone goes on salaries, it is possible that the long-run security of positions will be diminished. With hourly workers, if business is down it is relatively easy for an

enterprise to reduce the hours worked daily or weekly, save the labour costs, and adjust to the realities of the marketplace. If everyone is on salary, management tends to look toward full layoffs or reduction in the labour force by attrition or terminations. Salaries for everyone changes labour costs from variable to fixed, and this can have serious employment security implications.

The success of a total-salaries program requires stable, mature, responsible employees, a cooperative union, willing supervisors, and a work load that allows continuous employment.

8.2 Incentive Plans

The methods for paying employees on the basis of output are usually referred to as incentive forms of compensation. Incentives can be paid individually, to the work group, or on an enterprise wide basis. Incentive compensation assumes it is possible and useful to tie performance directly to pay.

8.3 Individual Incentives

The oldest form of compensation is the individual incentive plan, in which the employee is paid for units produced. Today, the individual incentive plan takes several forms: piecework, production bonus and commissions. These methods seek to achieve the incentive goal of compensation. One or more of these methods may be there in your workplace as well.

Straight piecework usually works like this: an employee is guaranteed an hourly rate (probably the minimum wage) for performing an expected minimum output (the standard). For production over the standard, the employer pays so much per piece produced. This is probably the most frequently used incentive pay plan. The standard is set through work measurement studies, as modified by collective bargaining. The base rate and piece rates may develop from pay surveys.

A variation of the straight piece rate is the differential piece rate. In this plan, the employer pays a smaller piece rate up to standard and then a higher piece rate above the standard. Experience shows that the differential piece rate is a more effective incentive than the straight piece rate, although it is much less frequently used.

Production bonus systems pay an employee an hourly rate, and then a bonus when the employee exceeds standard.

Commissions are paid to sales employees. Straight commission is the equivalent of straight piecework and is typically a percentage of the price of the item. A variation of the production bonus system for sales is to pay the salesperson a small salary and commission or bonus when she or he exceeds standard (the budgeted sales goal).

Individual incentives are used more frequently in some industries (clothing, steel, textiles) than others (lumber, beverage, bakery), and more in some jobs (sales, production) than others (maintenance, clerical).

For incentive schemes to work, they must be well designed and administered. It has been observed that incentive plans are likely to be more effective under certain circumstances. These are when:

- The task is liked.
- The task is not boring.
- The supervisor reinforces and supports the system.
- The plan is acceptable to employees and managers and probably includes them in plan design.
- The standards are carefully designed.
- The incentive is financially sufficient to induce increased output.
- Quality of work is not especially important.
- Most delays in work are under the employees' control.

8.4 Group Incentives

Piecework, production bonuses, commissions and other individual incentives can also be paid to groups of individuals. This might be done when it is difficult to measure individual output, when cooperation is needed to get production, and when management feels this is a more appropriate unit on which to base incentives. Group incentive plans also reduce administrative costs. Group incentive plans are used less frequently than individual incentive plans.

8.5 Enterprise Incentive Schemes

Four approaches to incentive plans are used at the enterprise level: suggestion systems; company group incentive plans; profit sharing; and stock ownership plans.

8.5.1 Suggestion Systems

Most large and medium-size enterprises have suggestion systems designed to encourage employee input for improvements in enterprise effectiveness. Typically, the employee submits the suggestion in writing, perhaps placing it in a suggestion box. If, after being screened by a committee, the idea is tried and proven useful, the employee receives a financial reward. If the savings due to the idea are hard to compute, the employee is given a standard reward. If they are measurable, the employee receives a percentage of the first year's savings, typically 10 to 20 percent.

Effective administration of the suggestion program is essential to its success. The reasons for rejecting a suggestion must be carefully explained to the submitter. If a group idea is

successful it is useful to reward the whole group rather than an individual. In general, suggestion systems seem to be useful incentive plans.

8.5.2 Company Group Incentive Plans

Several enterprises have developed elaborate group incentive and participation schemes, which generally have been quite successful. For these plans to succeed, management must be willing to encourage and work with participating workers. All workers must provide their fair shares of suggestions and work. The union must develop a new degree of cooperation. It is likely to be more successful in organisations that are less than gigantic. It also has worked well in troubled companies that provide the necessary conditions of participation, communication, and identification.

8.5.3 Profit Sharing Plans

Essentially, profit sharing is the payment of a regular share of company profits to employees as a supplement to their normal compensation. Many enterprises do this today. Profit sharing plans divide a set percentage of net profit among employees. The percentage varies, but 25 per cent is about normal. The funds can be divided equally based on the base salary or job grade, or in several other ways. The profit share can be paid often (such as quarterly) or less frequently (such as yearly), or deferred until retirement.

Advocates of profit sharing contend that the plans successfully motivate greater performance by employees. Many firms also see profit sharing as a way to increase employee satisfaction and quality workmanship and to reduce absenteeism and turnover. Essentially, they contend that employees who have profit-sharing plans identify more closely with the company and its profit goal, and thus they reduce waste and increase productivity.

There are problems with profit sharing. First, an enterprise cannot share what it does not have; and in bad years, there are no profits to share. The employees may have cut costs and worked hard, but perhaps a recession slowed sales and thus profits, or management chose an expensive but ineffective marketing programme. Profit sharing has had limited success because of the difficulty of tying individual rewards to effort and the problems raised when there are no profits to share. The plans probably are more successful in smaller firms.

8.5.4 Stock Ownership Plans

Many companies encourage employee purchase of company stock (often at advantageous prices), to increase employees' incentives to work, satisfaction, and work quality, and to reduce absenteeism and turnover. Purchase plans often allow for payroll deductions or company financing of the stock. Sometimes, the company will agree to buy the stock back at a guaranteed rate if it appears that the employee would take a significant loss. Companies use these plans for the same reasons as they do profit sharing plans: when employees become partners in the business, they work harder.

Some of these plans are very successful. But in general, stock purchase plans have most of the disadvantages of profit sharing. It is hard for an employee to identify his working harder with an increase in the value of his stock.

8.6 Executive Compensation

8.6.1 Executive Pay

One of the most controversial groups in terms of designing reward structures is the CEOs of large privately held firms. It is well known that they make many times as the average worker and according to Ivancevich (1998), especially in medium sized and small corporations, the ratio with the average worker is 15:1 or less. While the executive pay is of interest to stockholders, managers and other employers, the basis upon which it is built has been changing. Traditionally, executives' salaries were based on the *competitive-pay* approach. Companies within and across industries would act as if they were engaging in a price war, trying to outbid each other with fat pay envelopes for proven performers.

Today, executive pay packages are more likely to be based on comparative performance. This new pay design has five underlying principles (Ivancevich, 1998):

1. Compensation committees made up of stockholders and company directors link CEOs' pay to returns to shareholders.
2. Variable performance-based pay is emphasised over guarantees.
3. CEOs are encouraged to invest in company stock.
4. Performance yardsticks are linked to actual key productivity indices, to the competition, or to both.
5. CEOs are held responsible for the cost of capital; this forces them to look for vehicles of growth rather than just amass personal wealth.

As CEOs are paid very high salaries, shareholders and other stakeholders are holding CEOs to a tighter standard. They expect CEOs to take a personal risk basing their own pay on their ability to perform, investing their own money in the business, and to provide candid disclosures about both arrangements.

8.6.2 Executive Perks

In addition to the pay, executives receive special perquisites and extras commonly called perks. In different countries these may vary, but generally they include: better office decor; choice office location; a company car; reserved parking; a car for personal use; and first-class air tickets. In this block, the details are covered under the topic of employee benefits.

8.6.3 Bonuses

As you may already know, a bonus is a compensation payment that supplements salary and can be paid in the present or in the future, in which case it is called a deferred bonus. The size of bonuses and long-term payments relative to salary clearly changes with the size of the chief executive officer's company. The larger the company, the greater is the proportion of incentive awards making up total annual compensation.

A majority of large firms pay bonuses, on the belief that this leads to better profitability and other advantages for enterprises. Bonuses involve large expenditures of funds; they vary from 80 per cent of top executive's salaries to 20 per cent of the salaries of lowest levels participants.

Activity

What are the different schemes of compensation implemented in your country? Compare with the schemes outlined above.

9 Employee Benefits

What do you understand by benefits? Let us look at a definition.

9.1 Definition

Employee benefits and services are a part of the rewards (including pay and promotion) that reinforce loyal service to the employer. Major benefits and services programmes include pay for time not worked, subsidised insurance, subsidised retirement and services (Glueck, 1978). This definition is a bit vague because the term 'benefits and services' is applied to hundreds of programmes.

Let us also see why benefits and services programmes are offered to employees? The programmes offered in work organisations today are the product of efforts in this area for the past 30 years. Some employers provide these programmes for labour market reasons; that is, to keep the enterprise competitive in recruiting and retaining employees in relation to other employers. Or they may provide them to keep a union out, or because the unions have won them. Another reason often given is that they are provided because they increase employee performance.

9.2 Reasons for Using Fringe Benefits

Beardwell and Holden (1998) list some of the reasons for using fringe benefits:

- Most fringe benefits do not attract tax and therefore can be advantageous for employer and employee, particularly the high earner.

- Some benefits can be provided cheaply through economies of scale.
- Some benefits are needed to facilitate the execution of the job duties of the employee: for example, company cars for sales representatives, and special equipment or clothing.
- Some companies may be able to offer discounts on their own products or services, for example, banks and building societies, retailers, car manufacturers, etc.

9.3 Cafeteria Benefits

There appears to be a movement towards flexible compensation schemes more commonly known as ‘cafeteria benefits.’ (Beardwell and Holden, 1998). Cafeteria benefit schemes operate by setting a ‘price’ for each level of the selected benefits within a menu and each employee is allocated a budget to spend on benefits, expressed as credits, points or cash amounts. Thus employees are able to decide which benefits they prefer and how to balance the amount of cash pay to benefits.

Though companies have not adopted ‘cafeteria benefits’ on a large scale, Beardwell and Holden provide some of the objectives of those employers who do introduce flexible benefit schemes:

- to ensure flexibility in the compensation package to improve retention and recruitment;
- to offer employees the rewards they desire and thereby increase their motivation;
- to maintain ‘value for money’ with the benefits provided;
- to create single status employment.

9.4 Basic Types of Benefit

According to Beardwell and Holden (1998), the following are the basic types of benefit.

- Company cars - Britain seems to be unique in the provision of cars as a managerial status symbol. However, recent evidence suggests the supply of cars is no longer so widespread in Britain.
- Subsidised meals and/or the supply of canteen facilities.
- Holiday entitlements.
- Opportunities for foreign travel
- Telephone costs.
- Discounted, or the provision of, insurance.
- Private health care, dental treatment and eye tests.
- Crèches.
- Office accommodation and facilities that may indicate a certain level of status.

- Sabbaticals.
- Sports/social facilities that can encourage identification with the company.
- Discount and company purchase plans where employees can purchase goods at a favourable price.
- Assistance with housing, i.e., company owned houses, house-moving expenses and assistance with house purchase.
- Help with educational courses.
- Pension schemes.

Companies need to recognise what they want to achieve from the provision of each benefit and understand the motivational characteristics of each benefit for their own employees.

10 Summary

When people perform in jobs their performance needs to be appraised or evaluated. This is called performance appraisal. Performance appraisal or appraisal can be defined as a formal, and structured system of measuring, evaluating and assessing an employee's job related attributes, behaviours and outcomes as well as absenteeism, by the management to discover how productive the employee is and whether the employee can continue to perform in future in achieving an organisation's goal.

In general, managers of most organisations use performance appraisal information for multiple purposes in human resource management, such as salary administration, performance feedback, documentation of personnel decisions, recognition of individual performance, identification of poor performance and promotional decisions.

A strong performance appraisal process providing systematic feedback, linked to a reward system, can channel employee's efforts into strong job performance with sustainable growth of productivity. A weak and uncoordinated performance appraisal linking to equally weak feedback and reward systems can surely lead to poor results.

There are different approaches to performance appraisal. This block has discussed three: trait, behavioural and results approaches.

Different methods are used in performance appraisal and each of them will have its advantages and disadvantages. Therefore, a manager will have to carefully select the method appropriate for the organisation and the person being appraised. In recent times, 360-degree feedback programmes have been used. Feedback is conceptually objective information provided to employees about the adequacy of their job performance.

We noted that there can be system design errors of various types that will defeat the purpose of performance appraisal. Also problems can arise if the evaluators (usually supervisors) are not cooperative and well trained. Inadequate training of evaluators can lead to a series of problems in the execution of their roles. These are the halo effect,

standards of evaluation, and personal biases. Various studies have indicated that evaluators' biases can influence their evaluation of employees. There also can be problems with the system of evaluation due to employees not being aware of the system fully.

Job evaluation is the formal process by which the relative worth of various jobs in the organisation is determined for pay purposes. It is usually performed by analysing job descriptions and occasionally job specifications. Typical factors frequently used for job evaluation are, education, experience, amount of responsibility, job knowledge, and work hazards and working conditions. The four most frequently used job evaluation methods are: job ranking, factor comparison, classification or the grading system and the point system.

Compensation is the monetary reward paid by an enterprise for the work done by an employee. Work also provides benefits, promotions and status, intrinsic rewards of the job, and other rewards. The importance of pay relative to the other rewards varies with the employee. The objective of a compensation system is to create a system of rewards that is equitable to the employer and employee alike, so that the employee is attracted to the work and motivated to do a good job for the employer. Pay, benefits, and other benefits provide a reasonable total reward package.

Employees can be paid for the time they work, the output they produce, or a combination of these two factors. The great majority of employees are paid for time worked, in the form of wages or salaries.

Finally, this block has discussed a variety of employee benefits and services that form an overall reward structure (including pay and promotion) that reinforces loyal service to the employer.

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Commonwealth of Learning Executive MBA/MPA

C3 Human Resource Management

Block 9

Grievance Handling

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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The Commonwealth of Learning

1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

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1 Objectives

When you have studied Block 9 of this course, you will be able to:

- give an objective definition of grievances and describe their effect on organisations
- name and account for some types and causes of grievances
- recount different ways in which grievances can be handled effectively in organisations.

2 Grievance Handling

2.1 Introduction

It is an inevitable fact that, from time to time, employees will feel dissatisfied about various aspects of their working lives. This may be due to the attitude of managers, the operation of a company policy, the behaviour of work colleagues, thwarted ambitions and a whole lot of other reasons. For example, an employee may feel that his foreman assigns him to do all the dirty and heavy jobs. A clerk-typist may discover that a new girl – also a clerk-typist – has just been hired at a salary higher than she is getting after a full year on the job. An hourly production worker may feel that his supervisor's decision to deal with him disciplinarily on his refusal to do overtime work on a Sunday was unfair. These are examples of the myriad situations that can give rise to employee anxiety and complaint.

If the culture within the organisation is such that employees feel that there is no means of raising their concerns, then these issues are unlikely ever to be resolved. There are a variety of likely outcomes, one of which is that employees become more and more discontented and ultimately may decide to leave. Therefore, for the sake of justice to the individual and smooth functioning of the whole organisation, it is important for the management to get at the root of employee dissatisfaction and to take corrective action wherever possible.

2.2 Forms of Dissatisfaction

If some problem or condition bothers or annoys an employee, or if he thinks someone has unfairly treated him, he may express his discontent to someone else. When he expresses his dissatisfaction, you can then designate such action as a complaint. Usually, but not always, when a person 'sounds off' about something that bothers him, he hopes that the listener (a fellow employee or his supervisor) will do something to correct his difficulty. It is much more important for management to know about dissatisfaction. An unexpressed dissatisfaction is as worthy of consideration by the supervisor as the spoken

complaint. Just as an untreated wound, a festering discontent would also likely lead to dire consequences.

Much dissatisfaction never turns into a complaint, as something happens to make it unnecessary. Dissatisfaction may evaporate with a night's sleep, after a cup of coffee with a colleague, or when the cause of the dissatisfaction is in some other way removed. The few dissatisfactions that do produce complaints are also most likely to resolve themselves at that stage. However, such a complaint is still not considered as a grievance.

Self-Assessment Question

Reflect upon your current place of work/former place(s) of work and write a brief summary of grievance handling procedures prevailing therein.

2.3 Dissatisfaction, Complaint and Grievance

To understand what a grievance is, you must clearly be able to distinguish between dissatisfaction, complaint and grievance. Torrington (1987) provides us with a useful categorisation in this regard:

- *Dissatisfaction*: anything that disturbs an employee, whether or not the unrest is expressed in words.
- *Complaint*: a spoken or written dissatisfaction brought to the attention of the supervisor or the shop steward.
- *Grievance*: a complaint that has been formally presented to a management representative or to a union official.

In addition, there are other definitions of a grievance that distinguish it from the other two. Some such definitions are:

- A grievance is a formal dispute between an employee and management on the conditions of employment. (Glueck 1978, 680)
- Grievances are complaints that have been formally registered in accordance with the grievance procedure. (Jackson, 2000, p.4)
- A grievance is any dissatisfaction or feeling of injustice in connection with one's employment situation that is brought to the attention of the management. (Beach 1980, 538)

Therefore, you will see that a grievance is a formal and a relatively drastic step, compared to dissatisfactions and complaints. However, instances where complaints turn into grievances are not common, since few employees will question their superior's judgement. Further, many people do not initiate grievances because they fear negative consequence as a result of their attempt.

Self-Assessment Question

What grievances have you had in your work settings? Explain.

2.4 Effect of Complaints and Grievances on Organisational Effectiveness

There are many reasons why employees keep their problems ‘bottled up’ inside themselves. Firstly, let us see why they might do so. A person may simply have a high tolerance limit for frustration; feel that the condition may soon change in such a way that the problem will then be corrected; have found from past experience that it does no good to complain to his/her supervisor. Sometimes a person may even feel that others will criticise or condemn him if he complains.

Suppressing grievances would not be conducive to the smooth functioning of an organisation. Unheard and unattended grievances generally lead to unhappiness, frustration, discontentment, inefficiency and low productivity. Jackson (p. 12) refers to several potential outcomes when the employees feel that managers have failed to respond to their grievances or handled them badly:

Discontent and demotivation

- Poor performance
- Reduced productivity
- Disciplinary issues
- Increased labour turnover
- Withdrawal of goodwill
- Industrial action (in unionised environment)
- Employment tribunal applications
- Damage to the organisation’s reputation
- Resistance to change

According to Heneman et al (2000, 633), from the standpoint of an employer, there is a correlation between grievance filing and higher absenteeism and fewer production hours. High grievance levels are also associated with a conflictual labour relations climate. In this regard, Heneman et al refer to a 1976-77 study by Gandz and Whitehead (1981) involving 118 bargaining units followed up by a study of 18 units in 1979-80 in which it was found that high grievance rates were associated with conflictual rather than cooperative labour relations. Further, a well publicised employment tribunal case can have a detrimental impact on the reputation of an employing organisation,

notwithstanding the merits of the case and its outcome. Further, as Jackson (p. 12) opines, nowadays, employers should be even more concerned about the effect on their public image as technology, particularly the internet, allows employees and ex-employees to disseminate information about organisations speedily and very publicly, regardless of its validity. Furthermore, if employees feel that they have been badly treated, they are more likely to be resistant to proposed changes.

3 Types and Causes of Grievances

3.1 Types of Grievances

Grievances arise from various issues. Different authors take different approaches in describing the types of grievances. Heneman et al. (p.632) suggest the following categories to flag the most prevalent issues.

3.1.1 Customs and Practice

Many practices are not explicitly spelled out in the contract, but have grown up over time. For example, it may be customary to allow wash-up time at the end of the shift. If management changes procedures, a grievance may result. Practice, even though not spelled out, may take on the form of a contract clause, particularly if management has cited it as a reason not to grant other concessions during negotiations. The whole issue of past practice is extremely complex and occupies a great deal of attention from arbitrators.

3.1.2 Rule Violations

Work rules are often spelled out in contracts or supplementary materials. When an employee violates one, he is subject to discipline. There may be a dispute regarding whether the violation occurred and if so, whether the discipline is excessive for the violation.

3.1.3 Insubordination

Violations of orders or refusal to perform assigned work leads to insubordination charges. Generally, employees are expected to perform the required work and then grieve its assignment rather than refuse to do it. There may be instances, such as safety situations, where employees may rightfully refuse to perform the work under the contract.

3.1.4 Absenteeism

Excessive absenteeism is frequently a cause for discipline. Grievances generally occur where employees are not treated consistently or where the discipline is seen as being excessive for the level of absences.

3.1.5 Dishonesty

Cases of theft usually result in discharge. Most grievances here relate to searches and seizures and other alleged violations of evidentiary procedures.

3.1.6 Substance Abuse

Employees may be disciplined and/or discharged for drug use on company premises or where their performance is negatively influenced by prior acute or chronic use of intoxicants. Substance abuse is frequently involved with absence behaviour.

Activity

Collect information on how organisations in your country deal with absenteeism and insubordination. Write a summary of the procedures.

3.2 Other Classifications of Grievances

Torrington (p. 531) referred to a classification under the basis of content.

1. The first kind referred to tangible objects in terms of what could be defined by any competent worker and could be easily tested. E.g., machine was out of order, this tool is too dull, the stock we are getting now is not up to standard, our cement is too thin and won't make the rubber stick.
2. The second were those ones based partly on sensory experience, but primarily on the accompanying, subjective reactions. E.g., work is too messy, it is too hot in here, the job is too hard, etc. These statements include terms where the meaning is biologically or socially determined and therefore can not be understood unless the background of the grievance is known; seldom can their accuracy be objectively determined. A temperature of 108 degrees F may be too hot for one person, but manageable for another.
3. The third type were those involving the hopes and fears of employees. E.g., the supervisor plays favourites, the pay rates are too low, seniority does not count as much as it should. These proved the most revealing to the investigators as they showed the importance of determining not only what employees felt but also why they felt as they did; not only verifying the facts, ('the manifest content'), but also determining the feelings behind the facts ('latent content').
4. The writers concluded, for instance, that one employee who complained of his supervisor being a bully was actually saying something rather different, especially when the reason given was the fact that the supervisor did not say 'good morning.' Later, it was revealed that the root of his dissatisfaction was in his attitude to any authority figure, not simply the supervisor about whom he had complained.

Thus, you will note that grievances arise for a variety of issues. However, the range of issues and types included within the scope of grievance procedures varies from one workplace to another. Whatever the basis of categorisation, each of the types of dissatisfaction manifested in the above analyses are important for management to uncover and act upon, both effectively and speedily.

3.3 Analysis of the Causes of Grievances

Nair and Nair (1999) refer to a US study and 2 Indian studies identifying typical grievances and common causes for the same. Despite differences in culture, industrial climate and per capita income levels between the US and India, the authors found that the findings were almost equally applicable to both countries.

Following is a broad classification of grievances and their causes identified by the US study undertaken by the US Dept. of Labour, as quoted by the authors.

<u>Classification</u>	<u>Causes</u>
1. wage grievances	- demand for individual wage adjustment - complaint about job classification - complaint about incentive system - miscellaneous
2. supervision	- complaint against discipline/ administration - complaint against behaviour of supervisor - objection to the method of supervision
3. working conditions	- safety and health - violation of rules and regulations - miscellaneous
4. seniority and promotion and transfers	- loss of seniority - calculation/ interpretation of seniority - promotion – denial or delay - transfer or change of shifts
5. discipline	- discharge/ dismissal/ layoffs - alcoholism, absenteeism and accidents - harshness of punishment and penalty
6. collective bargaining	- violation of contract /award/ agreement - interpretation of contract/award/ agreement - settlement of grievances

7. union management relations - recognition of union
 - harassment of union bearers
 - soldiering / go-slow tactics

Nair & Nair (p. 258), while stressing the need to identify the root causes, also suggest that such causes be identified under 3 dimensions:

1. *Organisational aspects*: organisational structure, policy plans and procedure.
2. *Informational aspects*: ignorance about company rules, regulations, promotion policies, career prospects, transferability etc.
3. *Human aspects*: a variety of reasons, the major ones being poor mental health and alienation.

Jackson (p. 5) traces the causes of grievances as arising from the following issues:

- working environment, e.g., light, space, heat
- use of equipment, e.g., tools that have not been properly maintained
- supervisory practices, e.g., workload allocation
- personality clashes and other inter-employee disputes (work-related or otherwise)
- behaviours exhibited by managers or other employees, e.g., allocation of 'perks' such as Sunday overtime working, and harassment, victimisation, and bullying incidents
- refused requests, e.g., annual leave, shift changes
- problems with pay: e.g., late bonus payments, adjustments to overtime pay
- perceived inequalities in treatment: e.g., claims for equal pay, appeals against performance related pay awards
- organisational change, e.g., the implementation of revised company policies or new working practices.

The authors stress that all these causes should be investigated to achieve the following twin objectives:

- redress the grievances of the complainant
- initiate remedial steps to prevent recurrence of similar grievances in the future.

4 Handling Grievances Formally

4.1 Need for a Formal Grievance Handling Procedure

You will have by now realised that handling complaints and grievances in a fair and efficient manner in the workplace, can significantly contribute to good employee-employer relations. Admittedly, this can be achieved by good management practices alone, but it is generally preferable to adopt a formal written policy and procedure, to ensure consistency and a coordinated approach. Managers, who believe that it introduces unnecessary rigidity into the working relationship, however often resent the formality of the grievance handling procedure. ‘ I see my people all the time. We work side by side and they can raise with me any issue they want, at any time they want.....’ The problem is that many people will not raise issues with the immediate supervisor that could be regarded as contentious, in just the same way that managers, as seen frequently, tend to shirk the rebuke as a form of disciplinary penalty. Formality in procedure provides a framework within which individuals can reasonably air their grievances and avoid the likelihood of managers dodging the issue when it is difficult. It avoids the risk of inconsistent ad hoc decisions and the employee knows at the outset that the matter will be heard and where it will be heard.

Some employers, especially in non-union companies, take the view that there is really no need for establishing a formalised grievance handling procedure. Their view is that all their first line supervisors are trained to hear employee complaints and to take prompt action to settle them. They also state that the company is well managed, it has an enlightened human relations programme in operation, and employees generally are well satisfied; very little evidence of dissatisfaction or complaint ever reaches the ears of top management. However, the danger of such an approach is that any suppressed feelings once it bottles up could suddenly flare up, proving disastrous to the organisation. Ultimately, they may decide to leave. Exit interviews may reveal the real reasons for their departure, though this is not always the case. Even where employees do ‘tell all’ at the exit interview, it is usually too late to do anything about their complaint or grievance and ask them to reverse their decision.

Beach (p.539) also refers to several reasons why there should be a formal procedure to handle grievances:

- All employee complaints and grievances are in actual practice not settled satisfactorily by the first level supervisor, due to lack of necessary human relations skills or authority to act.
- It serves as a medium of upward communication, whereby the management becomes aware of employee frustrations, problems and expectations.
- It operates like a pressure release valve on a steam boiler, providing the employees with an outlet to send out their frustrations, discontents and gripes.

- It also reduces the likelihood of arbitrary action by supervision, since the supervisors know that the employees are able to protest such behaviour and make their protests heard by higher management.
- The very fact that employees have a right to be heard and actually heard helps to improve morale.

4.2 The Benefits of a Grievance Handling Procedure

According to Jackson (2000,10), further benefits that will accrue to both the employer and employees are:

- It encourages employees to raise concerns without fear of reprisal.
- It provides a fair and speedy means of dealing with complaints.
- It prevents minor disagreements developing into more serious disputes.
- It saves employers time and money as solutions are found for workplace problems.
- It helps to build an organisational climate based on openness and trust.

4.3 The Grievance Handling Procedure–The Process

Grievance handling procedures involve a systematic set of steps for handling an employee complaint/grievance. Most union contracts provide the channels and mechanisms for processing these grievances.

4.3.1 Objectives of a Grievance Handling Procedure

Jackson (2000, 11) lays down the objectives of a grievance handling procedure as follows:

- To enable the employee to air his/her grievance
- To clarify the nature of the grievance
- To investigate the reasons for dissatisfaction
- To obtain, where possible, a speedy resolution to the problem
- To take appropriate actions and ensure that promises are kept.
- To inform the employee of his or her right to take the grievance to the next stage of the procedure, in the event of an unsuccessful resolution

A grievance filer should not subsequently be disadvantaged in any way.

4.3.2 Key Features of a Good Grievance Handling Procedure

Torrington & Hall (p.539) refer to four key features of a grievance handling procedure.

Fairness

Fairness is needed not only to be just but also to keep the procedure viable, for if employees develop the belief that the procedure is only a sham, then its value will be lost, and other means sought to deal with the grievances. This also involves following the principles of natural justice, as in the case of a disciplinary procedure.

Facilities for representation

Representation, e.g., by a shop steward, can be of help to the individual employee who lacks the confidence or experience to take on the management single-handedly. However, there is also the risk that the presence of the representative produces a defensive management attitude, affected by a number of other issues on which the manager and shop steward may be at loggerheads.

Procedural steps

Steps should be limited to three. There is no value in having more just because there are more levels in the management hierarchy. This will only lengthen the time taken to deal with matters and will soon bring the procedure into disrepute.

Promptness

Promptness is needed to avoid the bitterness and frustration that can come from delay. When an employee 'goes into procedure,' it is like pulling the communication cord in the train. The action is not taken lightly and it is in anticipation of a swift resolution. Furthermore, the manager whose decision is being questioned will have a difficult time until the matter is settled.

Jackson (p.30) states that good practice dictates that procedures should be:

- set down in writing;
- aimed at settling matters as closely as possible to the point of origin;
- equitable in the way in which all workers are treated;
- simple to understand;
- rapid in their operation to ensure that grievances are processed in a timely manner.

Further, they should ensure that, if a grievance is not settled at the informal or first formal stage, workers have the right to have their grievances heard at further levels, i.e., the right of appeal should be built into each stage. Furthermore, it is also important for the procedure to have credibility. All parties need to be satisfied that it is both fair in

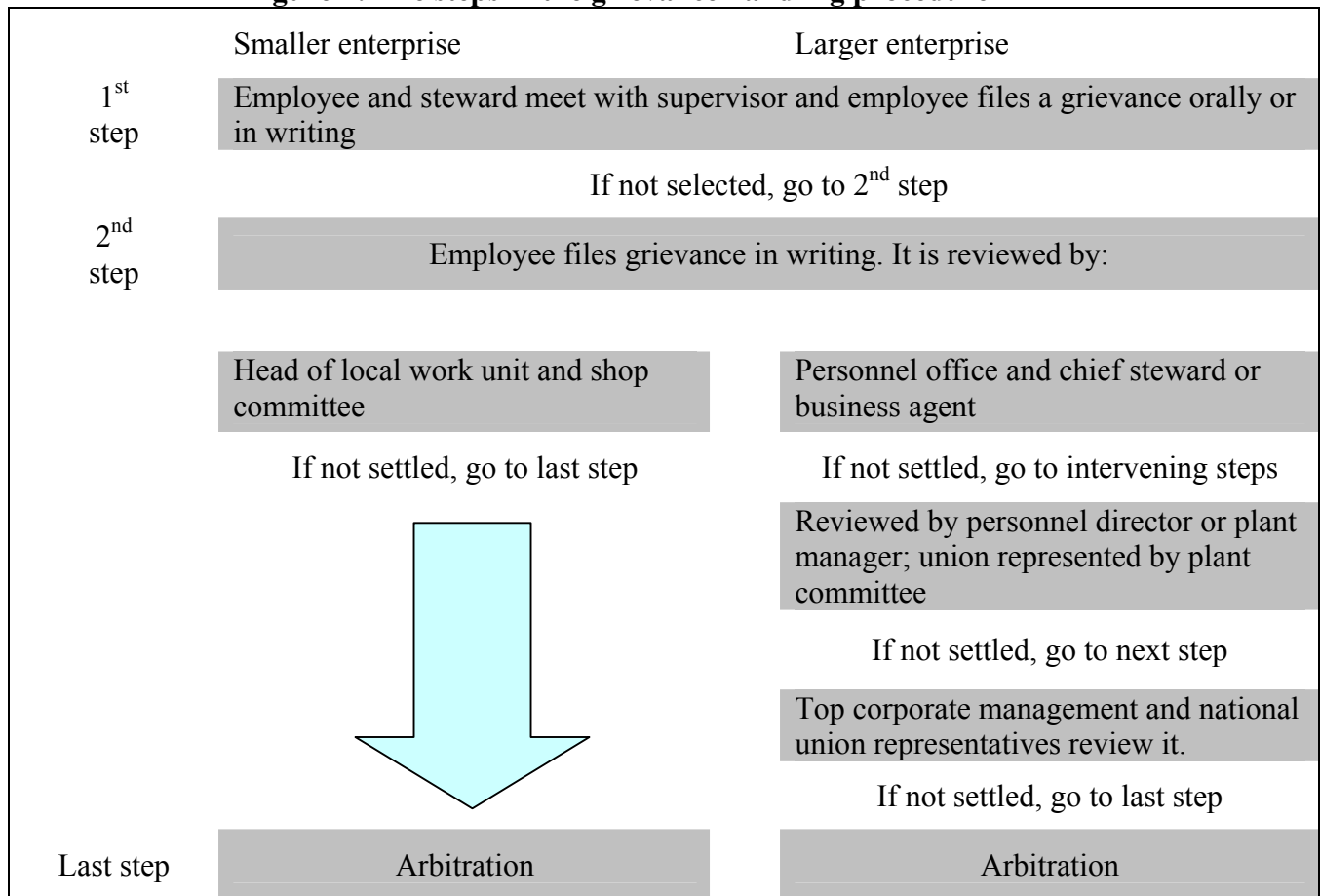
conception and application. It certainly should not be seen as a device for simply going through the motions. Neither should managers fear that it provides a stick to a disgruntled employee to beat them with. If a grievance is raised, then it is crucial that all parties have a desire to ensure that there is a fair hearing of the complaint and that, ultimately, justice is done. {Jackson (p 4)}.

4.3.3 The Steps in the Grievance Handling Procedure

The method by which formal grievances are processed varies with the labour contract. Glueck (p.681) refers to 3 steps that apply to many, if not smaller enterprises.

1. Initiation of formal grievance
2. Department head or unit manager
3. Arbitration

Figure 1: The steps in the grievance handling procedure



(Source: Glueck, p. 682)

1. **Initiation of formal grievance:** This step refers to the filing of the grievance. An aggrieved employee can file his grievance with the supervisor in the first instance, preferably in writing or at least initially orally, formulated if he wishes with the

- help and support of his union steward. Most grievances are usually settled at this level between the steward, the employee and the supervisor.
2. At this stage, the supervisor should make sure that the grievance is attended to and the problem solved, as soon as possible, without trying to assess the blame or find excuses. Joint attempt by him along with the union steward and the employee would be the most useful way of solving at this stage. Several organisations train their supervisory level staff to handle and solve grievances at this level by using effective counselling techniques.
 3. Department Head or Unit Manager: If the grievance cannot be solved at the level of the supervisor, it goes to the other level in the hierarchy. At this point, the grievance must be presented in writing and both sides must document their cases. What this level consists of depends on the size of the organisation. Most grievances that go beyond the first stage are settled at this step.
 4. **Arbitration:** If the grievance cannot be solved at this intervening step or steps, an independent arbitrator may be called in to settle the issue. In larger organisations, one or possibly two steps can be inserted between the 2nd and 3rd step, as shown in the diagram. Depending on the way the contract is written, the parties may use a permanent umpire or appoint an ad hoc arbitrator. Most agreements using a permanent umpire are with larger organisations having mature bargaining relationships. The arbitrator is generally experienced in labour management relations and often it is a labour lawyer, university professor of industrial relations or a former labour or management official now arbitrating full time. Arbitration provides a method for settling contractual disputes without having to resort to work stoppages.

Glueck (p.682) states that most studies of grievances show that more than 75% are settled at the first step and another 20% at the next level. The rest, primarily in larger enterprises, are taken care of in the intervening steps. Relatively few studies have been done on grievances.

4.3.4 Some Guidelines: Do's and Don'ts

Dessler (2001, 576) presents a set of guidelines to the managers in handling grievances. He says, 'As a manager, your behaviour in handling grievances is crucial. You are on the firing line and must, therefore, steer a course between treating employees fairly and maintaining management's rights and prerogatives.' He quotes Walter Baer (1970) who has developed a list of do's and don'ts as useful guides in handling grievances. Some of the most critical ones are presented below.

Do

- ✓ Investigate and handle each and every case as though it may eventually result in an arbitration hearing.
- ✓ Talk with the employee about his or her grievance; give the person a good and full hearing.
- ✓ Require the union to identify specific contractual provisions allegedly violated.
- ✓ Comply with the contractual time limits of the company for handling the grievance.
- ✓ Visit the work area of the grievance.
- ✓ Determine whether there were any witnesses.
- ✓ Examine the grievant's personnel record.
- ✓ Fully examine prior grievance records.
- ✓ Treat the union representative as your equal.
- ✓ Hold your grievance discussions privately.
- ✓ Fully inform your own supervisor of grievance matters.

Don't

- ✗ Discuss the case with the union steward alone – the grievant should definitely be there.
- ✗ Make arrangements with individual employees that are inconsistent with the labour agreement.
- ✗ Hold back the remedy if the company is wrong.
- ✗ Admit to the binding effect of a past practice.
- ✗ Relinquish to the union your rights as a manager.
- ✗ Settle grievances on the basis of what is 'fair.' Instead stick to the labour agreement, which should be your only standard.
- ✗ Bargain over items not covered by the contract.
- ✗ Treat as subject to arbitration claims demanding the discipline or discharge of managers.
- ✗ Give long written grievance answers.

- ✘ Trade a grievance settlement for a grievance withdrawal (or try to make up for a bad decision in one grievance by bending over backward in another).
- ✘ Deny grievances on the premise that your ‘hands have been tied by management.’
- ✘ Agree to informal amendments in the contract.

4.4 Redressing of Grievances (ROG)

Nair & Nair (p. 259) state that in the Indian context, certain guidelines were evolved in formulating grievance handling procedures in different types of organisations - small, big, unionised, non-unionised.

According to Nair & Nair, grievance handling procedures can be broadly classified as 3-step, 4-step or 5-step. The details are tabulated in Table 1. One of the prominent features of the procedure suggested by Nair & Nair is the intervention of *Grievance Committees* in the 5-step procedure, which works in the Indian context. This committee consists of:

1. in unionised context, two nominees each from the management and the union (1 union representative should be from the same department as the aggrieved employee);
2. in a non unionised set up, two representatives from the management, representative in the ‘ Works Committee’ who belong to the same department as that of the aggrieved employee and secretary/vice president of the ‘Works Committee.’

Table 1: Comparison of ROG Procedure

Steps	3-Steps Procedure	4-Steps Procedure	5-Steps Procedure
Step No. 1	Worker with shop Rep. of union vs. Shop Supervisor	Worker with shop Rep. of union vs. Shop Supervisor	Worker with shop Rep. Of union Vs. Shop Supervisor
Step No. 2	Union Rep. of Plant vs. G.M. or Owner	Work Committee vs. Manager	Union Rep. Of Plant vs. Manager – I.R.
Step No. 3	Arbitration by Independent Authority	Local Union Leaders vs. Chief Executive	Grievances Committee vs. Director (P & A)
Step No. 4		Arbitration	Regional Rep. Union vs. Chief Executive
Step No. 5			Arbitration

(Source: Nair & Nair, 260)

4.5 Grievance in the Public Sector

Glueck (1978,683) refers to the US context and opines that the first two steps are similar to what happens in the private sector, as earlier referred; then conciliation and mediation are tried. If no solution is tried, the grievance goes to the Federal Service Impasses Panel and finally to arbitration. In the public sector in different countries, the first two steps remain the same, but there are intervening steps between the 2nd and the 3rd step.

4.6 Grievance in the Non-unionised Enterprise

Employee relations procedures in non-unionised organisations are developed to ensure opportunities for due process for employees who believe that management has acted unfairly. Employers frequently establish procedures that allow employees access to superiors. In many instances, however, the ultimate authority in deciding the merit of the complaint is a high level management official. This procedure will have little credibility if management excessively controls it.

Several methods to reduce the possibility of employee cynicism about management's commitment to neutral grievance handling procedures have been devised in non-unionised organisations.

Heneman et al (p.637) gives an example of IBM, which has operated a system that allows employees direct anonymous access to high level management on complaints. It is also reported that when complaints are received, investigations are carried out, remedial action is taken and communicated to the aggrieved employee. Follow up is also said to be monitored by high level management.

Beach (p.548) refers to various approaches that have been or can be instituted in non-unionised organisations.

1. **Open door policy** - any aggrieved employee has a right to go to the office of the CEO and discuss his complaint or grievance.
2. **The Inspector General Method** - a high level official is appointed to visit each unit at least once a year or more often as necessary to investigate and remedy injustices.
3. **Ombudsman** - an independent and a neutral officer who directly reports to the President or the CEO. Xerox experiences indicate that only someone outside the corporate chain of command could ensure fair treatment for employees.
4. **Multi step procedure** - under this procedure, the last avenue of appeal is generally the CEO.
5. **Grievance committee** - this is a committee consisting of management and non-management members to hear employee grievances on appeal from lower levels. Nair also referred to such committees in the Indian context.

For a grievance system to work successfully in a non-unionised set up, the employees should be assured that there will be no retaliation against them for submitting and pushing their case up. Employees naturally tend to have deep-seated fear of retaliation by the superiors or other members of the management, because of the imbalance of power between the management and the worker. This is one prime reason why the grievance handling procedure is seldom used. This may in turn give a false sense of confidence to the top management that the employees are happy and contented.

4.7 Reducing Grievances and Improving the Process

It is impossible to remove grievances altogether from organisations. However, in view of the adverse effects grievances have on organisational effectiveness, measures should be taken to reduce them by adopting various approaches. Glueck (p.683) refers to the following in this regard.

1. Reduce the causes of grievances such as bad working conditions or adopt a less employer-oriented supervisory style.
2. Educate managers on contract provisions and effective human relations oriented grievance processing.
3. Quickly and efficiently process all grievances
4. Encourage supervisors to consult personnel and other supervisors before processing grievances to get the best advice and improve effectiveness in the grievance process.

Activity

How do (a) public sector institutions, (b) private sector institutions and (c) non-profit organisations in your country attempt to reduce grievances? What is the efficacy of each such procedure?

5 Summary

Grievances are inevitable in organisations. If the culture of an organisation does not permit the employees to raise their concerns, they become more and more discontented, and may ultimately decide to leave the organisation. Discontentment per se does not mean that a grievance occurs; rather, firstly, this takes the form of a mere *dissatisfaction*, which in turn gives rise to a *complaint*. A grievance is a formal and relatively drastic step compared to both dissatisfaction and a complaint. Studies have proved that lack of a system to enable the employees to air their grievances has had several adverse effects on organisational effectiveness, including low productivity, absenteeism and demotivation.

Most unionised organisations have a formal grievance handling procedure. This is a step-wise approach in handling grievances at different levels. This primarily improves upward communication and gives people an outlet to express their discontentment with regard to various aspects of organisational life. In non-unionised enterprises too, there are alternative mechanisms for this purpose, although it has been found that people do not seek to make use of them due to fear that such action may be viewed unfavourably.

Thus, modern organisations have generally realised the gravity of allowing all forms of employee dissatisfaction to go unattended, and measures are therefore being taken to provide a mechanism to identify them systematically, and reduce the possibility of such grievances emerging.

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Commonwealth of Learning Executive MBA/MPA

C3 Human Resource Management

**Block 10
Discipline**

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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The Commonwealth of Learning

1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

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1 Objectives

When you have studied Block 10 of this course, you will be able to:

1. Articulate the concept of discipline in an organisational setting and show why disciplinary systems are necessary in organisations.
2. Describe the employee behaviour types that are most likely to have interactions with disciplinary systems.
3. Compare and contrast varied disciplinary philosophies and varied methods and systems that make the disciplinary process effective in organisations.

2 The Concept and Meaning of Discipline

2.1 Introduction

Discipline is the regulation of human activity to produce a controlled performance. The real purpose of discipline is quite simple: It is to encourage employees to meet established standards of job performance and to behave sensibly and safely at work. Discipline is essential to all organised group action.

2.2 Definition

Webster's Dictionary gives three basic meanings to the word discipline, the first being that of *training* that corrects, moulds, strengthens, or perfects. The second meaning is *control* gained by enforcing obedience and the third, punishment or chastisement. By combining the first and second definitions you can say that discipline involves the conditioning or moulding of behaviour by applying rewards or penalties. The third meaning is narrower in that it pertains only to the act of punishing wrongdoers.

Besides these broad definitions, there are others referring to organisational life in particular, for example:

Discipline is a procedure that corrects or punishes a subordinate because a rule or procedure has been violated.

-Dessler, 2001

Discipline should be viewed as a condition within an organisation whereby employees know what is expected of them in terms of the organisation's rules, standards and policies and what the consequences are of infractions.

-Rue & Byars, 1996

From the above definitions, you can find the following elements:

- The objective is orderly behaviour
- Orderly behaviour is a group desire

- Orderly behaviour assists the attainment of organisational goals
- When members behave appropriately as per rules, there is no need for disciplinary action. This is self discipline
- When some members violate the rules and regulations, punitive actions are needed to correct them
- Punishment serves two purposes: first, to directly punish an individual for an offence and secondly, to set an example for others not to violate the rules and regulations.

Those employees who observe the rules and standards are rewarded by praise, by security and often by advancement. Those who cannot stay in line or measure up to performance standards are penalised in such a way that they can clearly learn what acceptable performance and behaviour are. Most employees recognise this system as a legitimate way to preserve order and safety and to keep everyone working towards the same organisational goals and standards. For most employees, self discipline is the best discipline. As often as not, the need to impose penalties is a fault of the management as well as of the individual worker. For that reason alone, a supervisor should resort to disciplinary action only after all else fails. Discipline should never be used as a show of authority or power on the supervisor's part.

A formal discipline procedure usually begins with an oral warning and progresses through a series of activities that are to be examined later in this course. As Rue and Byars point out (1996, 424), preventive discipline from progressing beyond the oral warning stage is obviously advantageous to both the employee and management. Discipline should be aimed at correction rather than punishment.

Activity

With reference to your workplace, examine the disciplinary practices in terms of the suggestions made above.

2.3 Purpose and Objectives of Disciplinary Action

The purpose of discipline according to Dessler (2001) is to encourage employees to behave sensibly at work, where being sensible is defined as adhering to rules and regulations. In an organisation, rules and regulations serve about the same purpose that laws do in society; discipline is called for when one of these rules or regulations is violated (Bittel & Newstrom, 1990). Following are some of the purposes and objectives of disciplinary action.

- To enforce rules and regulations
- To punish the offender
- To serve as an example to others to strictly follow rules
- To ensure the smooth running of the organisation.
- To increase working efficiency
- To maintain industrial peace

- To improve working relations and tolerance
- To develop a working culture which improves performance

Dessler (2001) opines that a fair and just discipline process is based on three foundations: *rules and regulations, a system of progressive penalties and an appeals process.*

Let us probe this a bit more. Dessler (2001) states that a set of clear *rules and regulations* is the first foundation. These rules address things like theft, destruction of company property, drinking on the job and insubordination. The purpose of these rules is to inform employees ahead of time as to what is and is not acceptable behaviour. This is usually done during the employee's orientation.

A system of progressive penalties is the second foundation of effective disciplining (Dessler, 2001). Penalties, according to Dessler, may range from oral warning to written warnings to suspension from the job to discharge. The severity of the penalty is usually a function of the type of offence and the number of times the offence has been committed.

Dessler (2001) opines that finally, there should be an *appeals process* as part of the disciplinary process; this helps to ensure that discipline is meted out fairly and equitably.

2.4 Grievance versus Discipline

In block 9's discussion of grievances, you have read that, when an employee is dissatisfied with management, he will initiate what is called a 'Grievance Handling Procedure' for redress. Similarly when the management is dissatisfied with an employee, 'disciplinary action' is initiated to correct the situation. Thus you see that discipline and grievances are two sides of the same coin. Whether a management or workforce member is dissatisfied, either situation requires the cooperation of union and management for its solution. The HR Department plays the leading role in both these cases because either one profoundly influences motivation, morale, industrial peace and productivity in the organisation.

3 A Diagnostic Approach to Discipline

Glueck (1978, p.701) states, 'the kind of discipline system used is normally related to the enterprise. It will be more formal in larger enterprises, especially those that are unionised. It is quite informal in smaller enterprises. How strict discipline is, depends in part on the nature of the prevailing labour market. In times of high employment, for example, it can be quite strict. It is also related to the supportiveness of the work group (if the work group 'covers' for the employee and feels the issue is unimportant, management's ability to discipline will be limited) and to the nature of the leader or supervisor. The government and the legal system may provide support for employer or employee, being neutral systems that act on the basis of evidence related to the specific cases.

According to Glueck the diagnostic approach to discipline starts when the effective operating or personnel manager will try to diagnose factors (as mentioned in the above

paragraph) in a disciplinary situation. For example, the supervisor may try to diagnose the difficult employee's motivation with a view towards improving performance. This is not always easy to do, and if the manager does not know the employee well (because there are many employees) or faces other conditions that work against her or him, it may be virtually impossible. Discipline is one of the most challenging areas in the personnel function, and the diagnostic approach rather than 'give her a fair trial before you hang her' approach is especially helpful in dealing with the difficult employee. That is, it is good management to first undertake a diagnosis of the difficulty within the workplace before referring the case to a tribunal of any kind.

3.1 Categories of Difficult Employees

Literature (Glueck, 1978; Ivancevich, 1998) refers to four categories of employees whose behaviour can be described as difficult.

Category 1: Those whose quality or quantity of work is unsatisfactory, as a result of to lack of abilities, training or job motivation (i.e., the ineffective employee).

Category 2: Those whose personal problems off the job begin to affect their productivity on the job. These problems can include alcoholism, drugs or family relationships. (Examples are the alcoholic and the drug addict or the substance abusing employee).

Category 3: Those who violate laws while on the job by such behaviour as stealing from the organisation or its employees or physical abuse of employees or property. (i.e., participants in theft, crime, and other illegal acts)

Category 4: Those who consistently break company rules and do not respond to supervisory reactions. (These are not involved in criminal or illegal acts but are violators of organisational rules and are called rule violators).

Glueck has offered some illustrations of the four categories that provide a departure point for looking at various other commentaries on these types.

3.1.1 Category 1: The Ineffective Employee

Illustration: Al is the salesman who had the largest sales increases of any of the sales force just after he was hired. Later, his sales dropped off. When his supervisor checked, Al was found to be making just enough sales calls to reach his quota.

How does an organisation handle a person like Al?

Employees like Al may be performing ineffectively because of factors that are directly related to the work situation and are theoretically the easiest to work with and to adjust. Ivancevich (1998, 523) suggests that in coping with ineffective, poorly performing employees, managers need to ask three questions to analyse the problem:

1. What is the performance discrepancy?
 - Why do I think there is a training problem?
 - What is the difference between what is being done and what is supposed to be done?
 - What is the event that causes me to say that things aren't right?

- Why am I dissatisfied?
2. Is it important?
 - Why is the discrepancy important?
 - What would happen if I left the discrepancy alone?
 - Could doing something to resolve the discrepancy have any worthwhile result?
 3. Is it a deficiency in skills?
 - Could the employee do it if he or she really had to, or if it were a matter of life and death?
 - Are the employee's present skills adequate for the desired performance?

Ivancevich (1998) proposes that if there is a deficiency in skills, it must be corrected. However, if the problem does not have to do with skills, then the employee may need help which a supervisor can provide by removing obstacles, creating a more positive motivational climate, or bringing about some type of job change. To summarise: ineffective performance may be the result of various factors: skills, the job, or the motivational climate.

Activity

Can you think of situations in your own experience where this diagnosis would have been helpful? How was it actually handled that was different from this approach? Would this approach have made a difference?

3.1.2 Category 2: Alcoholic and Addicted Employee

Illustration: Susan is often a good worker. Then, there are days when all the forms she types at the state employment bureau have serious errors on them. You learn that these are days on which Susan has been drinking alcohol or taking drugs.

Alcoholic consumption, which affects an employee's job performance, is an international problem. Glueck (p. 707) refers to US statistics that point out that about 10% of their labour forces are alcoholics and another 10% are borderline alcoholics. Further, the direct cost to industry alone is estimated at USD 8 billion a year in lost productivity and allied expenses.

Enterprises have therefore taken this problem very seriously, in view of the adverse effects it has on organisational effectiveness. Many unions are now cooperating with management in various programmes designed to deal with alcoholism. In larger enterprises, a special unit, such as the health department, helps alcoholics. In medium or small-sized companies, the personnel department refers the employee to consultants or specialists for treatment.

Employers are also finding more employees addicted to drugs such as cocaine and heroin and are becoming more acutely aware of this problem area. Drug addiction manifests itself in ways similar to alcoholism. Several studies have shown the problem of drugs and its ill effects on organisational effectiveness to be acute in most western

nations. Companies now believe that drug addiction is a principal cause of absenteeism, turnover, accidents, thievery (often to support expensive drug habits) and lower productivity.

In industry, companies can try to rehabilitate alcoholics or drug users. Often, however, the ultimate decision is discipline and/or discharge, although this may lead to arbitration. Glueck expresses the view that a perusal of arbitration and labour court proceedings in this respect reveal that the courts have been demanding full and complete proof of alcoholism or drug use, in view of legal implications and difficulties in finding future jobs. Therefore, employers must prepare their documentation to support their decision to terminate with a rigour that would measure up to the demands of the courts. If company policy is to discipline or discharge employees who are alcoholics or on drugs, company rules and employment controls should be explicit about this prohibition. Further, there must be evidence that these prohibitions were communicated clearly to all employees.

3.1.3 Category 3: Participants in Theft, Crime and Illegal Acts

Illustration: Joyce seems to do good work. She is courteous to customers. She puts the stock up quickly and marks the prices accurately. But Joyce takes more than her paycheque home from the supermarket she works for, every week.

Employers have to deal with cases such as Joyce who engage in various illegal acts: they may steal, misuse company property or facilities, disclose company secrets, or engage in embezzlement. In extreme cases in certain countries, they may even have terrorist affiliations and be prepared to kidnap executives for extortion.

Studies have shown that this problem of employee involvement in criminal activity is acute, too. Enterprises try to deal with employee theft and similar problems in a number of ways. One is try to screen out likely thieves. Other enterprises try to prevent thefts through training and other preventive measures. Many of the preventive steps taken suggest that enterprises can deal with these problems by setting up of a security department. Often, this responsibility is assigned to the personnel department. The protection program typically is called industrial security and includes security education, employment screening, physical security, theft and fraud control, and fire prevention.

3.1.4 Category 4: The Rule Violators

Illustration: Tom is a pretty good employee. But he drives John, his supervisor, up the wall. Tom just can't seem to follow the company rules. When John tries to talk to him about this, Tom gives him a hard time, and may even seem to threaten him if he tries to do anything about the problem.

People like Tom belong to the category of difficult employees who consistently violate company rules. One may get caught sleeping on the job, or having weapons at work, or fighting at work, coming late to work, or abusing the supervisor. An especially difficult issue is verbal and physical abuse of supervisors. In general, it is seen that arbitrators and judges take the position that the decisions of supervisors deserve respect. However, they also frequently reduce disciplinary penalties by taking into account mitigating circumstances like prior excellent work records, how fairly the management has treated the employee prior to and at the time of the incident, and how uniformly and consistently management has disciplined other employees in similar situations.

Enterprises usually conduct a disciplinary inquiry to afford the accused employee an opportunity to put across his or her point of view. If a disciplinary inquiry finds an employee guilty, punishment is meted out, depending on the severity of the case. The most severe cases may result in termination of employment while lesser cases may mean a written reprimand.

3.2 Possible Causes of Difficult Job Behaviour

Glueck (p.702) emphasises the difficulty of determining the causes of any human behaviour pattern, especially undesired behaviour. On the other hand, Miner (1975) has devised a scheme for analysing deficient behaviour that provides a checklist of possible causes. Miner's model provides a useful approach for analysing deficient behaviour; he provides a checklist of possible causes:

- Problems of intelligence and job knowledge
- Emotional problems
- Motivational problems
- Physical problems
- Family related problems
- Problems caused in the work group
- Problems originating in the company policies and higher level decisions
- Problems stemming from society and values
- Problems growing out of the work context and the work itself

Many of these causes can influence deficient behaviour, which can be evident in the behaviour of the employee alone, the behaviour of the employer alone, or in the interaction of the employer and employee. Take for example Al's behaviour (category 1 above). It is directly related to the work situation and could be caused by emotional, motivational, or organisational problems. In the case of Susan, if she is drinking because of family problems, then the primary cause of her behaviour is outside the control of the employer.

4 Disciplinary Process

Disciplinary actions are increasingly subject to legal scrutiny for implications of prejudice or discrimination. For such action to measure up to the test of just cause, two criteria must be met:

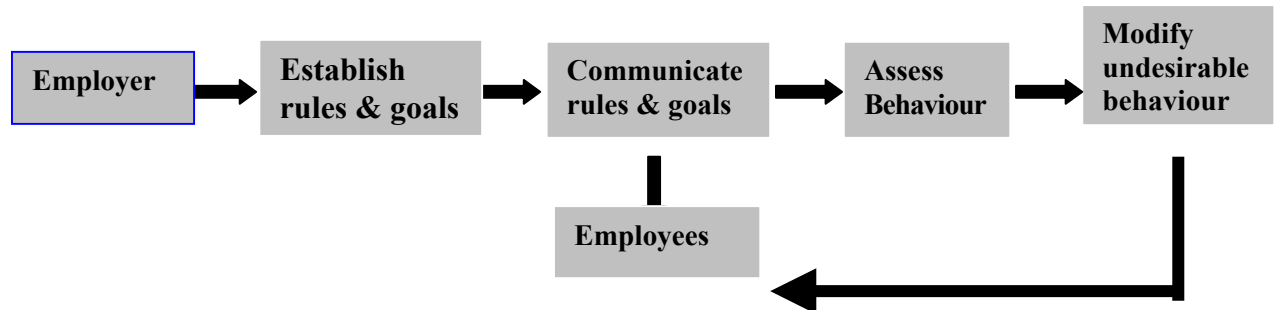
- Prior notification of what constitutes unacceptable behaviour.
- Prior notification of what the penalties for this behaviour will be.

Accordingly, take care to be sure that there has been a clear cut breach of a known rule or standard and that there was adequate warning about the employee's behaviour. Make sure you have positive evidence, preferably supported by written evidence, and that you are acting without prejudice. Any penalty must be in line with the infraction and its severity. Always, employees are entitled to, and should expect, due process. It is therefore essential that meticulous care be taken to follow a systematic procedure.

4.1 Elements in a Disciplinary System

The elements of a disciplinary process can easily be grasped from a simple illustration such as Figure 1.

Figure 1: Elements in a Disciplinary Process



(Source: Glueck, 1978, 715)

It is clear from the figure that the process starts by the employer initially establishing the rules and goals and then communicating them to employees. Employee behaviour is then assessed, and efforts are directed at modifying behaviour if found undesirable. This process is an attempt to prevent difficulties and is positive. It is designed to help employees succeed.

Glueck (1978, 714-716) expands on the elements of his model as follows:

Establishment of work and behaviour rules

Through whatever method is used, a set of minimally acceptable work goals is established. Behaviour rules cover many facets of on-the-job behaviour. They can be categorised as concerning behaviour that is directly or indirectly related to work productivity. Some examples are:

Rules directly related to productivity

1. Time rules
2. Prohibited behaviour rules
3. Insubordination rules
4. Rules emphasizing laws
5. Safety rules

Rules indirectly related to productivity

1. Prevention of moonlighting
2. Prohibition of gambling
3. Prohibition of selling or soliciting at work
4. Clothing and uniform regulations
5. Rules about fraternization with other employees at work or off the job.

Communication of the rules to all employees

This is an important aspect of a disciplinary process. Employees must be convinced that the rules are fair and related to job effectiveness. Further, there needs to be a willingness to accept the rules and their enforceability. This can be promoted if the communication process is both clear and effective. Furthermore, if the employees or their representatives are also encouraged to participate in the formulation and revision of the rules, their cooperation with regard to both compliance and enforcement will most likely be assured.

Assessment mechanism

The third element of the disciplinary process is an assessment mechanism. In most organisations, performance evaluation is the mechanism for assessing work behaviour deficiency. Rule-breaking behaviour usually comes to the attention of management when it is observed or when difficulties arise and investigation reveals certain behaviour as the cause.

Modifying undesirable behaviour

This element consists of a system of administering punishment or attempting to motivate change. This ranges from supervisory administration of discipline to formal systems like courts or grievance handling procedures.

4.2 Philosophies of or Approaches to Discipline

Properly administered, discipline corrects as well as punishes and it helps to develop self control among employees. For most employees most of the time, the enterprise establishing and communicating clear rules and goals are enough to induce employees to be productive. However, as noted earlier, there are deviant employees as well, like the category 1, 2, 3, and 4 employees discussed previously.

How can the enterprise deal with such deviant employees? Different authors emphasise various approaches.

4.2.1 Positive vs. Negative Approach

Beach (p. 522) distinguishes between negative and positive approaches. He states that those in charge may rule with an iron hand, punish rule violators severely and in general force the members to obey and conform. This mode of leadership has been variously called negative discipline, punitive discipline, autocratic discipline or rule through fear. The other approach is to develop in people a willingness to obey and abide by the rules and regulations. They do so because they want to, not because they are afraid of the consequences of disobedience. This form of discipline is called positive or constructive discipline.

Glueck (p. 716) quotes Lawrence Steinmetz, who suggested four ways to handle the marginal or unsatisfactory performer. In order of precedence, these are

4.2.2 The Preventive Approach

This emphasises prior analysis of employees, their work situations and probable relationships with supervisors to make sure that the match between job and employee is

right. This is specifically done through strict screening at the recruitment and selection level.

4.2.3 The Therapeutic Technique

When the preventive approach does not apply, counselling employees to let them know they are ineffective and to suggest how they might improve is in order. Many employees respond to this approach.

4.2.4 The Self Improvement Programme

A variation of the therapeutic technique is for the supervisor to first document the employees' ineffectiveness and then encourage them to design a self-improvement program. This puts the emphasis where it belongs: on the employees, improving their performance with the supervisor's counsel and help.

4.2.5 The Punitive Approach

When none of these methods works, corrective discipline is the last resort. These methods vary from warnings and oral reprimands to discharge or termination. Another author, George Odiorne, as quoted by Glueck (p. 716), contrasts the punitive approach, which he calls 'discipline by tradition,' to 'discipline by objectives.' The traditional discipline process is to list the crimes, attach punishments to each, promulgate the list, and apply punishment to each act. According to Odiorne, discipline by tradition (punitive, punishment-oriented behaviour) has certain characteristics: Discipline is what superiors apply to subordinates, never the reverse. The past is the arbiter of present and future actions. Discipline is punishment for forbidden actions, and punishment should be directly proportional to the severity of the offence.

Odiorne contrasts this philosophy with discipline by objectives – a more modern approach, he feels. He proposes these characteristics of an effective disciplinary program: Discipline at work is for the most part voluntarily accepted (by the employees), and if not voluntarily accepted is not legitimate. Discipline is not a punishment system but a behaviour modifier. The past provides useful experience in defining and changing behaviour but is not an infallible guide to right and wrong. Contribution to objectives is a reasonable guide as to when to depart from rules and regulations. By this, Odiorne means at times all may need to break an unimportant rule to achieve organisational objectives. Rules and regulations should be reviewed periodically against organizational objectives to see if they are still productive. Individual discipline by objectives makes each individual responsible for his or her own output, and the individual differences are explainable in individual results.

Activity

Based on your workplace experience, which approach to discipline is more common?

4.3 Disciplinary Methods

As much as approaches are important, specific methodologies too are vital for the well being of the organisation. One of the key features of a good disciplinary system is the *hot-stove rule*, which is described in detail later in this block. It emphasises that

discipline should be directed against the act rather than the person. Other key features of the hot-stove rule are immediacy, advance warning, consistency and impersonality.

4.3.1 Guidelines in Administering Discipline

Nair (p. 250) refers to 4 principles that serve as guidelines in administering discipline:

Corrective and not punitive: the primary objective of disciplinary action is to correct the behaviour. Disciplinary proceedings and punishment must be seen as the ‘means to an end’ and not the ‘end’ itself. In other words, it must not be thought of as a punitive action. Only when corrective interventions prove ineffective should punitive measures be considered.

Progressive actions and punishments: When punitive measures are required, first offences are dealt relatively minor punishments, to be followed by increasingly severe penalties should offences be repeated. A first offence, for instance, may receive simply an oral warning. Repeat offences will lead to increasingly harsh penalties and may even lead to a discharge or termination. The order suggested by Bittel (p. 367) is:

- Warning and oral reprimand
- First written reprimand
- Second written reprimand
- Suspension
- Discharge

Natural justice: principles of natural justice must be applied. Any disciplinary scheme must adhere to the concept of natural justice. This means that:

- Individuals must know the standards of performance they are expected to achieve and the rules to which they are expected to conform.
- They should be given a clear indication of where they are at fault or what rules they have broken.
- They should be given a chance to explain or explain themselves.
- No man should be a judge over his/her own case.
- Proceedings should not only **be** fair but also **appear** to be fair to all concerned.

‘Hot Stove Rules’: As explained earlier in this section, the application of discipline should be analogous to the burn received when touching a hot stove. The following are the ‘hot stove rules’ in disciplinary action. In other words, characteristics should be like the experience of being around a hot stove:

Immediacy: Immediate response upon infraction (touching the stove burns immediately; disciplinary policies should be administered quickly.)

Advance warning: Adequate warning (one knows the stove is there; as much as the stove gives a warning, so should discipline).

Consistency. Consistent response (the stove burns everyone who touches it; discipline should be consistent.)

Impersonality. Equality before the law (the stove burns all in the same manner regardless of who they are; discipline must be impartial. People are disciplined for what they have done and not because of who they are.)

4.3.2 Techniques

So how do managers put these guidelines into action? Glueck (p. 718) refers to a series of sanctions to improve future performance or behaviour. They vary from the brief fatherly or motherly chat to locking up the violator, as the military does on occasion. Suggestions and techniques suggested are

Counselling

This is the most frequent method of disciplinary action. The supervisor determines if in fact a violation took place, explains to the employee why the violation significantly affects productivity and harmony in the workplace and suggests that it should not happen again. For most violations, this is all that is required. Glueck suggests that counselling will probably be more effective if the supervisor applies what he calls the behaviour modelling –interaction management technique. This technique begins by identifying 19 interpersonal problems that managers face, such as gaining acceptance as a new supervisor, handling discrimination complaints, delegating responsibility, improving attendance, effecting discipline, overcoming resistance to change, setting performance goals, motivating above average performance, handling emotional situations, reducing tardiness, and taking corrective actions. He describes four steps in the process:

1. Modelling effective behaviour, often by use of films
2. Role playing (discussed in detail in block 7)
3. Social reinforcement – trainees and trainers praise effective role plays
4. Transfer of training to the job.

A repetition of the infraction may be dealt with by more counselling but be accompanied by a notation in the employee's file that this step has been taken. If the violation was sufficiently serious, the employee may also be given an oral or written warning of the consequences of a future recurrence.

4.3.3 Disciplinary Layoff

If the aforesaid measures do not help, the next step is normally a '**Disciplinary Layoff,**' usually for a short period such as a few days up to a week. If damage results from the deviant behaviour, deductions may be made from the employee's pay over a period of time to pay for the damage, provided the laws in force allow such deductions.

4.3.4 De-hiring

The next level of punishment is what is called '**De-hiring.**' This is getting the employee to quit. It has many advantages over termination for both employer and employee. Both save face. The employee can find another job and then quit, telling the peer group how much better the new job is. The employer benefits from being rid of an ineffective employee without having to fire him or her.

4.3.5 Discharge

The ultimate punishment is discharge. To some inexperienced managers, discharge is the solution to any problem with a difficult employee. But discharge requires that a case be made in support of it, both from the perspective of fairness and due process. Often, discharge is not possible, because of seniority rules, union rules, or too few replacements in the labour market or a number of other reasons. In Europe, laws and union regulations are such that terminations are almost prohibited. Discharge has many costs, both direct and indirect. Directly, a discharge leads to loss of all personnel investments already made in recruiting, selection, evaluation and training. Many organisations also provide severance pay. In addition to such direct costs, there are indirect costs, such as the effect on other employees. For example, often the facts leading to the discharge are not clear or require confidentiality, leading other employees to feel the employer acted arbitrarily.

Thus, discharge is the last alternative to be tried, when all else fails, or only in very serious cases, such as the discovery of fraud or massive theft. The following guidelines were synthesised from a long list Steinmetz provided in one of his studies, cited by Glueck (1978, 720):

- A discharge should always take place only after the facts have been verified and with the advice and counsel of other supervisors and managers involved.
- Discharge should be shortly after the crisis or last straw action has taken place. Dismissals should not be made when the supervisor is emotionally charged or angry.
- Discharge should be made at the end of a day or week when other employees are gone, to avoid embarrassment to both supervisor and the employee.
- The employee should be told straightforwardly about the discharge and discharge date, and the severance arrangements (such as pay) should be stated.
- Reasons to support the decision should be prepared, but the supervisor should not get into an argument, much less a physical encounter, with the employee.
- A memo for the employee's personnel file of what took place at the termination conference should be prepared.
- In a lot of North American practice today, the employer takes steps such as ensuring all properties of the company are secure and accounted for, and then escorting the discharged individual from the premises.

4.4 Administration of Discipline

In unionised organisations, the employee has a formalised procedure that provides adequate protection. In non-unionised situations, the hierarchical system is the most prevalent. In other words, when an employer hires employees to work for an indefinite period of time and the employees do not have a contract limiting the circumstances under which they can be discharged, the employer can terminate the employees at any time for any reason or for no reason at all. These are employees at will. Have a closer look at these two situations.

4.4.1 Formalised Disciplinary Procedures

In unionised enterprises, formalised disciplinary procedures are in place, as a result of bipartite agreements or tripartite agreements such as collective agreements.

Disciplinary action is a quasi-judicial process. The procedure followed is greatly influenced by the socio legal systems prevailing in each country. They therefore differ from country to country, industry to industry, company to company.

In unionised organisations, collective agreements generally require the following in the administration of discipline:

- Preliminary investigation
- Framing of charges
- Issue of charge sheet and intimation
- Consideration of explanation
- Issue of show cause notice
- Notice of holding of inquiry
- Inquiry proceedings
- Award punishment
- Follow up

Nair (p. 255) states that in India, after thorough discussions, the Indian Labour Conference formulated a 'code of discipline' for Indian industries with the objective of maintaining discipline in public- and private-sector industries. Clauses in this code are classified under the following headings:

1. Mutual agreement between management and union
2. Agreement on the part of management
3. Agreement on the part of trade unions

In many jurisdictions, many leading companies have adopted their own codes of discipline to ensure that they are committed to the principles of natural justice.

4.4.2 Informal Disciplinary Procedures

Hierarchical Disciplinary Systems

In non-unionised situations, informal discipline systems are the most prevalent. Discipline is administered to most non-unionised employees by the supervisor, who also evaluates the employee. When the employee is found to be ineffective, the supervisor decides what needs to be done. In this hierarchical system, the conditions allow a supervisor who might be arbitrary, wrong, or ineffective himself to be police, judge and jury over the employee. In such a situation, the penalty for an infraction of work rules may be the employee's job and salary. What can the employee do if his supervisor unfairly treats him? She or he could, of course, appeal to the supervisor's supervisor. But, this is often of no help at all as the whole value system of the hierarchy is based on supervisors supporting each other to build a good management team.

For the hierarchical disciplinary system to work, it should be considered fair by employees. Employees will support discipline only if they feel that the disciplined employee was treated fairly and consistently compared to other past offenders and that mitigating circumstances were considered before disciplinary procedures were taken. Unfortunately, this is more easily said than done. Studies quoted by Glueck show that punishments meted out for similar infractions vary widely from company to company and even within a company. Furthermore, prejudices were found to be compounding factors in supervisors' responses. This can lead to a feeling of helplessness and lack of due process on the part of employees and can become a powerful force leading to the unionisation of enterprises.

4.4.3 Other Disciplinary Systems

Although the hierarchical discipline system is by far the most common in industry, employing organisations in other sectors used different models more often. The alternatives to the hierarchical model are described below.

Peer Disciplinary Systems

The peer disciplinary system relies on independent or related peers to assess deviance and recommend behaviour modification. It has been used in some business organisations and professional organisations. Such systems can be implemented in several ways. A jury of peers to adjudicate is of course the method used in professional discipline situations such as disbarment of a lawyer or removal of a physician's license.

Quasi-judicial Systems

Quasi-judicial systems involve independent outside persons to adjudicate cases. One example is the 'corporate ombudsman,' a person who is independent of the organisation and somewhat familiar with the law who can provide a fact finding mechanism and exercise independent judgment on the rights covered in disputes. The role is similar to that of an arbitrator in unionised situations.

Modified Hierarchical System

Regular appeal channels inside the organisation but including someone other than the supervisor's superior are used in the modified hierarchical discipline systems. One mechanism is to have all disputed dismissals or behaviour modification plans submitted to specified personnel specialists for conciliation and assessment. Another is to have a top management executive or executives far removed from the scene hear the facts and judge whether proper action was taken.

There are mechanisms that are a cross between a modified hierarchical system and a peer system. Examples are '*A formal shop committee*' (a group selected by employees to adjudicate grievances), '*a floating committee*' (a committee made up of members from the personnel department and the hierarchy at least two levels above the incident, and employees selected by each department on a rotating basis), and a '*company grievance committee*' (department members, management members selected by the management, and a management member selected by the grievant).

All these mechanisms must be used in good faith by management. The system could be corrupted if the management influenced the employee members on the boards. It must be noted that there is little or no empirical evidence that providing non hierarchical systems necessarily provides fairer treatment of employees.

5 Recommendations for Model Organisations on Difficult Employees and Discipline

The difficult or ineffective employee is among the most complex of human and personnel problems to assess and deal with. Glueck (1978, 725-726) provides a useful set of guidelines that should be of assistance:

- Most deviant or difficult employees' problems probably have multiple causes. Employers should concentrate on trying to modify the effects and advise rehabilitation and counselling for employees afflicted by problems such as alcoholism and drug addiction.
- Rules are more likely to be obeyed if employees participate in their formulation, regular reformulation and updating.
- The best methods of discipline are those that are relatively positive and less punitive. Only when all else fails should measures like termination be used.
- The larger the organisation, the more likely it is to need to supplement the hierarchical justice system with other methods.

Activity

Describe the key elements in the discipline process adopted by your organisation. Is it different from the model presented here? If so, explain what the differences are.

6 Summary

Discipline is essential to all organised group action. If the membership of any organisation will not abide by some code of rules or laws, then that organisation faces imminent collapse. Anarchy and chaos ensue. In a work organisation, the purpose of discipline is to encourage employees to meet established standards of job performance and to behave sensibly and safely at work. When an employee is dissatisfied with management, he will initiate what is called a 'grievance handling procedure' for redress. Similarly, when the management is dissatisfied with an employee, 'disciplinary action' is initiated to correct the situation.

Glueck puts forward the diagnostic approach to discipline. He refers to four categories of difficult employees: namely, the ineffective employee, the alcoholic and addicted employee, participants in illegal acts, and the rule violators. Organisations need to deal with each of these categories differently. The approach to be taken, and the extent of punishment to be meted out, depend on what category the concerned employee belongs to. It is difficult to determine the causes of any human behaviour pattern, especially to assess the causes of undesired behaviour. The real reason for behaviour on the job that warrants disciplinary action may not be attributable to the work situation alone; there may be personal and personality related issues as well. Therefore, it is necessary to be thorough in seeking the reason the employee acts that way and in seeing what can be done to remove that reason.

Disciplinary actions are increasingly subject to legal scrutiny for implications of prejudice or discrimination. It is therefore essential that meticulous care be taken to follow a systematic procedure. Glueck refers to a five-step disciplinary process. Different authors adopt different approaches to discipline and distinguish between a 'positive approach,' with emphasis on developing in people a willingness to obey and abide by the rules and regulations, and a 'negative approach,' which in general forces the members to obey and conform.

There are various series of sanctions prescribed and adopted in organisations to improve future performance or behaviour. They vary from a counselling approach, disciplinary layoffs, 'de-hiring' and ultimately the discharge or termination. In the administration of discipline, unionised enterprises adopt formalised disciplinary procedures, mostly prescribed in bipartite agreements or in tripartite agreements such as collective agreements. They follow a formalised procedure from a preliminary investigation to the awarding of a punishment. However, in non-unionised enterprises, informal disciplinary systems such as hierarchical disciplinary systems are the most prevalent. In these types of system, the efficacy depends on the good faith displayed by management and the trust of the people with regard to the fairness of the system.

Nair refers to a code of discipline that is prevalent in India. Likewise, other countries adopt different systems to instil discipline in their workforce. In the Sri Lankan context, there are codes and procedures applicable to the private sector as well as the public sector.

Ultimately, discipline is an area in which help is needed from many sources. The supervisor is the primary actor while the personnel department can advise the supervisor and serve as a type of ombudsman. In addition, the work group can help productivity it reinforces the norms of playing by the rules, as can the union. When differences appear, the help of arbitrators could be sought. Top management should determine the philosophy behind the disciplinary process and set up systems that are credible and fair. The ultimate test of an effective disciplinary system is how willingly people accept it and to what extent it can contribute towards developing a regulated and productive workforce.

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Commonwealth of Learning Executive MBA/MPA

C3 Human Resource Management

Block 11

Employee Safety, Health and Welfare

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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The Commonwealth of Learning

1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

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1 Objectives

When you have studied Block 11 of this course, you will be able to:

- Describe the interests served by safety, health and welfare
- State the legal framework within which health protective measures are enforced
- Comment on the key issues in health and safety protection.

2 Historical Background

In the late 19th and early 20th centuries, employers ran their businesses as they saw fit to make a profit. Employee safety and health were not their concern. In fact, in official terms these things were nobody's concern. In the US, injured employees had to litigate to obtain compensation for their injuries. The cost of doing so effectively prevented employees from going to court. Besides, employees were rarely successful since, under common law, if the employee knew of the hazards the job entailed or if the injuries were brought about as a result of the negligence of the employee or a co-worker, the employer was not liable.

From these origins, there has emerged an approach and practice with regard to health, safety and welfare issues. The main antecedents to today's practice are:

- The common law
- Employer paternalism
- Public outcry
- Legislation
- Decided cases
- Major accidents or disasters
- Employer pragmatism.

3 Evolution of the Concept

Although the National Safety Council had been established in 1913 in the US after safety-conscious managers and engineers spearheaded its founding, major disasters led to changes in thinking. By the early 1900s, the state governments in the US had brought in worker compensation laws. These provided compensation to injured employees irrespective of fault on the part of the employer. The compensation was provided from a

fund to which employers were required to contribute. By the 1950s, all states in the US had adopted these compensation laws in some form or the other.

Significantly, the ILO in 1959 made recommendation No: 112, which provided that:

‘Occupational health services should be established in or near a place of employment for the purpose of:

- Protecting the workers against any health hazard arising out of work or conditions in which it is carried on
- Contributing towards workers’ physical and mental adjustment
- Contributing to establishment and maintenance of the highest possible degree of physical and mental well being of the workers’

However, it was soon realised that such compensation or safety standards did not reduce occupational hazards. For example, research on industrial disease had uncovered links between certain toxic materials and a number of diseases prevalent in particular industries. As a result, the need to have disease preventive measures in industry was realised. In the USA, it led to the passage of the Occupational Safety and Health Act of 1970, and in the UK, the Health & Safety at Work Act of 1974.

The purpose of the US Act was ‘to assure so far as possible every working man and woman in the nation, safe and healthful working conditions and to preserve our human resources.’ Its coverage was also extensive. Under this law, each employer had a *general duty* to provide a place of employment *free from recognised hazards*. They also had a *special duty* to comply with all standards of safety and health established under the Act.

The US legislation also established three government agencies: The Occupational Safety and Health Administration (OSHA), the Occupational Safety and Health Review Committee, and the National Institute for Occupational Safety and Health (NIOSH).

Since its establishment, OSHA has issued a large number of detailed standards covering numerous environmental hazards. Most have been useful, but some have been petty. Compliance requires a good deal of paper work.

OSHA has been controversial from the beginning and its effectiveness in improving workplace safety and health has been questioned by the organisations it seeks to regulate. Employers complain of the high costs in complying with regulations. They argue that the regulatory framework ignores business realities. However, organised labour has praised OSHA for identifying and restricting exposure to health hazards that were ‘part of the job’ and for imposing safety protection and participatory rights for workers. Small businesses have praised OSHA for delivering on its regulatory reform promises.

It must also be noted that these legal or other safety requirements seek to prevent unsafe work conditions i.e., physical and work environment conditions. Employee behaviour is no way governed. In short, behavioural factors (that also cause accidents) are not areas to which OSHA has application.

In India and Sri Lanka the principal enactment is the Factories Act/Ordinance that contains many provisions relating to safety and health of workers in industry.

Activity

What are the key laws governing safety, health and welfare in your country? State the main objectives of each such Law, Act or Ordinance.

4 Factors Important to Health & Safety

Environmental, organisational and individual factors affect worker protection. Let's consider these factors:

Nature of the Task

Some jobs are more likely to cause injury than others: the very nature of the job is hazardous. For example, a construction worker on a high-rise building is exposed to more risk than a clerk in an office; or a worker in an asbestos factory is more likely to contract a respiratory disease (asbestosis) as he/she is more exposed to asbestos dust.

Employee Attitudes

Employee attitudes play a significant part in health and safety. If employees are committed to the idea of safety and cooperate with safety initiatives, then safety measures become more effective. Therefore, any safety measure or action on the part of government or employer may prove ineffective if the employees are not committed to the idea of safety.

Government

Government, whether federal, state or provincial, plays a significant part in health & safety (H & S) because it legislates to improve H & S factors. Earlier course material included some of the more important enacted laws.

Trade Unions

Trade unions have been more appreciative of H & S measures than employees they represent. It is easy to see why this is so. The objectives of H & S initiatives and trade unions both improve the quality of working life of employees. They have pressurised employers for better programmes and use their clout to lobby for legislation to improve the H & S of employees.

Management's Goal

Socially responsible managements had active H & S programmes long before they were made mandatory by law. Some others only complied because they were required to and

that too only to meet the minimum requirements of the law. Attitudes of management to H & S will determine the significance of such programmes to an organisation.

Economic Conditions

Lastly, quite apart from the wilful avoidance of H & S measures, some employers face the dilemma of ignorance about the consequences of some dangerous working conditions. Furthermore, even where there is knowledge, prohibitive costs could prevent them from doing what is necessary. For example, uranium workers can expect that 10–11% of their numbers will die of cancer within 10 years. As long as there are no alternative methods and as long as there is a need for uranium, some employees will risk shorter lives in these jobs. Although work is being done to determine the dangers and to prevent or mitigate the consequences of such work, the costs of some of these preventive programmes are so high that it would not be economically viable to adopt them.

5 Nature of Safety and Health Programmes

Some businesses are large and profitable enough to employ specialists in H & S. Smaller businesses employ consultants. The reason for this is that there are many hazards in any working place, with potentially far-reaching consequences, and expert knowledge is required to effectively identify and address them. In the US, for instance, if a firm subjects its employees to defined or recognised risks, it could be fined or shut down by OSHA. If workers are injured or killed, the cost of workers' compensation insurance or similar coverage increases.

Although statistics are available, studies indicate that only about half of all occupational accidents are reported. Accidents and illnesses are not evenly distributed among employers either as some jobs are potentially dangerous, even in white-collar work.

The costs of injuries and illnesses are innumerable to both employee and employer. Pain (both physical and psychological) and suffering affect the employee while there is financial loss to both employee and employer. Employers can also suffer a damaging loss in reputation.

Man-days are lost to an employer; there are losses in productivity and additional costs to be borne. The desire to reduce suffering, the need to contain direct and indirect costs of accidents, deaths and illnesses have moved organisations to create improved safe and healthy conditions at work.

Unions are only too concerned with workers' safety and health. In the US, some unions subsidise interns and medical students to help study occupational health conditions in plants where their members work. In Canada too, the Canadian Labour Congress sponsors regular health and safety conferences to increase awareness of health and safety at work.

5.1 Definitions

Safety Hazards are those aspects of the work environment that have the potential of immediate and sometimes violent harm to an employee; for example, loss of hearing, eyesight, or body parts; cuts, sprains, bruises, broken bones; burns and electric shock.

Health Hazards are those aspects of work environment that slowly and cumulatively (and often irreversibly) lead to deterioration of an employee's health; for example: cancer, poisoning and respiratory diseases. Typical causes include physical and biological hazards, toxic and carcinogenic dusts and chemicals and stressful working conditions.

6 Causes of Work Accidents and Work-Related Illnesses

The causes of occupational accidents may arise from:

- *The task to be done* – for example: poorly designed or repaired machines, lack of protective equipment, and presence of dangerous chemicals or gases.
- *Working conditions* – for example: excessive working hours that lead to fatigue, noise, lack of proper lighting, boredom, horseplay and fighting at work.
 - *The employee* – for example, where the employee is accident-prone. Studies have shown that employees, who are under 30 years of age, lack psychomotor and perceptual skills, who are impulsive and easily bored, are more likely to have accidents than others.

7 Organisational Responses to Health and Safety Challenges

Some organisations have placed responsibility for employee health and safety with their CEOs. This approach is typical of smaller organisations with threats in this area or with mid-size organisations with few such threats.

The larger organisations have set up safety departments usually under the purview of the human resources management team. In the US, a safety director should be appointed for every 2,000 workers. In India, it is mandatory under the Factories Act of 1948 to appoint safety officers in factories with a workforce of 1,000 or more.

Safety and health must become the responsibility of everyone in an organisation if programmes are to be successful.

The duties associated with a specialist or a department responsible for safety would include:

- Analysis of the job environment to prevent accidents or health hazards
- Education and training in safety to prevent accidents and health hazards
- Inspection of job conditions to determine causes and prevent the recurrence of accidents
- Accident research to prevent future accidents

Safety committees in organisations prove very effective if everyone in the organisation gets involved in the work of the committee. This work covers the organisation's entire programme, i.e., inspection, design, record keeping, training and motivation.

Below are some details about the three approaches Glueck (1982) suggests to safety committees for improving the safety of working conditions:

- Prevention and design
- Inspection and research
- Training and motivation

7.1 Safety Design and Preventive Approaches

Organisations have adopted measures to build-in safety through what is known as *safety engineering*. It makes jobs more comfortable, less confusing and less fatiguing. It keeps employees more alert and therefore less prone to accidents.

Safety engineers analyse all factors around jobs and as a result they are able to improve safety precautions. For example, protective guards for machinery and equipment, colour coding to indicate hazards or dangers, protective clothing/devises and belts/lifelines to prevent falls. They may also recommend suitable rest periods to increase safety as well as productivity, and also demarcate certain areas as being 'No smoking' or 'hard-hat' areas.

It must be noted, however, that studies done by Heinrich revealed that 88% of accidents were caused by the unsafe acts of employees and only 10% were caused by unsafe mechanical and physical conditions.

7.2 Inspection, Reporting and Accident Research

Safety departments and specialists have another approach to reducing accidents and illnesses. They inspect the work place to find out:

- Are safety rules being observed?
- Are safety guards and protective equipment being used?
- Are there potential hazards in the work place that safety redesign could improve?
- Are there potential occupational health hazards?

Their observations and collected data then help them in setting things right.

They would also investigate accidents or 'close calls', chiefly to ascertain what steps ought to be taken to prevent a recurrence. Reporting accidents and occupational illnesses is also an important part of the safety department's or specialist's job. Besides, OSHA requires that each 'recordable' incident be logged on an OSHA form. Under the act, a recordable incident is one, which resulted in:

- Death
- A non-fatal occupational illness
- An injury which caused loss of consciousness
- Restriction of motion or transfer to another job
- Required medical attention (other than first aid)

Indian and Sri Lankan law also require such reporting to their respective authorities.

Safety and/or personnel specialists also carry out accident research at regular intervals during the work year. They systematically evaluate the evidence on accidents and health hazards. They gather data from both internal and external sources and also review available studies/findings that facilitate looking for hazardous conditions at the work place.

This research often involves the computation of organisational accident rates, which are compared with national figures and/or industry figures to determine the organisation's relative safety performance. For instance, OSHA prescribes a specific method of reporting accidents.

7.3 Safety Training and Motivation Approaches

Safety training is usually part of the orientation programme for new employees. Training can also take place at any time during an employee's career. Although in safety as in other areas, workers often learn 'the ropes' from each other, some training is also required by government agencies. Those responsible for safety have also devised motivational devices such as safety contests and communication programmes in their efforts to create a safer environment for employees. They are intended to reinforce safety training.

7.4 Auditing Safety Programmes

The National Safety Council in the US recommends a particular approach to accident prevention. It involves Engineering, Education and Enforcement. Stemming from this is a *Safety Audit*, A periodic inspection by safety specialists and/or committees to ascertain:

- to what extent safety prevails, and what lapses they observed

- any new hazard or potential threat to health

This in turn leads to an audit report that seeks to correct any threat to safety or health.

7.5 Organisational Safety Programmes and the Manager

The management of an organisation is primarily responsible for the safety of its employees. This does not mean that a worker is absolved from responsibility for his own safety and health. It only fixes the point of responsibility. Safety being a team effort, managers have a responsibility to ensure that everyone cooperates to ensure that safety and health programmes are not only implemented but effective.

According to Pigors and Myers (1981) a 'wider view of occupational safety and health is necessary for them (managers) to formulate correct policies in regard to industrial safety which is commensurate with international standards, compatible with national policies and at the same time, meet the organisational objectives of profit and personal satisfaction'

To be able to do this, managers would have to focus on:

- the immediate work place;
- the adjacent community;
- the regional environment; and
- the international environment

It must be noted that legislation and changed attitudes towards employees has made safety and health priority areas for managers. In their role of 'managing bottom lines' they should realise that support and commitment to safety and health is ultimately cost effective.

7.6 Health Programmes for Employees

Larger organisations are likely to have their own medical and health facilities. The activities that are handled within these facilities vary from organisation to organisation but may include the following:

- treating accidents and medical emergencies at work
- performing physical examinations in conjunction with the selection of employees
- evaluating possible health hazards involved in transfers of employees to different regions or countries
- advising management on health hazards associated with the use of materials, chemicals in manufacture, or consumer usage of products

- Advising management on health-related problems of employees such as substance abuse and emotional problems
- Undertaking preventive medicine through periodic examinations and immunisation and group surveys for diabetes, cancer, TB and heart disease

Many of these functions are more important today than ever before due to far reaching government regulations.

The extent of the facilities found in an organisation would depend on organisation size and the extent of health hazards on the job. Note however that health programmes are less widespread than safety programmes.

Activity

State briefly the occupational safety and health practices in your country. Compare those with the above and comment if any inadequacy is observed.

8 Occupational Diseases and Accidents

You have now considered background issues and the nature of managerial responsibilities in regard to the health and safety of employees in organisations. In spite of various measures to ensure that employees are not subjected to any hazards, some are inevitably afflicted with diseases caused by their working condition or environment. The following section is intended to acquaint you with the nature of these diseases as well as accidents that occur in workplaces.

Continuous exposure to a range of factors can seriously increase the probability of contracting occupational diseases. NIOSHA in the US has identified over 15,000 toxic substances of which 500 might need regulation as carcinogens. The list of harmful chemical, physical and biological hazards is a long one. It includes carbon monoxide, vinyl chloride, dusts, particulates, gases and vapours, radiation, excessive noise and extreme temperatures. When present in high concentration, these agents can lead to respiratory, kidney, liver, skin, neurological and other disorders.

8.1 Typical Diseases

The potential sources of work-related diseases are distressingly varied as the way they affect the human organism. Schuler and Youngblood (1986, p.492) cites Ashford (1977) who says thus:

Typical health hazards include toxic and carcinogenic chemicals and dust, often in combination with noise, heat, and other forms of stress. Other health hazards include physical and biological agents. The interaction of health hazards and the human organism can occur either through the

senses, by absorption through the skin, by intake into the digestive tract via the mouth or by inhalation into the lungs.

Schuler and Youngblood notes that OSHA is concerned with all of the following categories of occupational diseases and illnesses on which employers are required to keep records:

- Occupation-related skin diseases and orders
- Dust diseases of the lungs
- Respiratory conditions due to toxic agents
- Poisoning
- Disorders due to physical agents
- Disorders associated with repeated trauma
- All other occupational diseases

Nair & Nair (1999) define occupational diseases as those caused by prevailing working conditions. The Indian Factories Act 1948 identified the following as occupational diseases which, when noticed, must be reported to government authorities:

- Lead poisoning
- Lead-tetra ethyl poisoning
- Phosphorous poisoning
- Manganese poisoning
- Mercury poisoning
- Arsenic poisoning
- Poisoning from nitrous fumes
- Carbon bi-sulphide poisoning
- Benzene poisoning
- Chrome ulceration
- Anthrax
- Silicosis
- Halogen poisoning
- Radiation
- Primary skin cancer
- Toxic jaundice
- Mineral oil poisoning (dermatitis)
- Bysionosis
- Asbestosis
- Toxic anaemia
- Chemicals and point poisoning (occupational or contact dermatitis)
- Loss of hearing due to noise pollution
- Occupational cataract caused by infra-red radiation
- Telegraphists' cramp
- Begassoise

Continued research is underway to identify additional hazards that firms will want to diagnose and remedy for the future well-being of their work force. Following are some courses of action that organisations are already taking to protect their workforces from occupational diseases.

8.1.1 Protection against Diseases

As Nair & Nair write, (1999) protection afforded by organisations can be either preventive or curative. Once the sources of harmful conditions on the job are identified, strategies to improve an organisation's occupational safety and health ratings can be developed. Some of the preventive and curative measures highlighted by the National Commission on Labour and other committees in India are the following (Nair & Nair).

Preventive measures:

- Pre-employment medical examination
- Periodic post-employment medical examinations
- Removal of hazardous material/processes wherever possible
- Surveillance of employees exposed to health hazards
- Emergency treatment in case of accidents
- Availability of first-aid equipment
- Training employees in first-aid
- Education of employees in health and hygiene
- Special surveillance of the health of those more susceptible to disease
- Proper layout of factory and proper illumination
- Proper design of buildings with adequate ventilation
- Proper effluent disposal systems and/or treatment plants
- Careful design and selection of handling equipment
- Ergonomic design of work spaces and tools
- Proper design of job to remove monotony and fatigue
- Proper schedule of work with adequate rest periods
- Registration with BARC Trombay and their periodic inspection wherever radiation materials are used

Curative measures:

- Adequate medical treatment
- Allowing adequate time for convalescent rest and recuperation
- Adequate compensation.

8.2 Accidents

Typical safety legislation offers the following definitions of an accident:

An occurrence, mishap or untoward event which is not expected or designed for and arising out of and in the course of employment of an industrial worker.

(Indian Workers' Compensation Act 1923)

An occurrence in an industrial establishment causing bodily injury to a person which makes him unfit to resume his duties in the next 48 hours.

(Indian Factories Act 1948)

Nair & Nair (1999) also define accidents. Their words are:

Any occurrence taking place within the premises of industrial establishment arising out of and in the course of employment which is not planned or intended which might disrupt orderly progress of scheduled work and might cause injury or death to person(s) or result damage to equipment, material, buildings or infrastructure but exclude self inflicted personal injuries of employees of the organisation.

Nair & Nair present the following, arising from the above definitions.

1. Accidents are occurrences unexpected and undersigned.
2. Employer is liable to pay compensation to workers for personal injuries suffered by such workers due to an accident, provided such injuries occurred arising out of and in the course of employment.
3. Self-inflicted injuries are exempted for payment of compensations, as these do not occur 'arising out of and in the course of employment.'
4. Natures of total personal injuries are total disablement, partial disablement, permanent disablement (total or partial) and temporary disablement (total or partial).
5. Injuries suffered by an employee are subject to compensation even if the cause of such injuries is carelessness and negligence by the said employee, as long as the occurrence was found to be 'arising out of and in the course of employment' in the organisation.

According to Dessler (2001) there are three basic causes of workplace accidents: chance occurrences, unsafe conditions and unsafe acts on the part of employees. Chance occurrences are more or less beyond management's control, so your responsibilities as a manager focus on unsafe conditions and unsafe acts.

8.2.1 Types of Accidents

It is important that you understand the nature and types of accidents in the workplace. On the one hand it is necessary to prevent any injury to employees, and on the other, compensation to be paid to employees in the event of accident will depend on the type and nature of accident.

1. *Industrial injury* – This is a personal injury to an employee which has been caused by an accident or an occupational disease and which arises out of or in the course of employment and which would entitle such employee to compensation under the laws of the land.
2. *Disablement* – This is a loss of capacity to work or move due to an accident resulting in loss of reduction of earning capacity; it could be total, partial or temporary.
3. *Total disablement* – This is a disablement whether of a temporary or permanent nature which incapacitates a worker for all work that he was capable of performing at the time of the accident.
4. *Partial disablement* – This is a disablement that may be of a temporary or permanent nature, which reduces the earning capacity of a worker as a result of an accident.

8.2.2 Causes of Accidents

The causes of workplace accidents fall into four categories. The descriptions of these categories – intrinsic, extrinsic, personal and exogenous – should help you recognise how to prevent and manage the consequences of accidents:

Intrinsic Causes

Intrinsic causes are those that reside in the jobs themselves. For example:

- Inhaling dangerous chemical fumes (e.g., chrome vapour) while dealing with processes like electroplating
- Overexposure to radiation while working with X-ray and gamma ray machines
- Over exposure to heat or being burnt when working in and around furnaces such as those in the steel industry.
- Falling from tall towers, chimneys and cranes that are part of work processes.

Extrinsic Causes (Environmental Causes)

These relate to causes that are not of the job itself but arise from the environment in which the job takes place. For example:

- Lack of adequate lighting and ventilation that results in accidents
- Injuries due to atmospheric/environmental pollution, including that caused by poor air, water and excessive noise
- Use of defective machinery
- Lack of protective equipment and safety devices
- Poor layout and faulty location of equipment, tools and work stations/places
- Work stress due to anxiety, monotony and fatigue
- Dangerous stacking of materials

- Improper maintenance of electrical systems, gas supply systems and/or poor housekeeping
- Slippery floors however caused
- Lack of cautionary notices
- Poor work schedules
- Insufficient training and/or supervision.

Some of these conditions are subject to control. Good management could minimise the probability of related accidents.

Personal Causes

These relate to accidents caused by the physical, mental, psychological and physiological state of the worker. They are causes that only the employee can control. For example:

- Lack of knowledge and skill
- Lack of physical characteristics like stamina or the presence of any physiological infirmity
- Failure to follow a prescribed set of instruction and/or safety precautions
- Behavioural causes such as the unnecessary taking of risks (e.g., speeding)
- Psychological aspects such as forgetfulness, carelessness, indifference, lack of interest, day dreaming, frustration, anxiety, etc.
- A poor mental state brought about by substance abuse (alcoholism, addiction to drugs).

Exogenous Causes

Any causes not covered by the above are classified under this head and usually include 'Acts of God,' a phrase used to denote natural occurrences unconnected with human action or behaviour. Examples of these are lightning, floods and earthquakes. However, it also includes causes that are not of either the employer or the employee, such as enemy actions like bombing.

According to Schuler and Youngblood (p. 498) accident prevention can also be seen as a function of how well people in an organisation communicate and work together. For example, the HR department must work with supervisors and managers in the recording of accidents. Effective records produced by both groups can highlight the causes of accidents as well as their severity and frequency.

8.2.3 Theory of Accidents

Nair & Nair cites (p. 350) Heinrich (1980), who formulated a theory called the '**chain of injury occurrence**' empirically derived from a study of 75,000 accidents. Heinrich stated that in every accident there is a chain of events that occurs in a logical and hierarchical

order. This theory fundamentally states that there is a chain of events that can be traced for most accidents: an injury results from an accident, which results from an unsafe act or unsafe working conditions, which result from the faults of individuals, which result from preceding experiences and conditions.

Personal causes contribute to the majority of accidents. Thus it can be said that accidents are caused and do not occur by themselves. It follows then that accidents can be avoided through proper planning, training and precaution.

8.2.4 Cost of Accidents

The cost of accidents will vary with the type of accident, the nature of the injury or damage and location. Such costs will include *direct* and *indirect* costs.

Direct costs include the following:

- Cost of damages/destruction of equipment, machines, material and building and infrastructure involved
- Compensation paid to the injured worker or the estate of a dead worker
- Payment to injured worker during medical treatment and convalescence
- Cost of medical treatment of the injured
- Loss of production/wastage or inefficiency involved in case of replacement of injured worker with another less competent worker.

Indirect costs include:

- Loss of production until the injured person/equipment is replaced/substituted and production resumed
- Expenses incurred on persons such as Factory Inspectors/Engineers employed by government or company for improving safety standards and preventing accidents
- Loss of production time of other workers/supervisors/managers engaged in tasks associated with the accident, such as:
 - sending the injured worker for medical attention
 - investigating the cause of the accident and preparing reports
 - attending proceedings of the investigation to the accident
 - overheads during the period production is temporarily disrupted due to the accident.

8.2.5 Prevention of Accidents

An organisation's management has a great responsibility to ensure that the workplace is free from any cause for accidents. Ivancevich (1998) suggests that the safety department

or unit in the organisation can take three approaches to improve the safety of working conditions. Those are:

- Prevention and design
- Inspection and research
- Training and motivation.

There is much to know about all three. For the purposes of this course, prevention and design lends themselves to the most detailed discussion.

The National Safety Council of the US has a three-pronged approach to accident prevention, called the '3E Approach':

- Engineering
- Education
- Enforcement.

You saw previously that accidents are either caused by unsafe working conditions or by unsafe acts of workers. The proper **engineering** of work centres, machines, equipment, tools and layout to reduce or eliminate unsafe working conditions is a critical measure in accident prevention.

While engineering can reduce many of the causes of accidents, they cannot eliminate them in many situations where inattention, carelessness or other worker behaviour is the cause. In fact, the majority of accidents are caused by human errors, and these can only be addressed through education and enforcement.

Education involves training and development, conducting seminars, workshops and safety weeks, publishing material on safety and many other steps to inculcate a safety consciousness in the minds of workers.

Enforcement involves positive actions to recognise and perhaps reward good practice and behaviour and negative actions and reprimands to discourage or even punish reckless and/or unsafe acts. Examples of enforcement are expressions of praise and the awarding of rewards for the proper use of safety clothing, goggles, slippers/shoes, the prevention of trespass or presence of unauthorised persons on the premises, etc.

Safety audits too would help in reducing/preventing accidents. The findings of such audits can provide the basis for educational programmes grounded in the actual circumstances of the workplace or provide evidence that calls for measures of enforcement.

9 The Development and Evaluation of Safety and Health Programmes

Major responsibility for occupational health and safety resides with the organisation and its management. Organisational safety and health programmes can have a much greater impact on employees' safety and health than government inspections can. Managers are there every day while the government inspector is not.

You have seen that the 3Es approach could improve health and safety in an organisation.

Inadequate programmes lead to increased worker compensation payments, larger insurance costs, OSHA fines and union pressure.

Odiorne (1971) suggests the following steps to develop a safety management programme:

- Establish meaningful systems of indicators (e.g., accident statistics)
- Develop effective reporting systems
- Develop rules and procedures
- Reward supervisors for effective management of the safety function.

While management support for such a programme is necessary, none of it will prove effective unless the employees participate.

Health and safety programmes can be evaluated directly through a cost-benefit type of analysis. The costs of safety specialists, new safety devices and other measures can be calculated. Reduction in accidents lowered insurance costs and lowered fines can be weighed against these costs. Studies have shown that safety is cost effective and that the most cost effective programmes were not necessarily the most expensive ones. Rather, they were those programmes that combined a number of safety approaches:

- clearly stated safety rules
- promotion of off-the-job safety
- safety training
- safety orientation
- safety meetings
- medical facilities and staff
- strong top management participation and support of the programmes
- engineering and non-engineering methods of prevention.

Management can make a greater impact on health and safety at work than government or any outside agency can or ever will. For responsible, safety conscious managements, no cost/benefit ratio will ever have the same impact as that of safety efforts which prevented accidents, deaths and illnesses.

10 Safety Organisation

So, you have seen that the responsibility for safety in an organisation rests primarily with its management. At every level of management and supervision, there is a responsibility for the safety of those whom they supervise and the equipment under their purview. However, management alone cannot ensure safety without the cooperation of everyone in an organisation. For example, a worker is responsible for taking every safety measure he is required to take in order to ensure his own safety and the safety of his colleagues and the property of his organisation. Despite every effort his management would have taken to ensure safety, if a worker is careless, negligent or reckless in following safety requirements, safety is compromised or breached with consequences for management. Thus safety has to be everyone's responsibility. Management has to formulate comprehensive safety policies considering international standards, national policies and the interests of their business and employees.

10.1 Safety Policy

The need for organisations to take a broader view of safety and health requires that they should formulate a clear policy on safety. In the UK, under the Health and Safety at Work Act of 1974, all organisations except those of less than five employees is required to prepare and keep up-to-date a written statements of their safety policies. These statements should reflect the employer's commitment to safety and health at work and indicate what standards of behaviour are to be aimed for in health, safety and welfare matters. The Act requires that the policy statement should be drawn to the attention of all employees. This means that focused attention must be given to ensure that employees have been given or made to understand the policy. For example, the policy could be dealt with at induction, or employees may be issued a booklet that contains the safety policy among other information about the organisation.

A holistic policy requires attention to at least the following

- the immediate workplace
- the adjacent community
- the regional environment
- the international environment.

A typical safety policy would include the following:

- A **general statement** about how the organisation looks at or deals with safety and health
- The **safety organisation** that would establish and maintain the structure of responsibility for safety and health matters throughout the company premises
- A statement on **individual responsibility** that would make every employee realise the need to be equally responsible for his own safety and that of those around him

- A **review procedure** by which the policy is reviewed periodically to ensure that it is relevant to current needs of safety and health in the organisation

It is the management's responsibility to develop a safety policy. In some countries this may be mandatory. More than a legal requirement, it educates the whole organisation on the need to pay attention to safety in the workplace. A policy helps the management and the employees to adhere to standard practices throughout the organisation.

Activity

Collect safety policies from a manufacturing organisation, an office and a super market or large retail shop. Comment on them using the knowledge you have acquired so far.

11 Work Stress

According to Ivancevich (1998) stress is a common experience that is part of everyone's life. It can be good for a person: called eustress, good stress is what helps a person complete a report on time or generate a good, quick, problem-solving procedure. Unfortunately, stress can also be a major negative aspect of the workplace. Ivancevich (p. 642) cites Waxler and Higginson (1993) who have estimated the cost of stress in the workplace to be at least US\$ 150 billion per year. Heneman et al (2000) say that some employees may not feel capable of adequately responding to demands of their job and the work environment and when this happens employees are said to experience job stress. As a result, they may have a number of adverse reactions to it.

11.1 Definition

Stress can be defined as a person's physical, chemical and mental reactions to stressors or stimuli in the environment.

Ivancevich (1998)

You may wonder what Ivancevich means by "stressors" in this definition. Some experts view stress as the pressures or conditions in the world that produce emotional discomfort. Other experts (Ivancevich cites Cooper and Payne, 1988) view stress in terms of physiological or body reactions: blood pressure, heart rate, or hormone levels. In summary, stress occurs whenever environmental forces (stimuli) throw bodily and mental functions out of equilibrium. Nair & Nair also point out that stress is:

- a dynamic condition that changes in intensity with time
- associated with demand or desire whose outcome is important but uncertain
- takes place when there is a constraint on such demand or desire
- a perception.

For example, look at the state of mind of students who prepare for an upcoming competitive examination. The stress increases closer to the day of the examination and is probably at a peak when the students enter the examination centre. The demand or desire of the stress is the need to score well in the examination. The constraints are many – a wide syllabus, difficult/easy questions, limited places at university based on the results, etc. The outcome is important to the students, as it will determine what they do in the future. The outcome is uncertain. Much also depends, however, on how the individuals perceive the outcome. Depending on how severe they perceive the outcomes to be, some would be quite stressed while others may not be stressed at all.

Stress in individuals can be defined as any interference that disturbs a person's healthy mental and physical well-being. It occurs when the mind or body is required to perform beyond its normal capabilities. The results of stress may be harmful to individuals, families, society and organisations. Not surprisingly, the complexity and expectations typical of organisations can impose 'organisational stress.'

Stress affects –

- Society – and brings pressure on public services
- Individuals – and brings on illness and behavioural problems
- Industry – and causes industrial accidents and inefficiency.

Stress is not bad per se. On occasions, all of us experience stress. Beneficial stress can help drive some to become Olympic champions, but harmful stress can drive others to despair. It is prolonged harmful stress that concerns you in your management role.

Globalisation and technological advances have increased the speed at which employees are now required to work. Besides, liberalisation and the recent spate of worldwide acquisitions and mergers have brought in its wake large-scale retrenchment that in turn has spawned stress induced industrial illnesses. In other words, it has increased stress among those employees.

11.2 Sources and Causes of Stress

Nair & Nair repeat the opinion that some employees withstand stress much better than others and that for a given situation or factor, the stress levels varies widely between different individuals. Say for instance, a threat of retrenchment may make one person crestfallen and highly tensed; another person may take the same situation in her stride—a spur to looking for another job. Nonetheless, Nair & Nair (1999, p. 360) acknowledge the presence of factors as a 'necessary condition' to give stress to workers. Their model groups the sources and causes of stress in three broad categories:

- Environmental factors
- Organisational factors
- Individual factors

11.2.1 Environmental Factors

There are many factors outside an organisation that cause worker stress. They could be socio-economic, 'religio-cultural' (Nair & Nair) or political factors. Poverty, unhygienic living conditions, number of dependents, maternity, recession, and fiscal policies are socio-economic factors that cause the 'uncertainty' that leads to stress.

In multi-linguistic, multi-religious and multi-ethnic societies such as India, the various *religious and cultural* festivities can bring about stress in workers because of the economic demands that such festivities create.

(Note that some of these factors are more relevant in developing economies than in the developed ones).

Political incidents, changes in power/governments or political tensions can cause much anxiety in the minds of workers and cause stress. For example, tensions in Jammu & Kashmir could cause stress in workers in those areas while similarly, workers in Israel and Palestine would be stressed due to conflict between those two states.

With new *technology* constantly changing the way organisations do business, workers have to constantly change their work patterns and acquire new skills in order to retain their jobs. Some do not have the option of changing but are rendered 'jobless' as a result of changes in technology. Consequently, technological change can produce much stress.

11.2.2 Organisational Factors

Nair & Nair (1999) note that both *extrinsic* and *intrinsic* factors contribute to organisational factors that cause stress. In their schema, the extrinsic factors would include:

Supervision and leadership – A task-oriented supervisor as opposed to a relationship-oriented supervisor could cause work stress in workers whom he supervises. Similarly, autocratic leaders cause stress in subordinate managers.

Organisational structure – The structure of an organisation influences inter alia the span of control, the degree of delegation of authority, the lines of communication, interpersonal relationships, career paths, promotional avenues and job satisfaction. All these aspects cause anxiety due to uncertainties associated with various outcomes of individual aspirations and expectations. This naturally causes stress.

Organisational culture – The organisational culture plays an important role in causing work stress through:

- Difficulties in matching individual values and norms with those of the organisation
- One's own behaviour not meeting the expectations of colleagues
- Bad interpersonal relationships

- The extent of rules and regulations and the methods in which they are implemented.

Stage of organisational life cycle – Just as products go through stages of a life cycle, organisations also go through such cycles, i.e., establishment, growth, maturity and decline. Employees experience the highest work stress during the ‘establishment’ and ‘decline’ phases because of higher anxieties brought about by greater uncertainties during these phases.

The Nair & Nair schema notes these intrinsic factors:

The task structure – The intrinsic motivation of workers is greatly influenced by the design of their work, i.e., task variety, autonomy, etc.

The work situation – The availability of proper tools, sufficient illumination, ventilation, fresh air, proper layout, efficient handling equipment, and other features of the work situation can have an impact on work stress.

Role perception – The way an employee sees his/her role vis-à-vis the organisation and its other roles can significantly influence the work stress experienced. The worker may perceive his or her role as involving:

- Role overload – unequal distribution of work
- Role conflict – where the expectations of both organisation and employee of the role are at variance
- Role ambiguity – where the employee is not clear about his responsibility and expectations

Thus it is clear that various factors within the organisation can contribute to the stress experienced by the worker.

11.2.3 Individual Factors

The third category of factors that can produce stress are those that have to do with the individual. (Nair & Nair 1999). Individuals differ widely in their physical, physiological, psychological and mental make-ups. Therefore, the way in which they react to a common set of causes, in similar environmental and organisational settings, varies.

Physical aspects

The physical features of an individual can affect the levels and types of stress experienced by individuals. In work involving physical labour the person with less stamina is more likely to be stressed when engaged in work that requires, for example, the ability to lift heavy loads. The converse is also true.

Physiological aspects

The physiological differences between male and female undoubtedly have an impact on the stress created in a male or a female. For instance, stages in the menstrual cycle of a female can produce stress for various types of work.

Psychological aspects

Psychological aspects are more difficult to identify and attribute. Personality is determined by psychological factors, and some persons cope with stress much better than some others. For example, retrenchment may cause most to be depressed but there are some who take it in their stride and look at it as a challenge to find better employment opportunities. The personality or the individual 'make-up' of a person translates potential sources or causes of stress into actual stress.

11.3 Consequences of Stress

Stress is perfectly normal and even necessary. Our bodies usually cope to maintain a stable psychological state. However, prolonged exposure to stress has been shown to cause a variety of serious consequences—physical, psychological and behavioural.

Physical problems

Some physical symptoms of stress can be life threatening such as high blood pressure and heart disease. Less life-threatening physical signs include insomnia, a feeling of constant fatigue, headaches, skin rashes, digestive disorders, ulcers, colitis, loss of appetite, overeating and cramps. Most of these occur at some point after a stressful event. Other symptoms of stress are more immediate – nausea, breathlessness or a dry mouth.

Psychological problems

The 'emotional' symptoms of stress can include general irritability, acute anxiety attacks, depression, lack of libido, the loss of a sense of humour and an inability to concentrate on the simplest of tasks. Understanding unusual emotional responses and related changes in behaviour is the key to recognising stress. Some of the most common indications of stress are:

- Becoming unnecessarily over-emotional or aggressive in conflict situations
- Loss of interest in personal appearance, other people, social events or previously enjoyed activities such as a favourite sport
- Poor concentration, difficulty in remembering and an inability to make decisions
- Sadness, guilt, fatigue, apathy and a pronounced feeling of helplessness or failure
- Loss of confidence in personal ability, often coupled with a lack of self-worth.

Behavioural problems

As a temporary relief from stress, many people indulge in excessive eating, smoking, drinking or spending. Stress can turn an occasional smoker into a chain-smoker and the social drinker into an alcoholic. Individuals may not recognise they are over-indulging and those who do may go to some lengths to keep their self-destructive behaviour from friends, families and colleagues. Inattentiveness can result in errors or accidents; loss of motivation can affect sales levels.

11.4 Executive Stress

You have seen that stress acts on individuals differently. But it is clear that certain roles in organisations induce more stress than do others. Work environments of executives are such that they are exposed to many sources of stress.

11.4.1 Causes

- Constant changes in work patterns/routines
- Pressure from superiors for better performance
- Pressure to obtain better results from subordinates

Pareek (1981) through research has identified ten causes of executive stress:

- *Inter-role distance stress* – Here stress is experienced when there is a conflict between organisation and non-organisation roles.
- *Role stagnation stress* – This arises from stagnation in one position or role for a long time.
- *Role expectation stress* – This is stress that arises from conflicting demands from various levels in the organisation, i.e., superiors, peers and subordinates.
- *Role erosion stress* – This stress arises out of fact/perception that a person's role has diminished in value or when someone else takes or gets credit for the work done by him/her.
- *Role overload stress* – This stress is caused when there is overloading of a person's work due to inequitable distribution.
- *Role isolation stress* – In this, stress is caused by the isolation of the job from other jobs, i.e., it prevents interaction with other people in the organisation.
- *Personal inadequacy stress* – The lack of education, qualifications, skills, knowledge and competence causes this type of stress.
- *Self role distance stress* – This is caused by a gap between one's concept of self and the demands of the role.

- *Role ambiguity stress* – This arises out of a lack of clarity about the demands of the job.
- *Resources inadequacy stress* – Where constraints exist on resources, this stress may occur.

Certain executive job requirements create anxiety in almost every psychological type: constant change in work patterns/routines, pressure from superiors for better performance, and efforts to get better results from subordinates (Nair & Nair). The work-related dangers of modern managers have been studied long enough to produce profiles of the stress syndromes whose descriptions follow.

11.4.2 Burn-Out Stress Syndrome (BOSS)

Nair & Nair cite two useful sources on burn-out. One is Baron & Hartman, which defines burn-out as ‘Chronic emotional stress with (i) emotional and/or physical exhaustion (ii) lowered job productivity and (iii) over-depersonalisation.’ Also cited is Paine (1982):

Burn-out Stress Syndrome -- a consequence of a high level of job stress, personal frustration and inadequate coping skills have major personal, organisational and social costs. All these costs are probably increasing.

BOSS is a debilitating psychological emotion brought about by unrelieved work stress. It leads to:

- Depletion of energy
- Decreased resistance to illness
- Increased dissatisfaction and pessimism
- Increased absenteeism
- Inefficiency at work

11.4.3 Rust-Out Stress Syndrome (ROSS)

Nair & Nair also present another condition called ROSS. This stress is brought about by a situation where an executive has an inadequate load of work. It could happen where he/she is sidelined or where he is under-employed. In side-lining, it is a deliberate action to isolate a subordinate by his superior either due to lack of confidence, prejudices or due to demonstrated misdeeds/incompetence. Nair & Nair state that under-employment or mis-employment is a condition when requirement of the job in which the employee is placed is much less compared to his education level, experience and competence.

11.5 Remedial Measures against Work Stress

The costs of stress and its remedies are lowest if the conditions causing stress are identified early, so managers must be attentive to everyone’s morale, including their own. Individuals who recognise that they are in danger of burning out should be helped to realise that the condition is avoidable. Personal hardships have been averted by:

- Meditation. This halts and reverses burn-out.
- Individual regimens that may include medication and exercise.

Organisations can help by introducing meaningful efforts to mitigate or eliminate work stress from their organisations. Here are some of them:

- *Carrying out stress audits:* Data pertaining to the working climate, role stress, job satisfaction or frustration levels are gathered and analysed. An attitude or morale survey is one method. Mass interviews, counselling and exit interviews are sources of good information.
- *Using scientific inputs:* Information on causes, symptoms and consequences of work stress is collected and employees are educated to overcome the ill effects of work stress.
- *Providing medical assistance:* Progressive organisations obtain the services of doctors and psychologists to advise them on the causes of work stress in their organisations and recommend preventive measures. They also identify physiological, psychological and psychosomatic symptoms of work stress and help both individuals and organisations overcome their effects.
- *Education and training:* Publicity to create awareness on the causes of, effect on and remedies for work stress is given through educational and training inputs.

While it is essential that organisations take the aforementioned measures to minimise work-related stress, the individual workers have an equal responsibility to deal with this issue. Individuals can and should help themselves by:

- **Taking a hard look at themselves:** Finding out the occasions and reasons for stress and critically examining one's own contribution to stress.
- **Varying activities:** Doing things, other than the job, that brings inner peace and satisfaction, such as sports, aesthetic activities, social service, etc.
- **Taking risks:** Calculated and moderate risks give better meaning to life and bring satisfaction.
- **Avoiding isolation:** Although time alone may be necessary at times, it is better to seek company whether at home or at work. Communicating with those close to one and talking openly about feelings and emotions brings stress levels down.
- **Stretching for success:** Having a positive attitude and optimism helps. It gives one something to reach for when you set your sights on achievement. These efforts help to overcome obstacles/constraints.
- **Improving knowledge and skills:** One of the best ways by which a person could minimise stress is to improve his/her competence and succeed in today's highly competitive environment.

- **Learning to relax:** This is not simply doing nothing but learning techniques to relax. Meditation is one approach.
- **Improving diet:** Knowing what foods is healthy and what is not is the first step. The next is to find a balanced diet. This is an integral part of any programme to reduce stress levels.

As Ivancevich points out, changes in the work and personal environment are inevitable. But, too often managers underestimate how changes can throw a person off balance. A person who does not feel comfortable with his or her work or the work environment is in what psychologists refer to as a state of disequilibrium. Ivancevich (p. 643) cites Marcus (1990) points out that lack of fit between the person and the environment can have results on several levels: subjective (feeling fatigued), behavioural (a mental block), physiological (elevated blood pressure) and organisational (higher absence rate).

The whole issue of stress can be well managed by managers throughout the organisation. It is not a sole responsibility of the HR manager or his department. However, the HR department has a role to play in programmes for coping with stress. It can provide specialists, facilities, monitoring or evaluation, and certain other important resources. World over, more and more organisations have become concerned about and have involved in stress management. In Japan, stress at work is alarming giving rise to a phenomenon called ‘stress death’ (Ivancevich, p.644).

12 Sri Lanka Laws Related to Occupational Health and Safety

In most jurisdictions, laws make employers liable for practices that endanger the health and safety of workers. By establishing a mandatory minimum level of protection against occupational hazards, these laws help to standardise the basis on which businesses compete, as you see from the following information about the laws of Sri Lanka.

12.1 Industrial Safety

As mentioned earlier, the principal enactment relating to occupational health and safety in Sri Lanka is the Factories Ordinance. There is no equivalent of the American OSHA in the country. However, the Factories Ordinance enacted in 1942 (as amended) provides for Health, Safety & Welfare.

Under the general provisions on health, the ordinance addresses matters such as:

- Cleanliness
- Overcrowding
- Ventilation
- Lighting
- Drainage of floors
- Sanitary conveniences
- Medical supervision.

Under the general provisions on safety, the Ordinance covers safe use of prime movers, transmission machinery, unfenced machinery hoists, lifts, cranes, etc. The list is lengthy but may need revision on the light of more advanced machinery being available now.

In terms of welfare, the Ordinance prescribes the provision of (safe) drinking water, washing facilities, resting facilities for female workers, first aid, fire escapes, removal of dust/fumes, etc.

The Ordinance further prescribes the maximum hours of work per day and week (48 hours a week excluding meals and rest and not more than 12 hours a day).

Non-compliance with the provisions makes the employer criminally liable.

While the Factories Ordinance applies to employees in factories, the Shop & Office Employees Act applies to employees in shops and offices (white collar employees) and provides for such matters as annual holidays, leave, lighting, ventilation, sanitary conveniences, washing facilities, intervals for rest or a meal.

Like the Factories Ordinance, the Act prescribes the maximum hours of work per day and week (8 hours a day and a maximum of 45 hours a week).

Supplementing these laws are enactments that deal with—

- The employment of women, young persons and children
- The employment of females in mines
- Employees' holidays
- Maternity benefits.

12.2 Workmen's Compensation

The Workmen's Compensation Ordinance (1934) provides for the payment of compensation by the employer to workers who sustain personal injury in certain circumstances.

Liability arises when the following conditions are satisfied:

- A worker earns a prescribed wage.
- A master-servant relationship exists between employer and worker at the time of the accident.
- The accident has arisen from and out of the course of employment. Provision is also made for compensation when an occupational disease is contracted.
- The absence resulting from the accident is over 7 days.

The term 'accident' has not been defined but it seems that it generally means some unexpected event or happening without design, even though there may be negligence. The Ordinance will not apply in respect of any injury (except death) caused by an

accident directly attributable to 'fault' on the part of the worker. Fault in this regard is clearly defined.

The amount of compensation payable takes the form of a lump sum payment calculated in terms of the rules laid down in the Ordinance. The compensation payable is only for the results of the injury and not for the injury itself. The 'results of the injury' relevant to the calculation of the amount of compensation payable are clearly laid down and includes such topics as death, permanent and partial disablement, etc.

The amounts of compensation are in lieu of the wages and normally would be payable to the worker if he or she had attended work or had been given leave of absence with pay. The employer is under no obligation to pay wages in addition to the compensation.

The Ordinance also prescribes the manner and form in which an accident has to be reported and provides for an annual return on accidents/injuries. Failure to comply results in a criminal liability for the employer.

13 Health and Wellness Programmes

Worldwide, businesses are implementing corporate health/wellness programmes to improve the quality and productivity of their employees, by improving employees' health and wellbeing. The majority of work-site wellness programmes are employer financed with the money saved through reductions in employee ill health, as a result of the programme implementation in the longer-term. The potential benefits commonly attributed to work-site wellness programmes include an enhancement of corporate image, the selective recruitment of premium employees, a reduction of employee turnover, an increase of productivity, less absenteeism, a reduction in medical claims, and a reduced incidence of accidents and industrial injuries (Pelletier, 2001; Poole, Kumpfer, & Pett, 2001; Shephard, 1996). Such programmes have been found to be beneficial not only for the employee but also for the employer and the business as a whole.

The design, implementation and evaluation of corporate wellness programmes can be a very rewarding vocation for occupational therapists. Targeting the workplace makes sense, as one third of the populations waking hours are spent at work, where communication is organised and peers exert both support and pressure (Glasgow, Mccaul, & Fisher, 1993; Reardon, 1998). Work-site health promotion programmes are a primary means of preventing chronic diseases that are becoming more and more prevalent in today's society. Occupational therapists have the means to implement a holistic approach to corporate wellness programmes. Wellness is defined as 'a composite of physical, emotional, spiritual, intellectual, occupational, and social health.' Occupational therapists can implement programmes in the workplace that focus on all of these aspects of health.

Health and wellness programmes may include health risk assessment, smoking and alcohol reduction/cessation, blood pressure control and treatment, weight control, exercise and fitness, nutrition, back problem prevention and care, and stress management

(Kasl & Serxner, 1992). Health and wellness programmes are trying to assist employees to be agents of change and educated consumers of health (Peters, 1994).

The choice to implement a workplace wellness program lies in the hands of the employer, as long as they are fulfilling their occupational health and safety obligations. Wellness is an issue that cuts across the entire organisation. One key to successful planning lies in surveying workers to identify health risks and the types of programmes that appeal to all employees (Litvan, 1995). It has been well established that resources committed to prevention have a multiplier effect on the resources expended on fixing the problem (Downey, Kudar, & Randolph, 1995).

Perception and Participation

It is evident that the employees need to know that their organisation is seriously concerned about their health. Ideally the employees need to be afforded the flexibility necessary to participate in the worksite health programme. Employees need to perceive that their senior management, supervisors and co-workers have positive attitudes towards health since these factors have all been associated with improved employee health status (Pelletier, 2001).

Wellness programmes promote health *awareness*. They impart knowledge of present and future consequences of behaviours and lifestyles and the risks they bring about. These programmes do not eliminate symptoms and disease; instead they attempt to bring about changes in lifestyles that enable employees to realise their full mental and physical potential. Note that wellness programmes focus on prevention while Employee Assistance Programmes focus on rehabilitation.

Health promotion is a four- step process:

- Employees are educated on health risk factors.
- Each employee's specific health risk factors are identified
- Employees are helped to eliminated or reduce their risks through healthier lifestyles and habits
- Employees are helped to maintain their 'new' healthier life styles through self monitoring and evaluation.

The most popular programmes thus far have been smoking cessation, blood pressure control, cholesterol reduction, weight control/fitness, and stress management.

Including families in these programmes is important to consider, as family problems such as lack of day care, marital disputes, financial difficulties, and adolescent alcohol and emotional disturbances also affect productivity at work, causing absenteeism, tardiness, inattentiveness, and poor work quality (Pelletier, 2001).

13.1 Effectiveness

All this leads to the question whether programmed wellness efforts can indeed reduce health care costs. Certainly, health promotion programmes have been seen to eliminate or reduce health risk factors, and these changes have been long-lasting. There is mounting evidence, for example, of a reduction in heart disease through increased awareness of the ill effects of smoking and the consequent change in habits. However, insufficient evidence has accumulated to show that the costs are justified.

14 Summary

The extent to which occupational health and safety has been addressed by nations is seen in the laws or regulations that provide for:

- Compensation programmes that provide for job-related injuries; and
- Measures to enhance job safety and health.

Employers are required to have a 'general duty' to provide a place of employment 'free from recognised hazards' and comply with all prescribed standards of safety and health.

Work place accidents can arise either from unsafe conditions or unsafe behaviour. Laws and regulations have affected only unsafe work conditions. No standards govern unsafe employee behaviour.

Managements need to develop and implement safety and health programmes and to implement and sustain the policy through a loss control programme.

Employee assistance programmes (EAPs) are better in the sense that supervisors need only concern themselves with identifying declining work performance. They do not get involved in the employees' problems. Professionals handle treatment.

Wellness or health programmes focus on prevention and not on rehabilitation. Their relative worth has been controversial as EAPs but there is hope that they hold considerable promise.

With businesses demanding a wider use of cost/benefit analysis by regulatory bodies and other trends in the field of occupational health and safety, managements increasingly will focus their attention on safety and health issues.

Activity

List the health and wellness programmes in your country and comment on the effectiveness of each.

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Commonwealth of Learning Executive MBA/MPA
C3 Human Resource Management

Block 12
Industrial and Labour Relations

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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The Commonwealth of Learning

1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

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1 Objectives

When you have studied Block 12 of this course, you will be able to:

- describe the processes of communication and negotiation called Industrial Relations or Labour Relations
- comment knowledgeably about labour relations issues with references to the historical background of the field
- perceive, in your environment, factors that affect Industrial & Labour relations
- correctly use the vocabulary of collective bargaining and hold realistic expectations of its outcomes and processes.

2 Introduction to Industrial & Labour Relations

As Blyton and Turnbull (1994) note, ‘work dominates the lives of most men and women’ and ‘the management of employees, both individually and collectively, remains a central feature of organisational life.’ These irrefutable observations, quoted by Salamon (1998), show why most large organisations depend upon competent work in this field.

Industrial or labour relations—the terms are often used interchangeably—can be viewed as the interaction between the various interested parties involved in employment. The employer and employee are obvious parties. The state, in ensuring a level playing field for both sides, provides the legal framework within which such relations may take place.

A notable body of thought about labour relations was that of J. T. Dunlop, who applied the systems concept to industrial relations in 1958. Although over time, Dunlop’s work has been subject to a variety of interpretations, uses, and criticisms, few writers have suggested its abandonment. As Salamon states, ‘the criticisms do not themselves invalidate the systems approach to examining industrial relations but rather highlight the need for accommodation and refinement’ (Salamon 1998, 13).

Dunlop’s systems approach model sees industrial relations as a subsystem of society distinct from, but overlapping, the economic and political subsystems. The model has four interrelated elements:

- *Actors* – management, non-managerial employees and their representatives and specialised government agencies concerned with industrial relations.
- *Contexts* – *influences* and constraints on the decisions and actions of the actors which emanate from other parts of society
- *Ideology* – beliefs within the system, which not only define the role of each actor or but also, define the view that they have of the role of the other actors of the system.

- *Rules* – the regulatory framework, developed by a range of processes and presented in a variety of forms, which expresses the terms and nature of the employment relationship.

Unions representing workers garner their strength through numbers to influence employer decisions concerning matters that affect employment, such as pay, working hours and other terms and conditions of employment. Employers see this as an erosion of their authority or power to make decisions concerning their businesses. In this tension lies the essence of labour relations.

Emotion and tension runs high in labour relations. Economic factors through the decades have determined which side has ‘power’ over the other. Employees have an edge when the labour market is limited and employers are at an advantage when there is high unemployment. However, unions are also affected when employers are economically affected.

While some employers have used their clout or power fairly, some have not. The economic exploitation of labour and the disrespect shown to human dignity has led to the formation of unions that can stand up to the economic might and power of employers.

On the converse side, it has been argued that the ability of some unions to win greater concessions than warranted has contributed in no small way to the loss of jobs in particular sectors due to the ‘flight of jobs.’

The resolution of this inherent conflict in labour relations is crucial to business survival, growth and competitiveness. The traditional adversarial concept of win/lose has to give way to win/win in the current climate where the wants and needs of both sides have to be met.

A win/win climate requires the accommodation of the other’s needs rather than their traditional repudiation by each side. Such accommodation can bring about an increase in productivity and a better quality of life.

Labour relations is a continuous relationship between a defined group of employees (represented by a union or association) and an employer. The relationship includes the negotiation of a written contract concerning wages, hours and other conditions of employment and the interpretation and administration of this contract over its period of coverage.

-Milkovich & Glueck (1985)

Industrial relations is a set of phenomena, operating both within and outside the workplace, concerned with determining and regulating the employment relationship.

Salamon (1998)

2.1 Development of Industrial Relations

The nature of industrial relations has evolved from early origins in the master-servant relationships of the trades when overall power resided with the owner/employer. Many factors in the changing nature of organisations and society, especially in the last 100

years, have produced the forms of relationships seen today. Different stages in this unplanned change are identifiable, but as Salamon (1998) comments, each stage did not supersede and replace the previous stage but, rather, supplemented and modified it.

In the US, unions go as far back as 1790, when such skilled craftsmen as shoemakers, tailors, printers, and others organised themselves. From these to the present unions, the history of the union movement has been one of alternate expansion and contraction. In the UK, a similar pattern is observed; Salamon argues that during the latter part of the nineteenth century, trade unionism and collective bargaining were largely confined to the skilled trades and piecework industries. In the former, the workers had the industrial strength, through mutual insurance and their control over entry into the trade, to seek employer acceptance of the union's rules. The main impetus for the development of collective bargaining at the national or industry level came during World War I.

In the post-Industrial Revolution period, some welfare-minded employers responded to the fact that employees looked to the employer to provide them with many of their needs. This phenomenon of paternalism was the style in an era where individuals or families dominated various businesses. With the advent, popularity and the more advantageous form of the corporate entity – the limited liability company – paternalism gave way to other styles of management.

Until around the '60s, the work in the organisational unit called 'Personnel' involved 'file management', where the activities typically included screening applications, orientation, collecting and storing data, and circulating information on policies and organisational events and news. Personnel departments grew out of the need for businesses to take care of legal requirements that came about to provide better working conditions and a fairer deal for employees. Such departments also grew out of a need to have an intermediary between workers and owners. At times, it was used by the owners to find out what was 'going on' at the worker level and as an intelligence-collecting agency that reported on suspected troublemakers.

According to Salamon (1998) alongside confrontation and increased legislative control, the period since the mid 1980s has seen significant developments in management's approach to industrial relations. No single strategy has been adopted by organisations, but certain strands are apparent:

- *Management initiative*: Management has been the prime mover for introduction of HRM approaches and projects intended to support and be integrated with the achievement of business objectives.
- *Process relationships*: The balance has shifted from an emphasis on the management/union relationship (collectivism) to an emphasis on the management/employee(s) relationship (individualism). The objective has been to secure the individual's identification with and commitment to the organisation and its goals.
- *Structure of bargaining*: There has been a continuation of the shift from the national 'multi-employer' level to the 'single-employer' organisational level.

- *Pay and working arrangements:* The new emphasis among most organisations has been on ‘flexibility’ and greater individualisation of the contractual relationship. More emphasis has been placed on organisational or individual performance in determining pay and less on a uniform rate for the job.

The post Industrial Revolution era and the post Depression period saw a steep rise in the strength of unions. The ability of the unions to bring society to focus on the poor living standards of workers and the large-scale unemployment of youth contributed in no small measure to the growth of trade unions worldwide. It brought about the ability of workers to negotiate better terms and conditions of employment and made management more socially responsible.

The growth of trade unions continued in the USA when a steady decline in membership was noted elsewhere from the 50s onwards and especially during 1970-1980, when closures and massive lay offs took place. In India, union numbers peaked around 1920. The increasing power of trade unions made governments to sit up and take note of the conditions of workers, leading to the enactment of various laws that forced employers to provide a fairer deal to their workers.

With the advent of specialists within P/HR functions it was only natural that a specialist would deal with such matters as group relationships with organised or unorganised employees, negotiations, contract administration, grievances, arbitration, etc. It not only gave rise to an extension of the Personnel department to be known as the Industrial Relations unit but also paved the way to a new field known as industrial relations. This was a necessary extension of the personnel department to deal with the rising power of trade unions.

Activity

Discuss the mechanism, organisation and structure for administration of labour matters in your country. What are the principal legal enactments that enable your country’s labour administration?

2.2 Objectives of Industrial Relations (IR)

Industrial relations is not an ‘objective’ science. As Salamon argues, there are no simple objective facts in industrial relations. This is not to deny the presence of important issues and debates in industrial relations apart from those entangled with the conflictual/consensual relationship of the participants. The loftier issues centre around such concepts as fairness/equity, power/authority and individualism/collectivism. You can infer these topics from at least two of the objectives that Nair & Nair attribute to IR:

- the development of healthy employer – employee relations
- the maintenance of industrial peace and high productivity
- the development and growth of industrial democracy.

Nair & Nair also cite Kirkaldy (1947), according to whom there are four objectives for IR:

- improvement of economic conditions of workers
- State control on industries for regulating production and promoting harmonious industrial relations.
- socialisation or rationalisation of industries by making State itself a major employer.
- vesting of the proprietary interest of the workers in the industries in which they are employed.

Given these overall goals and objectives, it is not surprising that the field is engaged in a number of policy- and operations-oriented activities. Some of these focus on the relationships between the employer and individual employees, while others deal with management and organised and other labour groups. Still another area to which industrial relations activities contribute significantly is that of overall industrial goals such as productivity, labour peace, and industrial democracy. Your attention is now directed at some of these.

2.2.1 Employer to Individual Employee Relationships

This relates to the areas of management focus in relation to policies and practices that ultimately affect the productivity and well being of their employees as individuals. With a view to optimising the interests of the employer and those of employees, these comprise fields such as:

- Wages & Salary administration.
- Career prospects inclusive of planning and promotion.
- Retirement benefits and medical benefits
- Discipline & redress of grievances
- Training & Development
- Counselling
- Workers' Compensation, connected and related issues such as insurance

2.2.2 Labour Management Relations

Distinct from Employer-Employee relations is this area, which relates to relations between the employer as a management body and its workers as a recognised group or set of groups. It covers rights, protocols and practices, often regulated by a legal structure, related to –

- management (with concepts like 'management rights')
- formation and recognition of unions to represent the interests of the employees
- collective agreements

- the settling of industrial disputes.

Through these bodies, management and labour negotiate and enforce the establishment of welfare measures and benefit schemes. Another focus of labour-management relations are health and safety regulations and programmes at work.

2.2.3 Industrial Peace & Productivity

One of the most important aspects of IR is to maintain industrial peace and thereby increase productivity. It depends on the quality of the union-management relations at workplaces. In fact, proactive labour administrations of some countries have changed their focus from being a law enforcer to a facilitator to maintain industrial peace. Rather than resolving strikes by unions, good IR means averting strikes through proactive interaction. Productivity is another important area in which IR becomes significant. In the highly competitive area of global business maintaining high productivity is important for the survival of organisations. In the *Global Competitiveness Report 2001-2002*, this fact is borne out well. A few other areas of focus for Industrial Relations are:

- Upgrading technology and production methods
- Securing employee commitment and cooperation in improving productivity
- Minimising ‘man days lost’ per year
- The retraining and redevelopment of surplus labour

2.2.4 Industrial Democracy

The nature of the relationship between employees and management in the organisation’s decision making process is central to the character and conduct of the industrial relations system at the organisational level. Industrial democracy is also known as worker’s control (Salamon, 1998, p.353). According to Salamon, this is a socio-political concept or philosophy of industrial organisation, which focuses on the introduction of democratic procedures to restructure the industrial power and authority relationship within organisations. He further argues that thereby it creates a system which involves ‘determination by the whole labour force of the nature, methods and indeed purpose of production. Salamon elaborates that the central objective of industrial democracy is the establishment of employee self-management within an organisation, whose ownership is vested in either the employees or the state and whose managerial function is exercised ultimately through a group, elected by the employees themselves. This group has the authority over all decisions of the organisation, including the allocation of ‘profits’ between extra wages and reinvestment.

2.2.5 Liaison Functions

In addition to the above, the IR function has also a liaison role to within it. Those who are responsible for the IR function in an organisation have to play a key and central role in the formulation of the industrial relation policy of the organisation. This is at a conceptual and policy level but there are other activities which take IR personnel out of the organisation in the likes of liaison with government and local government authorities

such as labour officers/inspectors etc., participation in judicial and semi judicial dispute settlements, participation in labour conferences and so on.

3 The International Labour Organisation (ILO)

In this era of globalisation, the ILO's goals have come of age. The ILO Constitution states that 'the failure of any nation to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries.' Always philosophically far-sighted, the ILO constitution is based on an overarching principle that appeals to many people on either side of the line dividing owners and workers. The principle is that universal and lasting peace can be established only if it is based upon social justice. Lofty words, but one need only look at the economic roots of World War II in Germany to see how labour unrest can make nations ready to take up arms.

3.1 Scope

The ILO is the international institutional framework which made it possible to address issues such as the eight-hour working day, maternity protection, child labour laws and a range of policies that promoted workplace safety and peaceful industrial relations – and to find solutions allowing working conditions to improve everywhere. No country or industry could have afforded to introduce any of these in the absence of similar and simultaneous action by its competitors.

3.2 Objectives

The ILO has four main objectives:

1. To promote and realise standards and fundamental principles and rights at work
2. To create greater opportunities for women and men to secure decent employment.
3. To enhance the coverage and effectiveness of social protection for all
4. To strengthen tripartism and social dialogue.

These objectives are realised in a number of ways:

- Formulation of international policies and programmes to promote basic human rights, improve working and living conditions and enhance employment opportunities.
- Creation of international labour standards – backed by a unique system to supervise their application - to serve as guidelines for national authorities in putting these policies into action.
- An extensive programme of international technical cooperation, formulated and implemented in an active partnership with constituents to help countries in making these policies effective in practice.

- Training, education, research and publishing activities to help advance all of these efforts.

3.3 Principles

In 1944, the International Labour Conference met in Philadelphia USA, and adopted the Declaration of Philadelphia which redefined the aims and purposes of the ILO through the adoption of the following principles:

- Labour is not a commodity
- Freedom of expression and of association are essential to sustained progress
- Poverty anywhere constitutes a danger to prosperity everywhere
- All human beings, irrespective of race, creed or sex have the right to pursue both their material well being and their spiritual development in conditions of freedom and dignity, of economic security and of equal opportunity

In 1988, the ILO Conference adopted the ‘Declaration on Fundamental Principles and Rights at Work’, which re-affirmed the commitment of the international community to ‘respect, to promote and to realise in good faith’ the rights of workers and employers to freedom of association and the effective right to collective bargaining.

It also commits member states to work towards the elimination of all forms of forced or compulsory labour, the effective abolition of child labour and the elimination of discrimination in employment and occupation.

The declaration emphasises that all member states have an obligation to respect the fundamental principles involved whether or not they have ratified the relevant Conventions.

Activity

Search the World Wide Web and find out more about the ILO, its organisational structure and the concept of ‘decent work.’

4 Labour Legislation

During the last two decades, a large number of labour laws has been enacted, particularly in the developing world. According to Nair & Nair (1999), India tops the list in amount of labour legislation. Salamon states that even in the UK, the 1970s saw increased legal intervention into industrial relations. In the US, until about 1930 there were no special labour laws (Dessler, 2001). Employers were not required to engage in collective bargaining with employees and were virtually unrestrained in their behaviour toward unions. This one-sided situation lasted from the Revolution to the Great Depression

(around 1930s). Since then, in response to changing public attitudes, values, and economic conditions, labour law has gone through three clear changes: from ‘strong encouragement’ of unions, to ‘modified encouragement coupled with regulation,’ and finally to ‘detailed regulation of internal union affairs.’ (Dessler, 2001)

When you look around the world, particularly the developing countries, you would notice that labour legislation has been quite influenced by the politics of the day. If the political party in power is pro-labour, then you will see the government’s labour administration becoming more and more protective of the country’s labour force. This is done through the introduction of pro-labour laws into the statute book.

In general legislation introduced by governments throughout the world could be classified along certain types. Let us see what types of labour legislation exist.

4.1 Types of Legislation

This section discusses the features of four broad areas of labour legislation, each in turn:

- Working conditions
- Wages
- IR
- Social security

4.1.1 Working Conditions

Much of the legislation is sector based, such as factories, and is related to physical and other working conditions, such as hours of work, minimum lighting and space, overtime, maximum hours of work, etc., particularly pertaining to work in factories. Many countries would have a ‘Factories Act’ that deals with all these aspects.

Similarly, there are laws that specifically deal with employment of persons in Shops and Offices and other sectors of industry.

These types of legislation also may deal with areas such as maternity benefits and the prevention of child labour. In some jurisdictions, specific legislation covering all or a range of sectors, may have been enacted to provide for these.

4.1.2 Wages

There are minimum wages and terms and generic conditions of employment (usually of the labour categories) prescribed in some countries, such as some in the Asian region, where social security measures are non-existent. Laws may also provide for the period of time within which salaries/wages have to be paid.

4.1.3 Industrial Relations

Laws may prescribe the whole gamut of industrial relations that includes dispute settlement, industrial courts/tribunals and their powers, and the ability of the state (in

some countries, especially the Asian region) to refer such disputes for settlement to specified bodies. Many countries are likely to have an Industrial Disputes Law that deals with these aspects.

A country's laws usually provide for rules and regulations pertaining to trade unions. They would deal with such areas as the formation and registration of trade unions and the recognition of such unions by employers, as well as the rights, powers, and duties of the unions, etc.

5 Industrial Disputes/Conflicts

No relationship is devoid of difficulties, and an employer-employee relation is no exception. However good the relationship may be, mistakes and misunderstandings often take place on both sides. The consequences are disputes or conflicts within the workplace. Disputes and the resultant conflicts cause losses of production, suffering among workers and the idling of machines and materials. It also affects the consumer. However, it must be noted that it was through conflict that workers won for themselves better terms and conditions of employment. Conflict could also throw up issues that ultimately get resolved by the intervention of the public and/or the government (e.g., the enactment of legislation more favourable to the workers).

In the applicable Indian law, industrial disputes are defined rather circularly as:

'Any dispute or difference between employers and employers or between employees and employees or between employers and employees which is connected with the employment or non-employment or the terms and conditions of employment or with the conditions of work of any person'

(Indian Industrial Disputes Act of 1947)

5.1 Nature of Conflicts

The definition includes three different possible sets of antagonists in industrial conflict. However, the present discussion is confined to disputes arising between management and workers. Disputes arise from a variety of sources for a variety of reasons. Some are innocent misunderstandings of regulations or policies but others are much more complicated, sometimes with malicious intent. In some cases, the cause lies with the individual manager or employee but others are due to management union intent. The following sections review the various causes under two categories: conflicts caused by unions and those caused by management.

5.1.1 Conflict Caused by Unions

You cannot expect the unions to cooperate with the management all the time. In reality it doesn't happen that way. The quality of the relationship also depends on the people who interact for the two parties, meaning those in the management and the trade union officials. In some countries the trade unions are also politicised and as a result even if the

relationship between the management and the unions are free of conflict, political interference may disturb the relationship and give rise to conflict situations. Some of the situations that may arise as a result are:

- Non-cooperation
- Arguments and quarrelsome behaviour
- Hostility and irritations
- Stress, strain and anxiety
- Unwillingness to negotiate or participate in discussions
- Resentment or withdrawal
- Absenteeism, alcoholism or a high incidence of accidents
- ‘Work to rule’ or ‘go slow’ tactics
- Demonstrations
- Strikes

5.1.2 Conflict Caused by Management

In a unionised setting, managers can create their share of conflict. An arrogant employee of the Personnel department can cause a dispute that ends up in a strike. Many are the court cases that were the result of a heated argument between ‘Personnel’ and workers over trivial issues. Some of the causes are outlined below. Refusal to discuss or negotiate a demand by the union is a very common cause resulting in a dispute. Also, a manager may use derogatory language on an employee resulting in sections of employees walking out in protest until that manager tenders a public apology. Some causes may emanate from disciplinary issues that result in suspension, demotion, dismissal etc. A few other causes are:

- Layoffs
- Lock out
- Termination

5.2 Types of Disputes

The UK’s Code of Industrial Relations of 1972 recognises two types of disputes, namely a dispute of right, and a dispute of interest

*A **Dispute of right** arises out of the application or interpretation of an existing agreement or contract. For example – the fairness of standing orders, denial of awards, non payment of allowances or other breach of rights contained in collective agreements. As Salamon (1998) points out that it is the practice in the USA that disputes of right are more suited to arbitration than the disputes of interest.*

*A **Dispute of interest** is one that is not anticipated by law but which arises out of determination of new terms and conditions of employment either according to claims made by employees or proposals made by employers. For example, lay offs, claims for wages, bonus etc. may give rise to disputes of interest.*

5.3 Causes of Disputes

Many factors can precipitate disputes. Nair & Nair (1999) have classified them:

- Economic causes – wages salaries, profit etc.
- Social causes – low morale, corruption, pollution, rising unemployment etc
- Political causes – political rivalry, unstable government etc
- Technical causes – fear of losing jobs due to automation, unsuitable technology etc
- Psychological causes – loss of job, propaganda, instigation etc
- Market causes – competition, loss, recession etc
- Legal causes – court order of closing down factories, shifting (under zoning laws)

Most of these causes would be seen to be at macro level beyond the realm of management or labour control. However, where managements and workers do have control is at the micro level (at the organisational level) where the quality of their relationships, mutual trust and respect enhance the sense of belonging, commitment and interest in the job. Good industrial relations will thus be seen as the key to greater productivity on the one hand leading to greater profits for the employer while giving employees a better quality of life through better earnings.

5.4 Resolution of Conflict and Settlement of Disputes

The need to contain industrial strife has led to many means for resolving disputes, all of which fall into one of three classifications which are elaborated below:

- Labour Administration by the state
- Statutory measures
- Non-statutory measures

5.4.1 Labour Administration

The state usually provides the machinery by which disputes may be resolved. The Labour Ministry or Department in some of the Asian countries lays down policy guidelines on labour matters. The government passes laws enabling government machinery to intervene in labour disputes. In some countries, provincial governments also have the power to enact legislation in respect of labour matters in their jurisdictional areas such as states in India.

In the US, the National Labour Relations Board (NLRB) administers the law and regulations in the private and third sectors. Many States also have state boards to administer state labour laws. A key point here, as with Canada, is that of the level of government that constitutionally has responsibility for labour relations. In Canada, it is principally with the provinces, except for federal workers. In Canada, the federal labour law is administered by the Canada Labour Relations Board for the private and third sectors. The public sector body is the Public Service Staff Relations Board. The provinces and territories have Labour Relations Boards.

As far as the US and Canada are concerned, labour relations administrators have two major duties:

- To supervise representation elections and certify unions as bargaining agents
- To hear appeals of alleged violations of the laws

Although it is widely believed that the boards do a satisfactory job, there has been criticism that they place too high a priority on maintaining stability and predictability in collective bargaining at the expense of union democracy, employee free choice and representational effectiveness.

The Asian labour administrative context is different in view of a different social and legal regime. The state machinery ensures the implementation of the country's (or state's) laws and intervenes to settle disputes.

5.4.2 Statutory Measures

Most countries also set up statutory bodies to deal with the settlement of disputes. These are somewhat different from government labour administration agencies such as departments or ministries of labour or manpower. A few examples are Works Committees, Conciliation officers, Boards of Conciliation, Mediation Boards, Labour courts, Industrial tribunals as seen in India and Sri Lanka. These have authority, conferred by labour laws, to settle disputes. In some disputes the labour department or ministry may appear before court as a facilitator.

Laws affecting collective bargaining in the US are complicated. The important items of legislation in this regard are the National Labour Relations Act (Wagner Act), the Labour-Management Relations Act of 1947 (Taft-Hartley Act) and the Landrum-Griffin Act of 1959. These acts cover many aspects of labour relations, including the procedure by which unions come to represent employees in the private sector.

In India & Sri Lanka the principal enactment is the Industrial Disputes Act of each country. In Sri Lanka however, numerous other laws have added to statutory measures in the settlement of disputes. Some of them are:

- Industrial Courts
- Labour Tribunals
- Arbitration (both voluntary and compulsory)

What is to be noted is the nature and scope of statutory measures in the western world in comparison to those in India/Asia. While in the west statutory measures relate to the process of collective bargaining between employers and unions, on the Indian subcontinent statutory measures are much wider in scope and provide for much more than collective bargaining.

5.4.3 Non-statutory Measures

Most disputes can be resolved short of going before a legally constituted body such as the labour tribunal or industrial courts. Voluntary arbitration, workers' participation in management and collective bargaining are some of the key measures in this regard. One of the chief measures in this area in India is the Code of Discipline formulated by the Indian Labour Conference in New Delhi in 1957 for Indian Industries. This code was developed for the purpose of maintaining discipline both in public and private sector industries. Managements and unions are mutually agreeing to abide by certain actions, such as unions agreeing not to strike or stage a lockout without due notice and managements agreeing not to increase workload unilaterally. There are other areas in which the two parties agree to maintain harmony. There is also tripartite machinery in place, such as the Indian Labour Conference (ILC) and the Standing Labour Committee (SLC) among others to contribute to the settlement of disputes. Worker participation in management and collective bargaining are the other measures available in India.

In the West, where the focus is on the broadly established practice of collective bargaining, importance is placed in that process with all other initiatives being subservient to it.

Activity

In your country, what types of disputes are commonly experienced? What are the causes? Write a short essay outlining how those disputes can be avoided.

6 Trade Unionism

Trade Unionism has its roots in Marxist dogma. It began as a force to counter the exploitation of workers by the newly established post Industrial Revolution 'capitalists' whose actions widened the gap between the living standards of owners and workers. Trade unionism can be mutually beneficial if a responsible partnership exists, but can be destructive and counter productive if both sides consider themselves adversaries to each other. Here is the definition of a trade union from the Indian Trade Unions Act of 1926:

'Any combination of persons, whether temporary or permanent, primarily for the purpose of regulating the relations between workers and employers or between workers and workers or for imposing restrictive conditions on the conduct of any trade or business and includes the federations of two or more trade unions.'

A more recent and non-legislative definition of a union is:

'An organisation of workers acting collectively who seek to protect and promote their mutual interests through collective bargaining.'

De Cenzo & Robbins (1993)

As Nair & Nair (1999) point out, from these definitions we can derive the following characteristics of trade unions

- A union is an association of persons: i.e., employees or independent workers/tradespersons.
- A union is not casual. Once recognised, it is relatively permanent.
- A union's main objective is to secure economic benefits for its members. This is done through a process called collective bargaining.
- A union influences or affects industrial relations. Some unions maintain harmony with employers through intelligent handling of matters. Others take drastic action without consulting advisers and applying a long-term perspective.
- A union provides 'checks and balances' on the employers and thus may restrict or reduce the freedoms of management.
- Unions may form federations, and some of these may engage in collective bargaining for entire industrial or professional sectors.

6.1 Principles

So why do workers form unions? What are the underlying principles of trade unionism? Today, to a large extent, three maxims quoted by Nair & Nair (1999, 288) provide the underlying principles of trade unionism.

'Unity is strength'

The early capitalists were able to exploit workers, as the worker was on an unequal footing vis-à-vis his employer, i.e., he had no bargaining power. When workers realised that their strength lay in numbers they were able to win for themselves concessions that would not have been possible but for their collective might. This was probably the first principle of trade unionism.

'Equal pay for equal work'

Unions believe that caste, creed, sex or race should never form the basis of discrimination against a worker. If equal work is done, then the pay should also be equal. This also provides for the elimination of any discrimination of workers. In the past when paternalism was practiced, the owner-employer had his favourites and they were treated better than others who did the same kind of work. This is not possible now as trade unions are very vigilant about job contents of its members and those who haven't joined the union.

‘Security of employment’

One of the major principles of Trade Unionism is to safeguard the security of employment of the members. When employers try to retrench, lay off or downsize, unions vehemently protest to save the jobs of some of their members. Such action from a union is somewhat protective of its own membership lists. There have been instances where members have left one union and joined another which could put up a better fight for their welfare.

6.2 Classification of Trade Unions

So far, the concept of unions has been discussed as almost a single topic. In actual fact, there are variations on the theme: unions are of various types and serve various purposes, as the following three sections describe.

6.2.1 Classification Based on Trade

Many unions have memberships and jurisdictions based on the trades they represent. The most narrow in membership is the craft union, which represents only members certified in a given craft or trade, such as pipe fitting, carpentry, and clerical work. Although very common in the western world, craft unions are not common in countries like India & Sri Lanka.

At the other extreme in terms of the range of workers represented is the general union, which has members drawn from all trades. Most unions in India & Sri Lanka are in this category.

Another common delineation of unions based on trades or crafts is that between so-called blue-collar workers and white-collar workers. Unions representing workers employed on the production floor, or outdoor trades such as in construction work, are called blue-collar unions. In contrast, those employees in shops and offices and who are not in management grades and perform clerical and allied functions are called white-collar workers

In addition, trade unions may be categorised on the basis of the industry in which they are employed. Examples of these are workers engaged in agriculture or forestry: hence agricultural labour unions or forest worker unions.

6.2.2 Classification Based on Agreement

Another basis on which labour agreements are sometimes distinguished is on basis of the type of agreement involved, based on the degree to which membership in the union is a condition of employment

Closed Shop: Where management and union agree that the union would have sole responsibility and authority for the recruitment of workers, it is called a Closed Shop agreement. The worker joins the union to become an employee of the shop. The Taft-Hartley Act of 1947 bans closed shop agreements in the USA, although they still exist in the construction and printing trades. Sometimes, the closed shop is also called the ‘Hiring Hall.’

Union Shop: Where there is an agreement that all new recruits must join the union within a fixed period after employment it is called a union shop. In the USA where some states are declared to be 'right-to-work' states, the union shop is prohibited – i.e., anyone, irrespective of union membership, has the 'right to work'.

Preferential Shop: When a Union member is given preference in filling a vacancy, such an agreement is called Preferential Shop.

Maintenance Shop: In this type of arrangement no compulsory membership in the union before or after recruitment exists. However, if the employee chooses to become a member after recruitment, his membership remains compulsory right throughout his tenure of employment with that particular employer. This is called a maintenance of membership shop or maintenance shop.

Agency Shop: In terms of the agreement between management and the union a non-union member has to pay the union a sum equivalent to a member's subscription in order to continue employment with the employer. This is called an agency shop.

Open Shop: Membership in a union is in no way compulsory or obligatory either before or after recruitment. In such organisations, sometimes there is no union at all. This is least desirable form for unions. This is referred to as an open shop.

The above classifications are more usual in the west than on the Indian sub-continent.

6.2.3 Classification Based on Membership

This type of classification exists mostly in India especially in the states of Maharashtra & Gujarat. It is based on the Bombay Industrial Relations Act and derives from the membership on the roll of the union.

A 'Qualified Union' is one with less than 5% of the total employees, while a 'Representative Union' is one that has at least 15% of the total employees and a 'Primary Union' is one which has more than 15% of the employees on its roll.

6.3 Evolution of Trade Unions

The Industrial Revolution in the 19th century brought about massive increases in output. It gave the owners of businesses an equally massive increase in capital accumulation. It did very little to improve the lot of the average worker. Wages were low, working conditions abominable and hazardous. Labour was considered a commodity that could be bought or sold.

The political philosophy of laissez-faire (leave things alone) prevented governments from doing anything to improve conditions of the workers. Realising that they were on their own, workers organised themselves collectively to obtain improvements to wages and working conditions.

The first visible union activity in the USA took place in 1794 when the shoemakers of Philadelphia made an attempt to increase their wages, which had been unilaterally

reduced by their employers. The shoemakers were not successful and, in 1806, a federal court fined the union and ruled in favour of the employers, who contented that the combination of workers was an illegal conspiracy in restraint of trade. However, in a landmark case in 1842, (*Commonwealth of Massachusetts v Hunt*) the conspiracy theory was overturned and the court ruled that unions were not criminal *per se* as they could have honourable as well as destructive objectives. The unions' objective would determine whether it was legal or illegal.

After the Hunt decision, many unions emerged. In 1886 the American Federation of Labour (AFL) was organised. It was an amalgamation of national craft unions. It emphasised craft (rather than industry) and did not take on any particular political philosophy. Its objectives were more pragmatic than social or political.

In 1935, the Congress of Industrial Organisations (CIO) was formed. Although it was intended to work within the AFL, many issues forced the two apart. The CIO addressed all workers, not just those in crafts. However, the AFL and CIO merged later, in 1955, and became a formidable force in collective bargaining country-wide in the States. Through this era of the 1940s and 50s, the American public's identification with union goals led to a changed regulatory climate and phenomenal growth in union strength. After that, unions began a long decline through to the 1980s.

Industries that were heavily unionised were typically the ones hit hardest by competitive pressures in the '80s. Foreign competition, deregulation and a changed climate of public opinion severely weakened unions to the point that, around the mid-'80s, the pay increases for union members were around 40% less than those given to non-union workers. These troubles eased slightly around 1986, but high unemployment at that time restrained unions considerably.

As mentioned above, unions were blamed for the 'flight of jobs' due to high wage settlements. However, it has been said that management historically has exhibited trouble maintaining the discipline and foresight to deal directly and fairly with employees. Commitment to employees can be difficult in lean times. History is not on the side of the employer either. Without unions, the government and the courts could be asked to increase their intervention in the workplace, an outcome that may not be to the liking of employers.

It is fair to see unions as a counterbalance, perhaps an essential one, against unbridled capitalism.

6.4 The Trade Union as an Organisation

Unions are organisations and employers too. Like any other organisations, unions too have objectives. Their objectives may either be job-conscious or class-conscious.

Job Consciousness leads to relatively limited economic goals pursued through such mechanisms as collective bargaining. The labour movement in the USA pursues this objective.

Class Consciousness, by contrast, seeks fundamental change in the political and economic system; unions obtain such change through the political arena. Even though in the US unions may endorse candidates and encourage their members to actively participate in the political process, their objectives still remain the economic betterment of their members. They do not seek an alternative economic or political system. However, such fundamental change may be the objective of the union movement in European or South American countries.

6.4.1 Why Employees Join Unions

From a practical standpoint, people would join unions if the benefit they derive from being a member is greater than the cost of being a member. Therefore, potential increases in wages must be greater than the amount of dues paid. Thomas Kochan et al (1984) developed a model according to which an individual's decision to join or avoid a union is influenced by three critical determinants. They are:

- *Perceptions of work environment*
 - Job dissatisfaction
 - Working conditions problems
 - Inequity perceptions

(Dissatisfaction with bread-and-butter aspects of the job such as wages and benefits, dissatisfaction with supervision or with the treatment of one group of employees versus another can translate into a greater interest in unionism).

- *Perceptions of influence*
 - Desired influence
 - Difficulty of influencing conditions

(This is the desire to participate or influence the job and the employment conditions surrounding the job. Kochan says the key here is that the lack of other effective alternatives for influence turns employees to unions).

- *Beliefs about unions*
 - Big-labour image
 - expectations about unions

(Employees who are dissatisfied have certain expectations about what a union can do for them. When organising efforts predispose or convince them that a union can improve their situation, employees are more likely to join unions).

There also has been research into the reasons employees give for not joining unions:

- They identify with management
- They do not agree with the goals of unions

- They see themselves as professionals and unions as inappropriate for professionals.

However, what must be noted is that there are no substantial differences between people who do and do not join unions. Rather, the work situation seems to make the biggest difference. It is sometimes said that employers' personnel practices are the unions' greatest organising weapon.

6.4.1 Organisation Structure

National trade unions show striking similarity although the nitty gritty may vary. Whether it is the AFL-CIO in the USA or the national unions in India, by and large the structure comprises four levels:

- Conventions/Sessions
- General Council
- Provincial Bodies
- Local Bodies

National Conventions/Conferences are held either annually or bi-annually. This is the highest policy making body.

The General Council carries out policy decisions taken by the convention. Various standing committees are often set up on research, education, lobbying and public relations services.

State level bodies liaise with the national level organisations, and keep a close watch on the implementation of labour legislation and practices. They may also assist/influence state government in the passage of legislation and/or in administrative actions. They are also involved in collective bargaining and are responsible for the welfare of their membership and membership drives.

6.5 Problems of Trade Unions

Nair & Nair (1999) showcase the Indian situation quite vividly in presenting the problems of Indian trade unions. Some of these may also be relevant to other countries and particularly to the West. Let us look at each of these briefly.

Multiple trade unions: India has a problem in its trade union movement because of the very large number of unions. It has caused inter-union rivalry and compromised on the unity of workers. It also leads to fragmentation of the worker population. Some unions may be more than willing to accede to the pressures of the employers and some others may be in the hands of the politicians who are behind trade unions purely to expand their voter base than to look after the welfare of the workers.

Politicisation: In a democracy, political influence on trade unionism cannot be avoided. (Nair & Nair). In countries such as India and Sri Lanka, the historical development of the

trade union movement was inseparably attached to the political movement through the struggle for independence. Although in the beginning it helped the unions to gain considerable influence on the government in power, in the long run it has become a threat to the unity of the working class.

Democracy and Leadership: Nair & Nair point out, with particular reference to India, that the basic objective of trade unions may be to promote industrial democracy but that in practice, it rarely happens. Union leaders show authoritarian behaviour with less than optimal participation, openness and transparency.

Lack of adequate finance: Large number of small sized unions find it extremely difficult to sustain themselves, as their only means of income is membership subscriptions. Poor finances affect union activities and when members are not adequately served, they tend to gravitate toward other unions. Those are the major reasons for failure of trade unions particularly in the Asian continent.

Activity

Collect statistics on your country's trade unions. On what basis have they been classified? How different is it from the above classification? Comment.

7 Collective Bargaining

You saw previously that workers united in order to win concessions from owner employers in the Post Industrial Revolution era. This unity offered them strength, and probably as a result, they found it very convenient to present their problems to management through their union. Managers also found it easier to deal with union leaders to resolve problems common to workers. This led to the concept of collective bargaining first identified by Sidney and Beatrice Webb in the UK and by Groper in the US. Collective bargaining grew with the growth of unionism.

7.1 The Concept

Collective bargaining may be defined as:

A method of determining terms and conditions of employment and regulating the employment relationship which utilises the process of negotiation between representatives of management and employees intended to result in an agreement which may be applied across a group of employees. Salamon (1998, 305)

The National Labor Relations Act of the USA reads:

For the purpose of (this act) to bargain collectively is the performance of the mutual obligation of the employer and the representative of the employees to meet at reasonable times and confer in good faith with

respect to wages, hours, and terms and conditions of employment, or the negotiation of an agreement, or any question arising thereunder, and the execution of a written contract incorporating any agreement reached if requested by either party, but such obligation does not compel either party to agree to a proposal or require the making of a concession.

Dessler (2001, 566-567)

As Dessler argues, this means in plain language that both management and labour are required by law to negotiate wages, hours, and terms and conditions of employment 'in good faith.' Bargaining in good faith is the cornerstone of effective labour management relations. It means that both parties communicate and negotiate. Collective Bargaining would thus be seen as a process whereby representatives of employers and employees negotiate, administer and enforce agreements that cover wages, hours of work and other terms and conditions of employment.

There is more to collective bargaining than the mere getting together of two bodies to review and agree upon certain terms of employment. Formally, collective bargaining involves the following:

- Statutory support by legislative measures
- The existence of employee representatives, i.e., the union
- The recognition of the union by the employer as the bargaining agent
- The existence of an industrial dispute
- The threat of economic force in the form of a 'lock out' or 'strike' to settle an industrial dispute or to reach an agreement
- Negotiation
- Finalisation of an agreement
- Implementation of an agreement

Collective bargaining can be a stabilising factor in the free enterprise system. The recognised representation of employees by the union and the prescribed practices of collective bargaining and its agreements provide an accepted means to solve economic conflict, a clear legal framework within which the parties negotiate and establishes an safety valve for psychological and social conflict among the individuals and groups involved.

To achieve a successful management-union relationship and the acceptance of collective bargaining protocols, a state of genuine representation and acceptance of the parties must exist. For such a relationship, what might be called the critical success factors (CSFs) are:

- The bona fide interaction of the two parties
- The union's understanding that the interests of workers are not superior to that of the survival and success of the organisation
- Managements must accept and support the rights of trade unions

- The union at the collective bargaining process must truly represent a majority of workers
- The union representatives must be purposeful but reasonable
- Managements must be progressive and enlightened. They must not exploit disunity among unions to their advantage
- Both managements and unions must be vigilant enough to prevent political exploitation of conflict for political ends

With these conditions in place, it is the hope of all concerned that timely and peaceful agreements can be negotiated and that disputes that arise are amicably settled. However, there are times and circumstances in which this is not the outcome, thereby leading to escalated conflict and the taking of more extreme measures available to the bargaining parties.

Let us look at some country examples in regard to collective bargaining and try to capture the salient features those countries have adopted.

7.1.1 USA

You have seen how trade unionism evolved in the USA and how the AFL-CIO emerged as a formidable union that now accounts for approximately 20 million members. American trade unions have strong and effective leadership developed from within the union. Union leaders are well paid. They have all facilities that top executives of companies would have and employ skilled staff to assist them in their work.

Each organisation is required to have only one 'Bargaining Agent.' In case of dispute the National Labour Relations Board is empowered to designate the 'bargaining unit' in the interests of business and industry.

7.1.2 United Kingdom

In the UK, unionism has developed along professional lines. It has been estimated that about 40% of white-collar and 90% of blue-collar workers are members of trade unions. There is also significant unionisation among professionals. Those in education, health, government services and even some no-profit organisations are now members of unions. Collective bargaining seems to be the main purpose of professional in unions and it is estimated that about 40% of all salaried non-managerial staff are represented by bargaining agents compared to 25% of the labour force.

7.1.3 India

Indian Trade Unionism though principally influenced by the UK has been considerably modified by Marxist concepts.

7.1.4 West Germany & Other European Nations

The American concept of industrial relations and a new concept of 'co-determination' that began in West Germany spread to other West European nations. Co-determination is

a tripartite negotiation process in which elected worker representatives sit on 'Supervisory Boards' along with representatives of shareholders and those of employers in equal numbers. There are no strong unions in West Germany as in the USA. The national average strike level in West Germany has been low in comparison to that of UK and Italy.

7.1.5 Sri Lanka

Collective bargaining in Sri Lanka is mainly limited to individual unions negotiating with individual organisations although a few collective agreements cover a number of employers and employees across many organisations and many categories of employees. For example: the Collective Agreement between the Employers' Federation of Ceylon and the Ceylon Mercantile Union commonly called the EFC/CMU Collective Agreement.

7.2 The Nature and Scope of Collective Agreements

A previous section furnished several definitions of collective bargaining. A better understanding of the process will come from reviewing some of its critical ingredients:

- It is a group process
- It involves negotiation
- It is a bipartite exercise involving representatives of unions or associations of employees and employers
- The objective of collective bargaining is to reach an agreement
- The purpose of the process is to improve working conditions for employees while securing the interests of management
- It is not merely an economic process, it is a socio-economic process (based on the best of democratic traditions) that involves mutual respect of each other's views, aspirations, expectations, and values
- It meticulously follows legislation, rules, regulations, conventions and customs developed by trade unions, managements, corporations and state and central governments

What is included in an agreement reached through collective bargaining will depend on the needs and requirements of the parties to the agreement. They could be industry or workplace specific. Despite this, the following would be likely topics covered by the process of collective bargaining:

- Wages, salaries increments and bonus payments
- Hours of work and overtime hours/rates
- Terms and conditions of work, safety, welfare and health care
- Grievance procedures
- Labour productivity, labour standards and modernisation
- Union-management relations including worker participation

The range of the economy and its institutions that the certifications of the unions or associations cover also affects the scope of collective bargaining. Most commonly, these are distinguished as to whether the representation is for an individual plant or employing organisation, an industry comprising a number of employers, or the economic institutions of a nation.

7.2.1 Plant Level

In these negotiations agreements are reached between management of an independent business unit and the union representing the workers of that unit. They are confined to issues at the business unit level and there is no involvement of other unions in other units or industries. This is very common in India.

7.2.2 Industry Level

In this process the unions of many business units form an association and hold discussion with similar associations of owners/managements of such units. Agreements reached are binding on all such units and implemented accordingly. It prevents different terms and conditions being applicable to different units in the same industry or across industries. Sometimes, in certain industries, this level of agreement is negotiated to cover issues of common interest to the units that comprise it but other contracts are negotiated at the plant level to cover issues of varying interest to the individual units.

7.2.3 National Level

The issues common to all workers across industries, regions and even sectors are discussed between representatives of the National Trade Unions and representatives in industry and the business community. Although rare in India, this is very common to the USA where the AFL-CIO enters into national level agreements.

7.3 The Process of Collective Bargaining

As noted, collective bargaining is governed and informed by a range laws, rules, regulations and protocols. Accordingly, the process encompasses the following major phases:

1. A charter of demands by the bargaining agent
2. Preparation for negotiation
3. Bargaining
4. Collective Agreement
5. Contract administration

A union needs to be registered in order that it may be recognised. A recognised union could become the bargaining agent empowered to hold discussions with management on behalf of the employees in the organisation. If there is more than one union, the union having the majority membership is recognised as the bargaining agent. In some countries, the legislation allows only one bargaining agent for a defined unit of workers. Many

employers have several such defined units of workers, differentiated on the basis of criteria such as the trade or skills involved, that are often represented by different unions. In these countries, each unit so defined collectively bargains with the employer for a separate contract. Each union prepares the charter of demands. Where there is an existing agreement the union will usually raise their new demands a few months before the expiry of such agreement.

Both managements and unions prepare themselves for negotiations. Management will prepare by collecting data on employee performance records, labour standards, productivity, absenteeism, accidents, turnover, profit etc. This data is available internally. External data gathered would include economic data, cost of living, copies of similar contracts signed by other unions, terms and conditions of similar employees in other organisations.

Based on data and analysis, management assesses the expectations of similar unions elsewhere and the terms of the agreements that have been agreed to. This will help management decide the percentage increase in wages they ought to consider, balance viability with labour costs, balance the interests of labour with those of the shareholder, and consider constraints on pricing with regard to the competition.

Managements would also consider prioritising the demands, the stand they should take with the union, i.e., whether it should be tough or accommodative, and make decisions whether or not to avoid or face strikes or lockouts. (Lockout is a refusal by the employer to provide opportunities to work.)

Similarly, unions collect data and formulate their policies and strategies based on their negotiating power, market conditions, management's capacity to pay and general public support to their cause.

Bargaining usually takes place in a business-like climate. No accusations are made or each other's motives questioned. Their respective positions are presented, supported by facts and figures. Demands may be taken one after the other or on a basis agreed to at the beginning of negotiations. Some demands may be conceded at the beginning. Prerogatives of management may be questioned by the unions with a view to enlarge its scope of influence on management. Managements usually do not allow such encroachment in to areas they consider as being their prerogative. A total rejection of demands would certainly lead to deadlock and is certain to lead to a strike/lock out. Collective bargaining is successful when there is a give and take attitude on both sides, when communication channels are always kept open, when the both sides have the capacity to read the other's true intentions and act 'win-win.'

The terms agreed to have to be reduced to writing. This writing is variously referred to as the *collective agreement*, *labour contract*, *union contract*, or *labour-management contract*. Companies usually print and circulate them to all relevant parties. The agreement is binding on both parties, has legal status, and serves as a day-to-day guide for labour-management relations.

Once the contract has been ratified, its administration follows. Good practice dictates that its administration be transparent: clear with respect to the handling of contractual disputes, and loyal to the spirit of the agreement.

7.4 Collective Bargaining and the Right to Strike

Though precedent setting has made the processes of collective bargaining more and more predictable, collective bargaining does not always have a smooth flow. Many things may happen that prevent both sides from keeping the process from moving. In the USA three things can happen when an impasse develops.

- Conciliation or mediation
- A strike or a lockout
- Arbitration

In India and Sri Lanka, impasses more often lead to strikes than the other two options. However, trends in recent recessionary times have shown a greater willingness on both sides to resort to the other two options.

The Canadian Oxford dictionary defines a strike as ‘an organised refusal by employees to work until some grievance is remedied.’ Such a withdrawal of service to the employer can be triggered by a variety of causes and circumstances. In the US, a series of distinctions are made, as follows:

- Contract strike – This occurs when management and the union cannot agree on the terms of a new contract. In the USA more than 90% of the strikes are contract strikes.
- Grievance strike – This occurs when the union disagrees on how management interprets the contract or handles day-to-day problems such as discipline. These are usually prohibited by about 95% of the contracts in the USA but occur frequently in some specific industries.
- Jurisdictional strike - This take place when two or more unions disagree on which jobs should be organised by each union. The Taft-Hartley Act gives the NLRB power to settle these issues and unions also have their own methods of settling them.
- Recognition strike – This occurs as a strategy to force an employer to accept the union. Only 1% of strikes in the US are in this category.
- Political strike – This takes places to influence government policy. Extremely rare in the USA.

In some countries, a strike is seen as a refusal to fulfil work obligations at best, but in others only a few categories are outright illegal. Unfair labour practice strikes are aimed at protesting illegal conduct by the employer. A ‘wildcat strike’ is an unauthorised strike occurring during the term of a contract. A ‘sympathy strike’ occurs when one union strikes in support of the strike of another.

In other jurisdiction, such as India and Sri Lanka, a different taxonomy may be more appropriate:

- Economic strike – This takes place when employee/union demands on wages, working hours and terms and conditions of employment are not met.
- Wildcat strike – This is a quick, sudden and unauthorised stoppage of work and is illegal.
- Sit-down strike – In this type of action, employees get to their places/points of work but refuse to work.
- Sympathy strike – In this, employees or the union is not connected with the dispute, but strike in order to show their solidarity with the striking union. In the USA such a strike is illegal under the Taft-Hartley Act.

7.5 Policies for Collective Bargaining and Union-Management Relations

There are laws and rules governing the establishment of unions and collective agreements. However, laws cannot dictate good union-management relations and the effective administration of jointly negotiated agreements. These outcomes require a commitment and will of intent from both parties. Collective bargaining can be most effective when there is evidence of a number of characteristics in the relationship and on the parts of managements and unions separately.

Collective bargaining should be considered an educational process. It can give management an opportunity to get to know about suppressed feelings, grievances, wants and desires of workers. Equally, union leaders can get to know the financial position of the organisation, and managerial problems of balancing various competing interests to remain viable.

Collective bargaining must be treated as a form of finding the best solution to a given problem. This calls for a give-and-take attitude from both sides so that both sides gain.

- The parties must have equal power. As with any situation involving the interests of two parties, an inequality in the strengths of such parties can lead to ruthless hegemony, constant conflict and at best a benevolent generosity that the weaker party recognises can easily be taken away.
- There must be mutual trust and confidence. An absence, or perceived absence, of goodwill can lead to acrimony and conflict that make it near impossible to negotiate and maintain mutually satisfying and productive agreements.
- Both negotiating teams should have leadership qualities. During negotiations, it is essential that the parties know that the commitments being proposed by each negotiating team have high probability of acceptance by the parties that the negotiators represent. Their leadership effectiveness in convincing the members is critical.

- The agreement reached must be in conformity with the law of the land. Obviously, the obvious and accepted legality of the agreement is a fundamental requirement. The agreement is a legal document, binding on both parties.

Management, as a party to the agreement, can contribute to lasting harmony by observing a number of practices:

5. Follow a realistic labour policy that is uniform and consistent across all sections and divisions.
6. Consider the union a partner not an adversary.
7. Monitor rules and regulations continuously and bring about changes if such changes improve morale and motivation. Do not take things for granted.
8. While being careful not to contravene the terms of the agreement, be proactive and address the needs of the workers before it becomes a union-management issue.
9. Consistently recognise the rights and authority of the bargaining unit, i.e, of the union that represents that group of workers.
10. Give adequate attention to social issues while addressing economic issues.

Equally, **the unions** have a role to play:

1. Appreciate the financial constraints of an organisation when presenting demands. Ultimately, the survival of the organisation is more important than gaining all the demands of the employees.
2. Realise that rights have corresponding duties and not pursue workers' rights alone but discharge duties so that the organisation benefits
3. Avoid threats and unfair trade practices to coerce managements into granting union demands.
4. Be democratic and act with total integrity.
5. Use the strike weapon only as a last resort

So, it is apparent that there is much more to achieving and maintaining strong, productive and effective union-management relations than simply meeting the minimal legal requirements of collective bargaining.

7.6 Laws of Collective Bargaining

7.6.1 The USA

Summary of major laws

Law	Coverage	Trend
Sherman Antitrust Act (1890)	Employers and employees in any business affecting interstate commerce	Anti-union
Clayton Act (1914)	Same as Sherman Act	Pro-union

Railway Labour Act (1926)	Non-managerial rail and airline employees	Pro-union
Norris-La Guardia Act (1932)	Private sector employers and labour organisations	Pro-union
Wagner Act (1935) (The National Labour Relations Act)	Private sector employers and non-managerial employees not covered by the Railway Labour Act	Pro Union
Taft-Hartley Act (1947)	Same as Wagner Act	Balanced the rights of management and of the union
Landrum-Griffin Act (1959)	Private sector employers and labour organisations	Refined the Taft-Hartley Act
Civil Service Reform Act (1978) replaced by provisions of Personnel System Reform Act of 2002	Non-managerial, non-uniformed federal civil service employees and agencies	New Act allows more scope for collective bargaining, but provisions are not yet implemented.

7.6.2 Canada

In Canada all jurisdictions have laws regulating labour relations. The federal law is the Canada Labour Code. Each province has a similar law. The federal act applies only to industries under federal coverage.

All laws recognise the right of the employee to organise and they require an employer and a certified trade union to conclude a contract on wages and other terms of employment (except in Quebec).

A Collective agreement is binding on the parties covered. While in force, strikes are prohibited and disputes must be settled through a grievance procedure or arbitration. Under all law, government conciliation services are available to assist the parties to reach an agreement and strikes or lockout are then prohibited.

In 1975, the Department of Labour (Ottawa) set up Canada Labour Relations Council. It includes representatives from labour, management and the government and its purpose is to promote labour peace at the federal level.

In the public sector federal employees' labour relations are governed by the Public Service Staff Relations Act of 1967. This law allows federal employees except managers to join unions and bargain collectively. The law also created the Public Service Staff Relations Board.

Most public sector agreements require employees to choose ahead of time whether they will submit to binding arbitration or strike. Canadian leader criticise public sector employers for this provisions and other shortcomings just as strongly as private sector employers.

7.6.3 India/Sri Lanka

There are many laws that deal with all aspects of employment. It has been said that the economic status of these countries could ill afford the progressive laws that have been enacted in the interests of the workers. It must be noted however, that these countries do not have social security and that these laws are an essential 'cushion' for employees who would otherwise have no economic redress.

Most of the laws in the region could be classified under the following heads:

- Factory legislation
- Mining legislation (India)
- Wage legislation
- Trade union legislation
- Industrial disputes legislation
- Social security legislation

Activity

What do you understand by the term 'collective bargaining'? Is there a law in your country that provides for collective bargaining? Obtain a copy of a collective agreement from an organisation where collective bargaining is an industrial relations practice.

8 Summary

Although it may not always live up to its potential, collective bargaining can provide the forum for a tremendous flexibility in labour-management relations. Contracts make explicit many of the rights and responsibilities of both labour and management, are revised on a regular schedule and can be structured to suit the respective interests of the parties.

Although few employers invite a union to organise workers, most labour-management relationships evolve to a position of mutual respect. Despite that, managers in some jurisdictions like the USA have become more active and successful in resisting union organising activities. This is seen as a major factor in the decline of union membership in such countries.

If a union is certified, then union and management representatives begin the collective bargaining process. Collective bargaining includes both contract negotiation and administration. If the parties disagree during the negotiations, certain conciliatory processes may help them. If not, a strike or lock out may result. If the parties disagree about contract administration, arbitration provides the solution.

Unions affect both efficiency and equity because an effective union can provide employees a voice to change organisation conditions and enhance equitable treatment of unionised employees. Efficiency is affected if having a more satisfied, stable unionised workforce results in higher productivity for the employer. However, unions can have a negative effect on productivity if work rules hinder performance. Whether or not the effect on productivity is positive depends on the quality of the employer-employee relationship.

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Commonwealth of Learning Executive MBA/MPA

C3 Human Resource Management

Block 13

International Human Resources Management (IHRM)

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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The Commonwealth of Learning

1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

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1 Objectives

When you have studied Block 13 of this course, you will be able to:

- Demonstrate familiarity with the international dimension of Human Resources Management (HRM) in light of the internationalisation of business.
- Describe some ways in which inter-country differences affect HRM.
- Debate issues relating to IHRM.
- Show a knowledgeable interest in enhancing the quality of IHRM practices

2 Introduction

For many reasons, different countries approach Human Resources Management (HRM) in different ways. You are probably aware of practices in Japan such as lifelong employment and the 'nenko' system of seniority pay, where employees are guaranteed a job for life with a company and are paid according to the number of years they have worked for the company. By contrast, in the US, employers do not hesitate to resort to hiring and firing employees, of course subject to certain labour laws. Britain is reputed for having a conflictual industrial relations system whereas in Japan, company unions are common. In countries like France and Italy, trade unions are organised on political lines and, in Germany, unions have considerable influence in company decision making through work councils and managers' acceptance of co-determination.

When the study of organisations and the people's behaviour in them first emerged, the US was the world's dominant economic power. As a result, much of what was learned about organisations and their people came from its uniquely American middle class perspective. Today, however, it is clear that the economy is much more global in scope and orientation. There exist strong economic forces all over the world and organisations operate within many different cultures. Even former communist nations, such as Russia, are rapidly developing into strong economic powers with growing organisations of their own. Moreover, many organisations have operations in several different countries. This naturally interested the researchers in human behaviour and HRM to study the differences in behaviour of people and HRM practices in various countries and cultural contexts. This gave rise to the study of 'International Human Resources Management' (IHRM)

2.1 The International Organisation and IHRM

The nature of international business has changed over the years. The internationalisation of business has led to the companies requiring to be managed globally, but globalisation confronts managers with some Herculean challenges. Market, product, and production plans must be coordinated on a worldwide basis, for instance and organisational structures capable of balancing centralised home office control with adequate local autonomy must be created. Some of the most pressing challenges concern globalisation's

impact on an employer's HR management system, and specifically the techniques used to recruit, select, train, compensate and maintain the quality of work life of employees who are based abroad

Companies differ in their degree of international involvement. An international business is any firm that engages in international trade or investment. The multi-national company or corporation (MNC) is one type of international business enterprise. A MNC can be defined as 'an internationally integrated production system over which equity based control is exercised by a parent corporation that is owned and managed essentially by the nationals of the country in which it is situated.' (Dessler 2001, citing Robinson 1984) Firms like General Electric and ITT have long been multinational corporations, but marketing expert Theodore Levitt contends that the MNC's reign as the pre-eminent international trade vehicle is nearing its end. It is being replaced, he says, by a new type of international enterprise he calls the 'global corporation.' (Levitt 1983). Whereas the MNC operates in a number of countries and adjusts its products and practices to each, the global corporation operates as if the entire world, or major regions of it, were a single entity. They sell essentially the same things in the same way everywhere, much as Sony sells a standardised product such as their Walkman throughout the world with components that may be made or designed in different countries (Levitt 1983).

Consistent with these international business options, International HRM (IHRM) takes several forms. Working internationally is now more extensive and varied than ten years ago. The patterns of international management are diverse and few companies work in the same way. There is a great deal more collaboration and working together across national boundaries between organisations with common interests and international work is no longer the preoccupation of a small elite group of managers. There was a great management challenge at the close of the last millennium for managers to place their local actions in a framework of global thought and strategy. This is particularly demanding because of persistent variations in practice, despite international initiatives like those of the European Union.

2.2 How Inter-Country Differences Affect HRM

HR managers must consider the potential impact of inter-country differences on HR operations conducted globally. For example, differences in culture, economic systems, labour costs and legal and industrial relations systems, all have an impact on how people are managed. Such inter-country differences also mean there will be corresponding differences in management styles and practices from country to country, and such differences may strain relations between headquarters and subsidiary personnel or make a manager less effective when working abroad than at home. International assignments thus run a relatively high risk of failing unless special steps are taken to select, train and compensate international assignees

The management of the HR function in multi-national companies is complicated enormously by the need to adapt personnel policies and procedures to the differences among countries in which each subsidiary is based. The following are some inter-country differences that demand such adaptation

2.2.1 Cultural Factors

Considering the global trends, it would be seriously limiting—not to mention very misleading—to ignore the possibility that HRM is affected by cultural differences. Wide ranging cultural differences from country to country demand correspondingly different personnel practices among a company's foreign subsidiaries. It could be generalised, for instance, that the cultural norms of the Far East and the importance there of the patriarchal system will mould the typical Japanese worker's view of his or her relationship to an employer as well as influence how that person works. Japanese workers have often come to expect life time employment in return for their loyalty. Incentive plans in Japan tend to focus on the work group, while in the West the more usual prescription is still to focus on individual worker incentives

Similarly in a recent study of about 330 managers from Hong Kong, the People's Republic of China and the US, US managers tended to be most concerned with getting the job done while Chinese managers were most concerned with maintaining a harmonious environment; Hong Kong managers fell between these two extremes. (Dessler 2001, citing Ralston et al. 1992). Further, a well known study by Professor Geert Hofstede underscores other international cultural differences

Hofstede (1992) says societies differ first in **power distance**, in other words, the extent to which the less powerful members of institutions accept and expect that power will be distributed unequally. He concluded that the institutionalisation of such an inequality was higher in some countries (such as Mexico) than in others (such as Sweden). His findings identified several other cultural differences

Individualism vs. collectivism refers to the degree to which ties between individuals are normally loose rather than close. He contends that in more individualistic countries, 'all members are expected to look after themselves and their immediate families.' Individualistic countries include Australia and the US. Collectivist countries include Pakistan and Indonesia

Masculinity vs. femininity refers, in Hofstede's findings, to the extent to which society values assertiveness ('masculinity') versus caring (what he called 'femininity'). Japan and Austria ranked high in masculinity; Denmark and Chile ranked low. Uncertainty avoidance according to Hofstede refers to cultures with a high avoidance of uncertainty. They attempt to predict, control, and influence future events while cultures with a low avoidance of uncertainty are more willing to take things day by day

Long-term versus short-term orientation is the fifth dimension but was not included in Hofstede's original work. Later it was added as a result of studies involving Chinese values. It generally refers to the extent to which cultures think in terms of the future (the long term) or in terms of more immediate events (the short term)

Such inter-country cultural differences have several HR implications. First, they suggest the need for adapting HR practices such as testing and pay plans to local cultural norms. They also suggest that HR staff in a foreign subsidiary is best drawn from host country citizens. A high degree of sensitivity and empathy for the cultural and attitudinal

demands of co-workers is always important when selecting employees to staff overseas operations. Therefore, simply assuming a unicultural perspective can be very misleading in a field of study such as HRM, especially in an international context.

Activity

Explore whether your country had been included in Hofstede's study. If so, note the analysis. If not, how would you apply the factors to your country?

2.2.2 Economic Factors

It is noted that differences in economic systems among countries also have an effect on inter-country HR practices. In free enterprise systems, for instance, the need for efficiency tends to favour HR policies that value productivity, efficient workers and staff cutting where market forces dictate. In socialist systems, HR practices tend to shift towards preventing unemployment, even at the expense of sacrificing efficiency

2.2.3 Labour Cost Factors

Differences in labour costs may also produce differences in HR practices (like pay-for-performance) aimed at improving employee performance. Inter-country differences in labour costs are substantial, for instance hourly compensation. Besides, there are other comparative labour costs to consider. For example, there are wide gaps in hours worked (Portuguese worker averages about 1,980 hours of work annually whereas the German counterpart puts in 1,648 hours) and payment of substantial severance pay in certain countries, for example, Britain and Germany

2.2.4 Industrial Relations Factors

Industrial relations, and specifically the relationship, the worker, the union and the employer vary dramatically from country to country and have an enormous impact, on HR management practices. In Japan, labour management cooperation is very much stressed while in Britain adversarial industrial relations is commonly seen. In Germany, codetermination (where employees have the legal right to a voice in setting up company policies) is the rule. In US, most HR matters such as wages and benefits are set not by the state but by the employer or by the employer in negotiations with the trade union.

3 Enhancing the Quality of IHRM Practices

3.1 Improving International Assignments through Selection

It has been estimated that 20% to 25% of all overseas assignments undertaken by US personnel fail, but the exact number of failures is understandably difficult to quantify (Dessler, 2001). Comparatively, Japanese and European multi-nationals reported lower failure rates. The reasons reported for expatriate failure differed between the US, European and Japanese multinationals. For US multinationals, the reasons varied from

inability of spouse to adjust, managers' inability to adjust, other family problems, managers' personal or emotional immaturity or inability to cope with larger overseas responsibility. Managers of European firms emphasised only the inability of the manager's spouse to adjust as an explanation for the expatriate's failed assignment. Japanese firms emphasised (in descending order) inability to cope with larger overseas responsibility, difficulties with new assignment, personal or emotional problems, lack of technical competence, and finally, inability of spouse to adjust. (Dessler 2001, 678). These findings underscore a truism regarding selection for international assignments, namely, that it's usually not inadequate technical competence but family and personal problems that undermine the international assignee

Activity

In your country, what are the laws/regulations governing employing foreigners? Quote the specific references in the law/regulations.

3.2 International Staffing : Sources of Managers

There are several ways to classify international managers:

- **Locals:** citizens of the countries where they are working
- **Expatriates:** non-citizens of the countries in which they are working.
- **Home country nationals:** citizens of the country in which the multinational company's headquarters is based.
- **Third-country nationals:** citizens of a country other than the parent or the host country

Expatriates represent a minority of managers, and locals fill most managerial positions. There are several reasons to rely on local, host country management talent for filling foreign subsidiary's management tasks. Many people simply prefer not working in a foreign country and there is also the high cost of engaging expatriate talent. Further, MNCs also like to be seen locally as 'better citizens' by engaging local talent, in addition to insistence by some governments to engage local managers. However, there are also reasons for engaging expatriates as well. Some reasons are technical competence, operational control, and as part of a plan to develop top managers

3.3 International Staffing Policy MNCs follow different staffing policies depending on the underlying attitudes. They can be—

- **Ethnocentric** – featuring a prevailing attitude that home country attitudes, management style, knowledge, evaluation criteria and managers are superior to what expatriates can offer. Therefore, they would follow a staffing policy in which parent-country nationals fill all key management positions
- **Polycentric** – there is conscious belief that only host country managers can ever really understand the culture and behaviour of the host country market. Therefore, such a firm would staff foreign subsidiaries with host country nationals and its home office headquarters with parent country nationals
- **Geocentric** – assumes that management candidates must be searched for on a global basis for the best available talent. Therefore, a firm subscribing to such a belief would seek the best people for key jobs throughout the organisation, regardless of nationality. This may allow the global firm to use its human resources more efficiently by transferring the best person to the open job, wherever he or she may be

Self-Assessment Question

What is a MNC? Give three specific examples of such corporations in your country. Check with the companies in what countries they have operations. And explain the nature of their operations.

3.4 Selecting International Managers

Selecting managers for expatriate assignments means screening them for traits that predict success in adapting to what may be dramatically new environments. Dessler (2001, 680) lists out such expatriate selection traits as follows:

1. Adaptability and flexibility
2. Cultural toughness
3. Self orientation
4. Others orientation (relationship skills)
5. Perceptual ability
6. Family adaptability

A recent study by Winfred and Bennett (1995, 106-107) also identified five factors perceived by international assignees to contribute to success in a foreign environment. They were:

1. job knowledge and motivation
2. relational skills
3. flexibility/adaptability
4. extra-cultural openness (openness, interest in foreign cultures)
5. family situation

Therefore, **Adaptability Screening** is generally recommended as an integral part of the expatriate screening process. This is necessary to avoid 'employment culture shock' (discrepancy between what the assignee expected from his or her assignment and the realities of it).

3.5 Training and Maintaining International Employees

The employee destined for an international posting, having successfully gone through a screening process, may then require special training. What sort of training do overseas candidates need? Dessler (2001, 683) refers to four steps and names the focus of each:

- Level 1: impact of cultural differences on business outcomes.
- Level 2: understanding of attitudes.
- Level 3: factual knowledge about the target country
- Level 4: skill-building in areas like language and adjustment and adaptation skills.

Beyond such special training, there is also the need for traditional training and development for overseas employees. IBM, for instance, has a planned approach to develop its overseas employees professionally. Programs are also aimed at building unifying corporate cultures by imbuing in them corporate values, strategies and policies to achieve the desired results

3.6 International Compensation

Compensation is a very risky area for a HR Manager. He would be required to choose or balance between maintaining company wide pay scales and also customising their pay scales to suit the local market rates. In countries like Japan and Greece, in view of high living costs, it could be difficult to find managers to man such places, if pay scales are not suitably adjusted. To overcome this situation, companies usually pay a similar base salary and then add on various allowances according to various market conditions. Determining equitable wage rates in many countries is not easy. Some companies therefore deal with this problem by conducting their own annual compensation surveys

The most common approach to formulating expatriate pay is to equalise purchasing power across countries, a technique known as the 'balance sheet approach' (Dessler 2001, citing Hill 1994, 519-520). The basic idea is that each expatriate should enjoy the

same standard of living he or she would have had at home. Thus, four main home country groups of expenses are taken into consideration, namely, income taxes, housing, goods and services, and reserve. After comparing the expenses to be incurred by the expatriate in the case of his or her home country and in the country of assignment, any differences are then paid. In practice, this usually means that the expatriate's total package is built around five or six separate components

One international compensation trend, analysts point out, awards long term incentive pay to overseas managers, as seen in many US multinationals. (e.g., stock option plans). More and more US multinationals are devising performance based, long-term incentive plans that are tied more closely to performance at the subsidiary level. These can build a sense of belonging and ownership among key local managers while providing the financial incentives needed to attract and retain the people needed overseas.

3.7 Performance Appraisal of International Managers

Cultural differences can create problems in appraising international managers. For example, local bosses who may feel that the expatriate manager's use of participative decision making is inappropriate in their culture may assess the performance of a US Manager based in India. Conversely, home office management may be out of tune with on the ground realities prevailing in the actual location. Addou and Mendenhall, (1991, 853-873) make five suggestions for improving expatriate appraisal processes:

- Stipulate the assignment's difficulty level. The appraisal should take difficulty – level differences into account, for example, working in China as against working in Britain.
- Weight the evaluation more toward the on-the-site manager's appraisal than toward the home-site manager's distant perceptions of the employee's performance.
- If, however, as is usually the case, the home-site manager does the actual written appraisal, have him or her use a former expatriate from the same overseas location to provide background advice during the appraisal process. This can help ensure that unique local issues are considered during the appraisal process.
- Modify the normal performance criteria used for that particular position to fit the overseas position and characteristics of that particular locality. For example, 'maintaining positive labour relations' might be more important in Chile, where labour instability is more common, than it would be in the US.
- Attempt to give the expatriate manager credit for relevant insights into the functioning of the operation and specifically the interdependencies of the domestic and foreign operations

Self-Assessment Question

How does appraising an expatriate's performance differ from appraising that of a home-office manager? How would you avoid some of the unique problems of appraising the expatriate's performance?

3.8 International Labour Relations

It is necessary to take into account the substantial differences in labour relations practices among the world's countries and regions, whether US, Europe, Asia and even Central Asia. Sauer and Voelker (1993, 525-526) highlight some important differences between labour relations practices in Europe and the US, which include:

Centralisation

In general, collective bargaining in western Europe is likely to be industry-wide or regionally oriented, whereas US collective bargaining generally occurs at the enterprise or plant level.

Union structure

Because collective bargaining is relatively centralised in most European countries, local unions in Europe tend to have much less autonomy and decision-making power than in the United States, and they basically concentrate on administrative and service functions.

Union recognition

Union recognition for collective bargaining in Western Europe is much less formal than in the United States. For example, in Europe there is no legal mechanism requiring an employer to recognise a particular union; even if a union claims to represent 80% of an employer's workers, another union can try to organise and bargain for the other 20%.

Union security

Union security in the form of formal closed-shop agreements is largely absent in continental Western Europe.

Labour –Management contracts

As in the United States, most European labour management agreements are legally binding documents, except in Great Britain where such collective agreements are viewed as 'gentlemen's agreements' existing outside the law.

Content and scope of bargaining

U. S. labour-management agreements tend to focus on wages, hours, and working conditions. European agreements, on the other hand, tend to be brief and simple and to specify minimum wages and employment conditions, with employers free to institute more generous terms. The relative brevity of the European agreements is a function of two things

- Industry-wide bargaining makes it difficult to write detailed contracts applicable to individual enterprises
- in Europe the governments is much more heavily involved in setting terms of employment such as vacations and working conditions.

Grievance handling

In Western Europe, grievances occur much less frequently than in the United States. When raised, they are usually handled by a legislated machinery outside the union's formal control.

Strikes

Generally speaking, strikes occur less frequently in Europe. This is probably due to industry-wide bargaining, which generally elicits less management resistance than in the United States, where demands. ' . . . cut deeper into the individual enterprise's revenues.'(p. 64)

Government's role

In Europe, governments generally do not regulate the bargaining process but are much more interested in directly setting the actual terms of employment than is the case in the United States.

Worker Participation

Worker participation has a long and relatively extensive history in Western Europe where it tends to go far beyond matters such as pay and working conditions. The aim is to create a system by which workers can participate in a meaningful way in the direct management of the enterprise. Determining wages, hours, and working conditions is not enough; employees should participate in formulating all management decisions. In many countries in Western Europe, works councils are required. A works council is a committee in which plant workers consult with management about certain issues share in the governance of the workplace. Co-determination is a second form of worker participation in Europe. Co-determination means that there is mandatory worker representation on an enterprise's board of directors. It is especially prevalent in Germany.

4 How Do We Find Out about HRM Practices in Other Countries?

A variety of methods is used by both researchers and students to examine the ways in which human resources are managed in different countries.

Large-scale Data Sets and Analysis

Information could be found about pay or employment trends from national labour force surveys that are usually conducted by governments. This source of data has the advantages of being nationally representative and longitudinal. Trends could be established – for example in the use of part time or temporary employment or in the numbers of people employed in different sectors and show how they change over time.

However, caution should be exercised in making comparisons across countries, since the definitions could have been generated by differing historical and ideological suppositions and conceptions. For example, in France, the *l'Enquete sur l'emploi*, the equivalent of the *British Labour Force Survey*, makes a clear distinction between public and private sector employees, which is not the case in the British survey

Questionnaires

The use of questionnaires has been very popular, for example in the work of Hofstede. The advantages of this method are that they allow the researcher to standardise the data collected and they are cheaper to use than conducting case study analysis. However, one of the major criticisms of this method is that it can only obtain superficial evidence. This method is also susceptible to ethnocentrism (the questions may be relevant for example to an American audience, but have little meaning in a European or Asian context).

Case Studies

Case studies involve conducting in-depth interviews and using observational methods or even working in a firm to see the realities of how work is organised. This enables researchers not only to get more in-depth insight into company workings than that provided by national surveys, but also pick up unforeseen issues that may have been excluded in earlier research. Most importantly, it can allow a researcher to find out why certain practices are used. However, disadvantages are that this approach is very expensive and the process is open to error and misinterpretation' for example, if a company case study or two are used to generalise about an entire society

Self-Assessment Question

As an HR manager, what programmes would you establish to reduce repatriation problems of returning expatriates?

5 Summary

For many reasons, different countries approach HRM in different ways. Today, unlike in the past, the economy is much more global in scope and orientation. Organisations operate in different cultural contexts. This naturally gives rise to the study of HRM being focused on different contexts and cultural settings as well. Differences in culture, economic systems, labour costs, and legal and industrial relations systems, all have an impact on how people are managed. Therefore, there arises the need to enhance the quality of IHRM. Specific practices have emerged with regard to the traditional functions of HRM, in the international context; such as in selection, training and maintenance, compensation, internal performance appraisals, and international labour relations. There are various methods used by both researchers and students to examine the ways in which human resources are managed in different countries. Finally, the student should be aware

that there is growing interest in globalisation, European unification and adoption of Japanese management practices. These developments have led to a major debate

Will these trends lead to a convergence in HR management or will divergent practices persist? It is up to you to analyse and ascertain the truth or otherwise of this proposition. What do you think and why?

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C3 Human Resource Management

Unit 14
Other Emerging Issues

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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The Commonwealth of Learning

1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

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1 Objectives

When you have studied Block 14 of this course, you should be able to:

- Describe some emerging issues in regard to HRM
- Name consequences, for the workplace and the individuals involved, of acts defined as sexual harassment, and describe suitable interventions.
- Characterise approaches to organisational development
- Recount the leading theories about good management of change
- Describe objectives for downsizing and various approaches to this process.

2 Sexual Harassment

The problem of sexual harassment in the workplace, according to Ferris and Buckley (1995), is one that requires an active response on the part of the organisational managers. Following a number of court decisions, particularly in the Supreme Court of the US, organisations have been cautioned to define and communicate policies on sexual harassment.

2.1 Definition

Sexual harassment is defined as harassment on the basis of sex that has the purpose or effect of substantially interfering with a person's work performance or creating an intimidating, hostile, or offensive work environment (Dessler 2001, 38). The Equal Employment Opportunity Commission in the US defines sexual harassment as, 'unwelcome sexual advances, requests for sexual favours and other verbal or physical conduct of a sexual nature that takes place under any of the following conditions:

1. 'Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment.
2. 'Submission to or rejection of such conduct by an individual is used as the basis for decisions affecting that individual's employment.
3. 'Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or of creating an intimidating, hostile, or offensive working environment.' (Equal Employment Opportunity Commission 1980, p. 25024).

The concept of sexual harassment is extremely broad, covering anything that a person who is not hypersensitive finds offensive – words, magazine pictures, conduct, touching, or looking. The burden is on the employer to remove offensive items or stop offensive behaviour. An employee's responsibility to stop sexual harassment may also extend to off-premises and off-duty conduct.

2.2 Forms of Sexual Harassment

There are three forms of sexual harassment:

- **Quid Pro Quo** – this form of harassment is the exchange of sexual favours for job benefits (e.g., the promise of a salary raise or promotion). This is also the most direct form of harassment.
- **Hostile environment created by supervisors**– This is to create an offensive working environment. It may be that a male supervisor's sexual harassment had a substantial effect on a female employee's performance.
- **Hostile environment created by co-workers or non-employees** – The workplace may be poisoned for an employee without direct harassment by supervisors; this can come from the employee's co-workers or even the employer's customers.

2.3 What the Employer Should Do

Ivancevich (1998, 98) states that an employer fulfils its duty to prevent or remedy sexual harassment in three ways:

- By developing a policy against sexual harassment
- By promptly and thoroughly investigating allegations and complaints of sexual harassment
- By properly disciplining offenders

All written sexual harassment policies need to contain the following:

- Definition of sexual harassment
- Statement encouraging people to come forward with complaints
- Promise of confidentiality
- Alternative channel for filing complaints
- Promise of prompt and thorough investigation of all complaints
- Promise that the organisation may take interim steps pending full investigation
- Appropriate disciplinary measures against offenders
- Assurance that those who make complaints will not be subjected to retaliation or punishment in any way for complaining.

Dessler (p. 40) presents a similar viewpoint but with a different approach. Employers can take steps to minimise liability if a sexual harassment claim is filed against the organisation and to prevent such claims from arising in the first place:

1. First, take all complaints seriously. When confronted with sexual harassment complaints or when sexual conduct is observed in the workplace, the best reaction is to address the complaint or stop the conduct.
2. Issue a strong policy statement condemning such behaviour. The policy should contain a workable definition of sexual harassment, spell out possible actions against those who harass others, and make it clear that retaliatory action against an employee who makes charges will not be tolerated.
3. Inform all employees about the policy prohibiting sexual harassment and of their rights under the policy.
4. Develop a complaint procedure.
5. Establish a management response system that includes an immediate reaction and investigation by senior management.
6. Begin management training sessions with supervisors and managers to increase their own awareness of the issues.
7. Discipline managers and employees involved in sexual harassment.
8. Keep thorough records of complaints, investigations, and actions taken.
9. Conduct exit interviews that uncover any complaints and that acknowledge by signature the reasons for leaving.
10. Republish the sexual harassment policy periodically.
11. Encourage upward communication through periodic written attitude surveys, hot lines, suggestion boxes, and other feedback procedures to discover employees' feelings concerning any evidence of sexual harassment and to keep management informed.

You should observe that these guidelines state that once the employer knows or should have known of harassing conduct, immediate corrective action is required even if the offending party is a non-employee. Please note that steps to prevent harassment should include, at a minimum, an explicit policy against harassment that is clearly and regularly communicated to employees; efforts to sensitise all supervisory and non-supervisory employees on harassment issues; and an effective internal complaint procedure.

2.4 What the Individual Can Do

The individual who believes he or she has been sexually harassed can also take several steps to eliminate the problem. The following is proposed:

1. A verbal request to the harasser and the harasser's boss that the unwanted overtures should stop because the conduct is unwelcome.

2. Offended person should write a letter to the accused – a polite, low-key letter written in three parts: The first part should be a detailed statement of facts as the writer sees them. The second part should describe the writer’s feelings and what damage the writer thinks has been done (e.g. ‘Your action made me feel terrible; I am deeply embarrassed...’). Thirdly, the accuser should state what he or she would like to have happen next (e.g., ‘I ask that our relationship from now on be on a strictly professional basis’).
3. Offended person should report the unwelcome conduct and unsuccessful efforts to get it stopped. The report should be made to the offender’s manager or to the HR director (or both), verbally and in writing.
4. If the employer does not take any action, the offended person could consult a lawyer about suing the harasser for assault and battery, intentional inflicting of emotional distress, and to recover compensatory and punitive damages if the harassment is of a serious nature.

Activity

Do a survey of public and private sector organisations in your country and find out whether sexual harassment policies exist in those organisations. Examine a policy each from a public sector and private sector organisation and see to what extent those cover the policy aspects mentioned above.

3 Discrimination

Many governments provide laws that eliminate discrimination. However, you may be surprised to hear that laws never defined it: courts have had to, when they have interpreted the laws.

3.1 A Legal Definition

According to Ivancevich (1998, 77) legal definitions, particularly those arising out of interpretations by courts of law (in this case the US courts) are of three types:

- Initially, during World War II, US courts defined discrimination as **prejudicial treatment**: harmful actions motivated by personal animosity toward the group of which the target person was a member. However, this first definition was ineffective against many employment practices that perpetuated inequality.
- Then the courts redefined discrimination to mean **unequal treatment**. This meant that a practice was unlawful if it applied different standards or different treatment to different groups of employees or applicants.

- The third definition was arrived at by the US Supreme Court: **unequal impact**. The court struck down employment tests and educational requirements that screened out a greater proportion of minorities (African-American) than the whites. Today, both unequal treatment and unequal impact are considered discrimination.

3.2 Equal Employment Opportunities

According to Goss (1994, 156) there are two ways in which equal opportunities issues are located within the HRM debate. The first relates to concerns about human capital: where opportunities to develop and progress are ‘artificially’ blocked for any particular group, this will result in the sub-optimal use of human resources; hence, it is economically rational to ensure that all those who have ability also have the opportunity to exercise it on behalf of the organisation.

From this perspective, equal opportunities is a purely practical matter of outcomes that need not be concerned with the nature or origin of inequalities; what is important is the resource value of the employee, not their social status.

The second link between HRM and equal opportunities, in contrast, emphasises the importance of social justice.

In this respect, equal opportunities is primarily a moral or ethical project that focusses on the processes giving rise to inequalities and seeks to address these in a qualitative sense, not by reducing social difference to a common currency, but by promoting its acceptance and understanding.

Goss (1994, 156) further advocates that promoting equal opportunities is first and foremost a social duty for an employer, although economic benefits may subsequently flow from this. Here, the affinity is more with humanistic traditions of HRM.

As you would see, there could be different approaches to equal opportunities and that may well create tension. Arising from this, stances on equal opportunities and its appearance as an issue within HRM frameworks are likely to be variable, depending, on the one hand, on the nature of the commitment of management, and on the other, on the ability of under-represented groups to influence employment policy. Goss (p.157) presents a framework to describe the ways in which equal opportunities may appear as ‘agendas’ for HRM. (See figure below) In the framework there are two major factors: *commitment* and *focus*. Commitment can be either shallow or deep whilst the focus could be either broad or narrow.

		Commitment	
		Shallow	Deep
Focus	Broad	Token agenda	Long agenda
	Narrow	Short agenda	Focussed agenda

Shallow commitment means that the organisation is capable of adopting or abandoning equal opportunities, in line with legal or economic expediency. Narrow commitment means equal opportunities will be restricted only to those measures required by law or demanded by short-term labour market conditions. Where humanistic HRM predominates, the tendency is likely to be towards a deep commitment based upon principle and a wide coverage beyond minimum legal requirements.

Interpreting the above framework, Goss states that the key distinction is between the long and short agendas, the others being variants of these. Thus, the token agenda covers inequalities other than those specified in employment legislation, but treats these in a generally superficial way that owes more to public relations and short-term economic pressure than to a commitment to fundamental change. In this respect, its approach, while broad, is essentially the same as the short agenda. Similarly, the focussed agenda approaches equal opportunities with the same concern for real change as the long agenda but concentrates attention on a limited range of issues.

Just to put into summary, the short agenda is concerned merely with policy measures that meet short-term economic and legal requirements, while the long agenda is both broad in its coverage and geared towards positive action to equalise employment opportunities beyond the level required by law or economic expediency. The long agenda approach is one of 'equal share', which goes beyond simple 'equal chance', usually involving some form of positive action.

Positive action does not involve meeting quotas by positive discrimination; rather it provides members of under-represented groups with the skills necessary to reach the selection-pool and to be able, once there, to compete equally on merit alone. In broad terms, positive action covers four areas:

- policies and practices
- behaviour and attitudes
- training and development
- resource provision

These will not be discussed at length here, but if you are interested in this topic you may refer to Goss (1994, 156-174).

4 Organisational Development (OD)

Dessler (2001, 292) defines Organisation Development (OD) as:

a method that is aimed at changing the attitudes, values, and beliefs of employees so that the employees themselves can identify and implement the technical changes such as reorganizations, redesigned facilities, and the like that are required, usually with the aid of an outside change agent or consultant.

According to Dessler, action research is the common denominator underlying most OD interventions. It includes:

1. gathering data about the organisation and its operations and attitudes, with an eye towards solving a particular problem;
2. feeding back these data to the parties involved; and then,
3. having these parties team-plan solutions to the problems.

You would see from the above three activities that in OD, the participants always get involved in gathering data about themselves and their organisation, analysing these data and planning solutions based on these analyses. Dessler further says that OD efforts include survey feedback, sensitivity training and team building.

Ivancevich (1998, 453) defines OD as *a process of change that involves the continuing development of human resources*. It is not unusual that organisations and their environments are dynamic and constantly changing. Especially, as the environment keeps changing, organisations will have to keep pace with it. What really happens in the environment? New technologies are developed and introduced, competitors enter and leave markets, inflation increases and productivity fluctuates. In general, managers have to face these kinds of changes but HR managers have to cope with specific changes manifested in the workforces.

Although there is no definition that is universally accepted, perhaps the most quoted definition of OD is the following, from Beckhard (1969) by way of Ivancevich (1998):

An effort (a) planned, (b) organisation wide, (c) managed from the top, to (d) increase organisational effectiveness and health through (e) planned intervention in the organisation's 'processes' using behavioural science knowledge.

You will note that as per the above definition, OD is planned, since it requires systematic diagnosis, development of a programme, and the mobilisation of resources (such as trainers, participants, teaching aids). As Ivancevich points out, it involves either the entire system or an entire unit. As you will agree, it must have top-management commitment if it is to be a success. You should also note another important feature in this definition. OD is not a specific technique such as behaviour modelling, transactional analysis or sensitivity training. These techniques and others are part of an OD effort.

The following is a list containing a variety of approaches that are available to managers. However, be aware that there is no one best approach

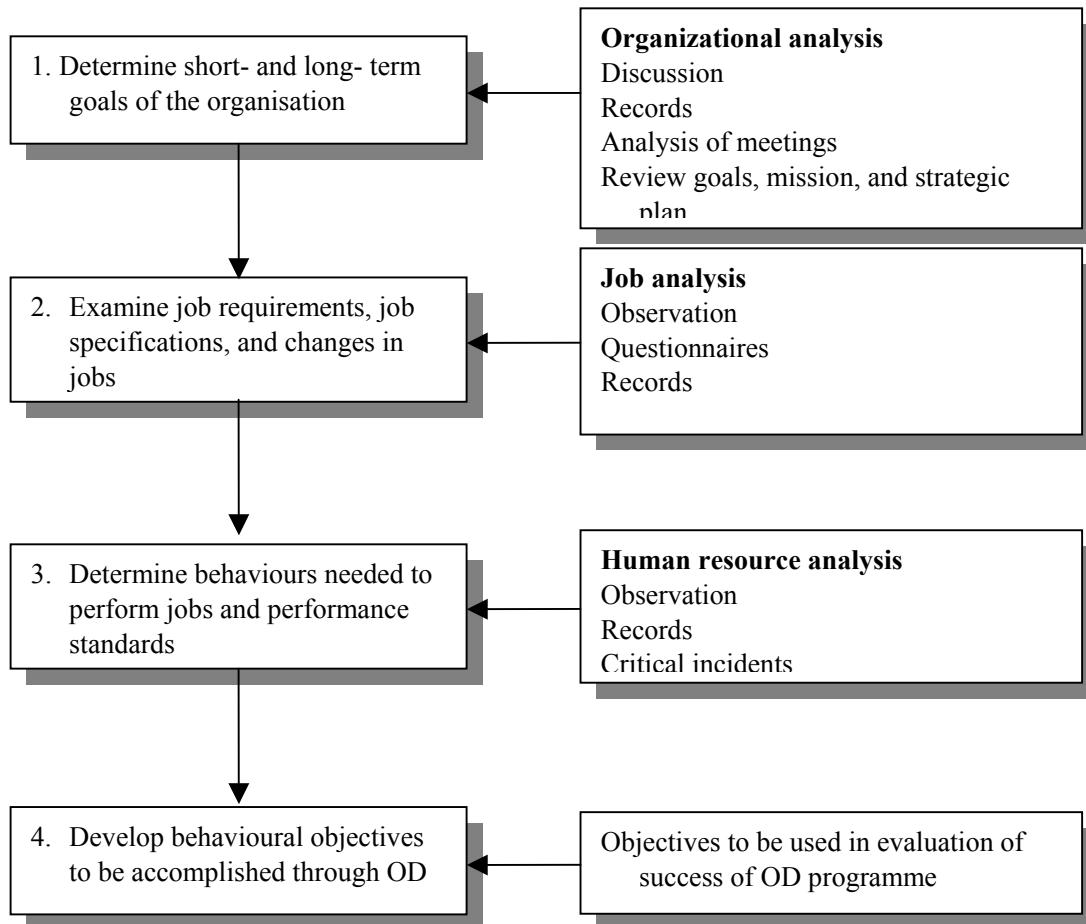
4.1 Thirteen Major 'Families' of OD Interventions

Ivancevich (1998) notes that organisational development activities come in a variety of forms. All share a focus on improving the effectiveness of an organisation's self-diagnosis and problem-solving abilities, rather than solving any particular organisational problem.

1. **Diagnostic activities:** fact-finding activities designed to ascertain the state of the system, the status of a problem, the 'way things are.' Traditional data collection

methods – including interviews, questionnaires, and meetings – are commonly used. Below is a diagrammatic representation of this stage.

Source: Ivancevich (1998, p.455).



The list of organisational activities continues thus:

2. **Team-building activities:** activities designed to enhance the effective operation of system teams.
3. **Intergroup activities:** activities designed to improve effectiveness of interdependent groups. The focus is on joint activities.
4. **Survey feedback activities:** activities involving analysing data produced by a survey and designing action plans based on these data.
5. **Education and training activities:** activities designed to improve skills, abilities, and knowledge of individuals. There are many possible approaches that concentrate on technical, interpersonal or other competencies.
6. **Technostructural or structural activities:** activities designed to improve the effectiveness of the technical or structural inputs and constraints affecting individuals or groups (e.g. interventions involving job enrichment, matrix structures, management by objectives, and physical settings).
7. **Process consultation activities:** activities on the part of the consultant that help managers understand and act on human processes in organisations. This includes teaching skills in diagnosing and managing communications, leadership, cooperation and conflict, and other aspects of interpersonal functioning.
8. **Grid organisation development activities:** activities developed by Robert Blake and Jane Mouton, constituting a six-phase change model involving the entire organisation. The phases include upgrading individual manager's leadership abilities, team improvement activities, intergroup relations, corporate planning, development of implementation tactics, and evaluation of change and future directions.
9. **Third-party peacemaking activities:** activities designed to manage conflict between two parties, conducted by some third party, typically a skilled consultant.
10. **Coaching and counselling activities:** activities that entail working with individuals to better enable them to define learning goals, learn how others see their behaviour, explore alternative behaviours and learn new behaviours.
11. **Life- and career-planning activities:** activities that help individuals identify life and career objectives, capabilities, areas of strength and deficiency, and strategies for achieving objectives.
12. **Planning and goal-setting activities:** activities that include theory and experience in planning and goal setting. They may be conducted at the level of the individual, group, and total organisation.
13. **Strategic management activities:** activities that help key policy makers identify their organisation's basic mission and goals; ascertain environmental demands, threats and opportunities; and engage in long-range planning.

Source: Ivancevich (1998, p.454) citing W. French and C. Bell (1983), *Organizational Development: Behavioral Science Interventions for Organization Improvement*, 3rd ed. (Englewood Cliffs, NJ: Prentice-Hall), pp.126-128.

4.2 The Importance of Diagnosis

Ivancevich points out that an important characteristic of any OD intervention is that it should follow diagnosis. A manager merely having a certain viewpoint of a problem is not a sufficient reason to implement a technique such as behaviour modelling. The rational way is to collect data in a scientific way through interviews, observations, questionnaires or checks of records and then plan an OD intervention after careful consideration and selection.

Ivancevich's sources consider the collection of diagnostic data to be part of OD's orientation toward action research. Action research involves seven main steps:

1. Problem identification.
2. Consultation among experts. This could involve hired consultants, HR specialists, and senior executives.
3. Data collection and diagnosis.
4. Feedback of findings to key people.
5. Group discussion of the diagnostic data and findings.
6. Action. Adoption of techniques such as sensitivity training, transactional analysis, and team building.
7. Evaluation of the action steps taken in step 6.

Ivancevich observes that HR specialists may be involved in any or all of these seven steps. Step 6 – action – is extremely important in developing human resources; it involves determining which planned interventions or techniques are available for use as part of OD programmes.

4.3 OD Techniques

A reasonable classification of OD techniques proposed by Ivancevich (1998, p. 456) is by the target area they are intended to affect: (1) individual (2) group or (3) organisational.

1. Goal setting is designed to improve an individual's ability to set and achieve goals. Behavioural modification is the use of individual learning through reinforcement.
2. Team building focusses on the group.
3. Grid OD and Total Quality Management (TQM) target the organisation as a whole.

You may refer to Ivancevich (1998) for further information on the techniques.

Nair & Nair (1999) present another framework to list various interventions managers could undertake. The following summarises their thinking.

- **Sensitivity Training:** The group seek to change their behaviour through unstructured group interaction.
- **Survey feedback:** In this intervention questionnaires are used to identify discrepancies of perceptions among members belonging to same working family, group or department. These are then discussed through feedback and discrepancies are weeded out.
- **Process consultation:** Although many persons may identify the problems, they may not know the solutions. In order to avoid bias, an outside consultant is brought into suggest solutions that are formulated based on his past experience.
- **Team building:** As mentioned above, the objective is to improve coordination between the members and thereby increase group performance.
- **Intergroup development:** The idea here is to remove interdepartmental conflicts. This method seeks to change attitudes, animosity, and perceptions that groups have of each other.

Activity

Taking your organisation as an example, what OD interventions have been undertaken? Do such interventions exhibit the elements discussed here? In addition to what has been presented above, what specific examples could you give of OD interventions you have come across?

5 Managing Change

Every manager needs a clear understanding of how to manage change effectively. Think of yourself in a managerial role, either present or past. You would have had the challenge of managing change some time or the other in your work life. According to Bateman and Snell (1999) organisational change is managed effectively when:

1. The organisation is moved from its current state to some planned future state that will exist after the change.
2. The functioning of the organisation in the future state meets expectations; that is, the change works as planned.
3. The transition is accomplished without excessive cost to the organisation.
4. The transition is accomplished without excessive cost to individual organisational members.

People are the key to successful change. It is the people that will finally determine the fate of the organisation. Whether an organisation is poised to be great or just to survive, people have to care about its fate, and perceive how they can contribute. You should not think that it is only the leadership that should be involved in the change process. It is the entire organisation that should be involved in a change. In small organisations this is easy but as the organisation gets bigger there needs to be a permanent rekindling of individual creativity and responsibility. The essential task is to motivate people fully to keep changing in response to new challenges posed by the environment.

5.1 Motivating People to Change

You have probably observed that people usually resist change and must be motivated to embrace it. As a manager, your efforts at such motivation will only succeed if you understand why people often resist change. An informative resource for you is Doherty and Horne (2002), which defines and describes organisational change and various theories about it, which are categorised in the book as:

- Biological
- Cultural
- Developmental
- Economic
- Energy
- Mathematical
- Political
- Psychoanalytic
- Psychological
- Sociological
- Systems

Of these, energy theories refer to Newton's second law of thermodynamics. It states that in any random transaction, the entropy will increase. Entropy is a measure of how random things are – in other words, how chaotic. This implies that throughout the universe, any random change will be in the direction of increasing variety and complexity. It should be clear to you that if a manager doesn't do anything, the organisation will change anyway. Therefore, managers need to be vigilant to intervene when the effect of the random change is detrimental.

5.1.1 General Reasons for Resistance

Some reasons are general and arise in most change efforts while others relate to the specific nature of a particular change. Let us first see what the general reasons are. These arise regardless of the actual content of the change (Bateman and Snell 1999, 609):

- **Inertia.** Usually, people do not want to disturb the status quo. The old ways of doing things are comfortable and easy, so people don't want to shake things up and try something new.
- **Timing.** People often resist change because of poor timing. If managers or employees are unusually busy or under stress, or if relations between management and workers are strained, the timing is wrong for introducing new proposals. Where possible, managers should introduce change when employees are receptive.

- **Surprise.** One key aspect of timing and receptivity is surprise. If the change is sudden, unexpected, or extreme, then resistance may be the initial – almost reflexive – reaction. When people have time to prepare for the change, the resistance may be less.
- **Peer pressure.** Sometimes, work teams resist new ideas. Even if individual members do not strongly oppose a change suggested by management, the team may band together in opposition.

Reasons for resistance to change in public services

- Adherence to bureaucratic ‘habits’ related to delegation, legalism, procedural regulation; the need for caution and security:
- Scepticism – often legitimate – about management.
- Difficulties due to multiple levels of authority, accountability and reporting.
- Tendency to push decision making upwards. This conflicts with approaches that seek to increase self-control and self-direction.
- Relationships are guided by the interests of stakeholders.
- Conflicting interests, agendas, alliances, reward structures and values.
- Financial support for change management programmes is difficult to obtain.

Source: Doherty and Horne (2002, 41)

5.1.2 Change-Specific Reasons for Resistance

According to Bateman and Snell (1999), other causes of resistance arise from the specific nature of a proposed change. Change-specific reasons for resistance stem from what people perceive to be the personal consequences of the change. Some of these reasons are (Bateman and Snell, 1999, 610):

Self-interest. Most people care less about the organisation’s best interest than they do about their own best interests. They will resist a change if they think it will cause them to lose something of value.

Misunderstanding. Even when the management proposes a change that will benefit everyone, people may resist because they don’t fully understand its purpose.

Different assessments. Employees receive different - and usually less – information than management receives. Such discrepancies cause people to develop different assessments of proposed changes. Some may be aware that the benefits outweigh the costs, while others may see only the costs and not perceive the advantages.

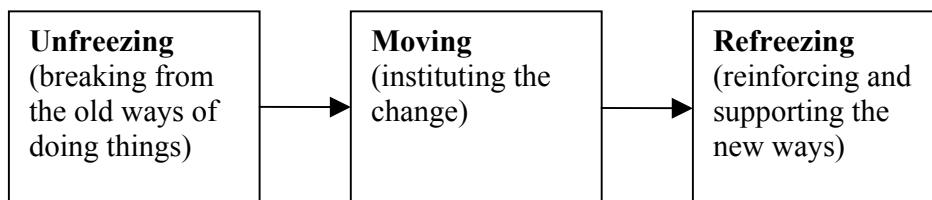
Who might resist change?

- Check out employees who are older – they may fear that they are too old to learn.
- Check out the less well educated – they may doubt their self worth, or their value to the organisation, or their ability to benefit from retraining.
- Check out the junior staff – they may be the least informed and the most vulnerable to rumour and to cynicism from older staff who have ‘seen it all before’ and may advise junior staff to keep their heads down and wait for the change to go away.

Source: Doherty and Horne (2002, 44)

5.1.3 Implementation – A General Model for Managing Resistance

According to Bateman and Snell (1999), motivating people to change often requires three basic stages: unfreezing, moving to institute the change and refreezing.



Unfreezing: In this stage, management realises that its current practices are no longer appropriate and the organisation must break out of (unfreeze) its present mould by doing things differently. Unfreezing often results from an assessment of the organisation’s adjustment to its present environment and its readiness for the future. If management concludes that the fit between the organisation and its present or anticipated environment is poor, change is needed.

An important contributor to unfreezing is the recognition of a performance gap, which can be a precipitator of major change. A performance gap is the difference between actual performance and the performance that should or could exist. A gap typically implies poor performance. Another form of performance gap could exist when performance is good, but someone realises that it could be better. Thus the gap is between what is and what could be.

Moving: This is to institute the change by establishing a vision of where the organisation is heading. The vision can be realised through strategic, structural, cultural and individual change.

Refreezing: This means strengthening the new behaviours that support the change. The changes must pervade throughout the organisation and be stabilised. Refreezing involves implementing control systems that support the change, applying corrective action when necessary and reinforcing behaviours and performance that support the agenda. The ideal new culture to be instituted through change is one of continuous change. The behaviours that should be refrozen are those that promote continued adaptability, flexibility, experimentation, assessment of results and continuous improvement.

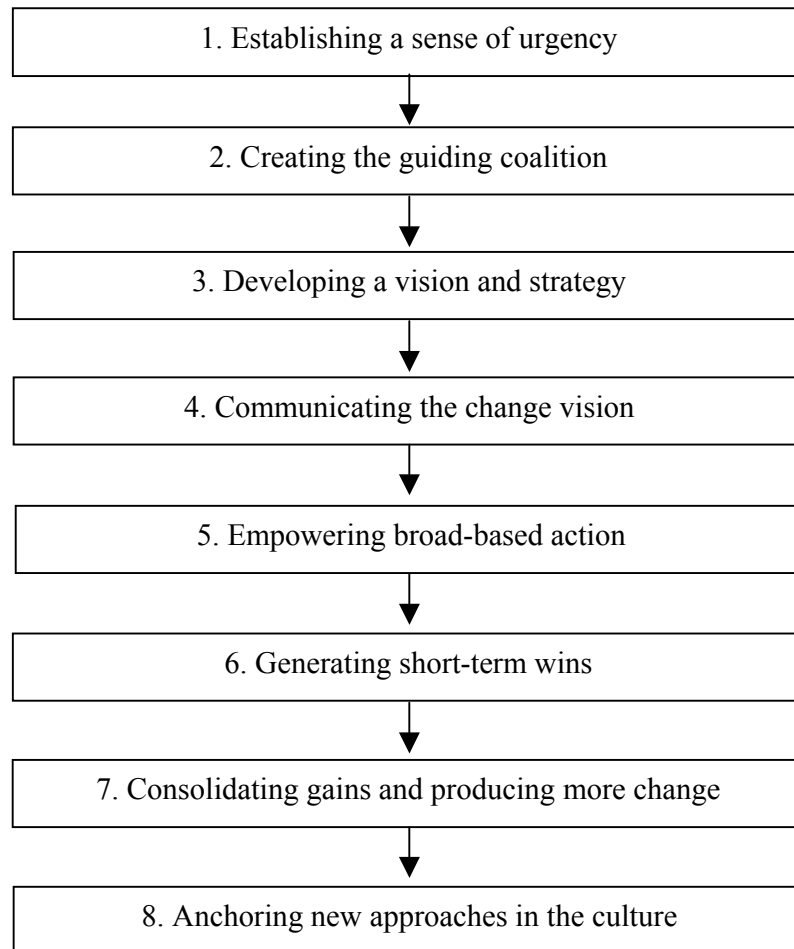
5.1.4 Specific Approaches to Enlisting Cooperation

As you would have understood by now, changes could only be brought about with the cooperation of the people involved. Their support has to be enlisted to implement change. According to Bateman and Snell (1999) most managers underestimate the variety of ways they can influence people during a period of change. Let us look at several effective approaches to managing resistance and enlisting cooperation.

1. **Education and communication.** Management should educate people about upcoming changes before they occur. It should communicate not only the nature of the change but its logic. This process can include one-on-one discussions, presentations to groups or reports and memos.
2. **Participation and involvement.** It is important to listen to the people who are affected by the change. They should be involved in the design and implementation of the change. When feasible, management should use their advice. Often, it will be useful, and it may lead to consideration of important issues previously overlooked.
3. **Facilitation and support.** Management should make the change as easy as possible for employees and be supportive of their efforts. Facilitation involves providing the training and other resources people need to carry out the change and perform their jobs under the new circumstances. In other words, authority should be decentralised and people empowered. Offering support involves listening patiently to problems and being understanding through the period changes take place so that the employees are guided through a difficult period.
4. **Negotiation and rewards.** When necessary, management can offer concrete incentives for cooperation with the change. Perhaps job enrichment is acceptable only with a higher wage rate, or a work rule change is resisted until management agrees to a concession on some other rule. Rewards such as bonuses, wages and salaries, recognition etc., can be examined and perhaps restructured to reinforce the direction of the change.
5. **Manipulation and co-optation.** Some times, managers use more subtle, covert tactics to implement change. One form of manipulation is cooptation, which involves giving a resisting individual a desirable role in the change process. Often, the leader of a resisting group is co-opted.
6. **Coercion.** Some managers apply punishment or the threat of punishment to those who resist change. With this approach, managers use force to make people comply with their wishes.

5.2 Leading Change

Bateman and Snell (1999) argue that successful change requires managers to lead it. You would see below the essential activities summarised in a graphical presentation.



Source: Bateman and Snell (1999, p. 616)

Here is a brief look at each of the steps presented in the figure above.

Every change leader has a crucial responsibility – to establish a sense of **urgency**. This could be achieved by examining current realities and pressures and the competitive arena, identifying both crises and opportunities, and being frank and honest about them. A change leader must not allow his organisation to become complacent. You may sometimes recall instances of complacency in your organisation and also identify reasons for it.

To create a guiding **coalition** means putting together a group with enough power to lead the change. You also may have experienced change efforts failing – it may have been due to a powerful coalition not being formed. It is imperative that the top management starts the

change process and enlists the support of others as well. Groups at all levels are the glue that can hold change efforts together.

What will direct the change process is the development of a **vision** and **strategy**. What would be in store after the change has to be made clear to everyone. This will help to dispel rumours, clarify expectations and mobilise people's energies. If you are the change leader in your organisation, never underestimate the power of a compelling vision. The clearer you are about it, the more able you will be to convince others. Half the change process is then done.

One of the key failures in a change process is the inability of the change leader to **communicate** the change vision. Every possible channel and opportunity to talk to your employees must be thoroughly explored so that there is reinforcement.

Empowering broad-based action means getting rid of obstacles to success. You should not hesitate to replace anything that stands in the way of the change process. It may be systems and structures, but it is necessary that those be replaced to facilitate the change process. If you are in the role of the change leader, encourage others to take risks, experiment and empower people by providing information, knowledge, authority and rewards.

Every change leader must aim for **small wins** geared toward the grand success he or she is looking for. When there are small victories the followers will have faith in the change leader and they will strive for further victories as 'success begets success.' It also shows everyone that progress is being made.

With the well-earned **credibility** of earlier successes, you can bring about more change that supports your vision.

Finally, anchor new approaches in the **culture**. Bateman and Snell (1999, 618) advocate highlighting positive results, communicating the connection between the new behaviours, and improved results and continuing to develop new change agents and leaders. Continually increase the number of people joining you in taking responsibility for change.

Activity

Find out in-depth about an organisation in your country that has gone through a major structural change (e.g. a privatised state enterprise, a restructured public or private sector institution, or a company that has implemented down sizing) and list what that organisation has done to bring about the change. Has there been resistance and if so, how did the management cope with it?

6 Downsizing

Attempting to become leaner and more competitive, business organisations have adopted downsizing as the prevalent strategy during the late 1980s and early 1990s. Downsizing, which implies reducing the workforce through forced measures, was once considered a last-breath effort of a failing organisation, especially a company. Currently it seems to be the

fashion among American business concerns, regardless of their financial performance. According to some estimates, 85 percent of the *Fortune 1000* firms either have eliminated workers or are planning to do so in the foreseeable future. Even IBM, which not long ago championed its lifelong employment policy as a competitive advantage, is reducing its payrolls at a rapid rate in an effort to reduce overhead and overcome the poor financial performance of the past several years.

This study block attempts to integrate the current knowledge of downsizing to analyse the reasons why organisations pursue downsizing in favour of other labour cost reduction strategies and to identify different types of downsizing implementations.

6.1 Definition

What qualifies as downsizing? Ferris & Buckley (1996) define downsizing as a set of activities designed to make an organisation more efficient, productive, and/or competitive through the planned elimination of positions or jobs. Dessler (2001) defines downsizing as reducing, usually dramatically, the number of people employed by the firm. Ferris and Buckley (1996) state that several elements of the former definition deserve special attention. First, underlying the downsizing decision is the distinct intention to improve the organisation's position in the market. Second, implementing a downsizing strategy requires eliminating a portion of the workforce. This elimination can occur through voluntary means, such as enhanced retirement plans and employee buy-outs, or through involuntary means such as terminations or permanent layoffs. Either approach suggests a planned effort to eliminate workers. Finally, implementing a downsizing strategy requires more than reducing the number of workers; it demands organisational adaptation to a smaller workforce.

6.2 Approaches to Downsizing

As you see, downsizing commonly takes a number of different forms. According to Ferris and Buckley (1996), the organisation can rid itself of excess employees through a variety of methods, some of which allow employees to leave voluntarily or through systematic elimination. Because eliminating workers through involuntary means is painful for everyone involved and can be detrimental to the organisation's reputation as an employer, encouraging workers to leave voluntarily is an attractive alternative.

Voluntary eliminations are typically efforts on the part of the company to make resignation or retirement desirable for existing workers through financial incentives. Such incentives, known as buyouts, are compensation packages awarded to workers for resigning or retiring. Depending upon the magnitude of the packages, they can provide an effective means for eliminating workers without having to fire them. But this strategy conceals a double-edged sword: Its effectiveness is dependent upon the generosity of the packages, which is directly related to its costliness (Ferris and Buckley 1996, 101).

According to Ferris and Buckley, voluntary downsizing efforts often precede involuntary efforts in the hope of minimising the unpleasant task of eliminating workers involuntarily. If you had been involved in any downsizing process, you would realise how painful it could be for both the employer and employee. The decisions concerning which employees to dismiss must be fair, transparent and according to the law of the country concerned. Because

employees' livelihoods are at stake, the determination of who will stay and who will leave is a painful exercise for the decision makers as well as the workers affected. This section will not extensively deal with the criteria but will mention some commonly utilised criteria for such decisions (Ferris and Buckley, 1996).

- **Divestiture of product or function:** Occasionally the restructuring associated with downsizing involves the organisation's eliminating a product or service or a departmental function. The majority of those to be terminated are generally affiliated with the divested properties.
- **Reduction of organisational or hierarchical layers:** Attempting to become leaner and less bureaucratic, some organisations have eliminated entire layers of their organisational hierarchies. The most recent downsizing trend is unique because many of its downsizing efforts are aimed at middle management, a sector of the workforce that had largely been immune from previous reductions. Eliminating entire organisational levels allows a firm to reduce its workforce in a relatively quick process. One potential drawback to elimination of layers is that it redefines traditional career paths to allow fewer opportunities for promotion.
- **Elimination of specific jobs in the organisation:** If organisational changes cause certain jobs to become obsolete, one approach to downsizing is eliminating the incumbents in those jobs. The drawback to this approach is that the organisation may lose good people simply because they have held the less essential jobs. To counteract this negative effect, companies try to keep the best people by transferring them to other jobs that will survive the downsizing.
- **Recognition of seniority.** Retaining the most senior workers and eliminating those with the shortest tenure makes for a relatively easy decision. However, the resulting workforce may not be ideal. In making such a decision, the organisation risks losing its best younger workers while retaining some less able workers with seniority.
- **Recognition of merit:** If, during downsizing, the company's goal is to retain only the best workers, basing the decisions on merit is the most logical approach. This is also described as 'high-grading' or the 'best players play' strategy, where management compares the workers against one another to determine who stays. If job performance is easily and accurately measurable (as in the case of sales records), this is a highly appropriate means for decision-making. Unfortunately, for many jobs, evaluating performance is more subjective, so determining the best and worst workers can be difficult. Using past performance reviews as criteria is acceptable, but the organisation must have confidence in the reliability of those reviews in distinguishing levels of performance. Interestingly, this approach raises some questions regarding the validity of using past performance to predict future performance in a post-downsizing organisation. If the restructuring involved in downsizing is significant, it is conceivable that the skills that were necessary in the old organisation will be obsolete in the new one. In this case old performance reviews might not be very helpful in determining the best employees to keep.

Whichever form of decision making the organisation uses in determining who will stay and who will leave, the process is agonising because careers and livelihoods are at stake.

6.3 Alternatives to Downsizing

Because the costs of eliminating employees are so significant in terms of financial expenditure, morale, productivity, reputation, and adaptability, companies may pursue other methods of reducing expenses while retaining existing employees. The following paragraphs describe these alternative means and discuss their effectiveness (Ferris and Buckley 1996, 106-108).

6.3.1 Pay Cuts

Pay cuts are most frequently associated with organised labour: Union members agree to sacrifice a portion of their pay in return for a promise that no layoffs will occur. Theoretically, pay cuts allow the company to maintain consistent levels of productivity because the amount of labour does not change.

6.3.2 Pay Freezes

Pay freezes are less dramatic than pay cuts, but they have the same intent. Because workers expect to receive occasional increases in their earnings through cost-of-living adjustments or merit increases, pay freezes save money in subsequent years' payrolls. For this reason, pay freezes are a relatively slow way to accumulate payroll savings. Also, issues of equity and worth may cause employees to seek employment elsewhere.

6.3.3 Reduced Hours

As with pay cuts and freezes, the employees bear the sacrifice of lower income. However, a reduced-hour strategy allows employees to keep their same total wages, although they work fewer hours. This approach means that total productivity for the organisation will decrease because it is utilising fewer labour hours. So, when facing declining product demand, companies may prefer reduced-hour strategies over pay cuts.

6.3.4 Job Sharing

Similar to reduced hours, job sharing entails fewer hours, but it also necessitates the coordination of multiple workers. Imagine that a company hires two accountants but then, because of restructuring, needs only one of the positions. Rather than eliminate one of the individuals, job sharing allows both to work by sharing the responsibilities of the single job. Each worker would work fewer hours than previously, but at least both would still be employed. Job sharing also allows for flexibility in coverage. For example, if one sharer is ill or on vacation, the other can cover for him or her during the absence.

6.3.5 Talent Pools

Talent pools are frequently used for clerical workers who were habitually assigned to a specific function or individual. In a talent pool the workers are not assigned to anyone or anyplace in particular; they, are used on an 'as needed' basis throughout the organisation. The argument for talent pools is that they distribute work more evenly and eliminate the need for temporary workers.

6.3.6 Hiring Freezes

Hiring freezes are a way to reduce the number of employees without resorting to eliminating workers. Using ordinary attrition – or the exit rate of workers who quit, retire, or are terminated for cause under normal circumstances – the organisation decreases its labour force by not filling the vacancies caused by the departures. Although a hiring freeze eliminates the need to fire workers, comparatively it is a very slow means of reducing a workforce.

6.3.7 Outplacement Services

Outplacement services are normally associated with workers who have been dismissed in downsizing efforts, but they can be used as a means to ‘push’ employees out of the organisation. Such services commonly include job and skills training that equip displaced workers to find jobs outside the organisation after they have been dismissed. However, when the services are offered to incumbent employees, the newly acquired skills could encourage them to seek employment elsewhere.

6.3.8 Employment Contracts

For jobs that will be necessary for a finite period after the downsizing is implemented, employment contracts are a good way of ensuring that the work gets done without committing the organisation to an unnecessarily long employment relationship. At the time of downsizing, the employee agrees to continue, via a contract, with the organisation for a designated period or until the work is completed. As an incentive for such employees to completely fulfil their agreements, firms often provide a bonus upon completion of a contract.

6.3.9 Leaves of Absence

Another strategy is to offer leaves of absence at reduced or no pay with the understanding that the employee will still have a job at the end of the absence. The purpose is to encourage workers to leave the organisation, at least temporarily. The time could be spent in education, travel, or pursuit of personal interests. Not surprisingly, companies that encourage educational leaves of absence may do so in the expectation that the employee may seek other employment after the additional schooling. In such cases employees resign voluntarily, saving the company the unpleasant task of dismissing them.

6.3.10 Transfers

Transferring workers to other parts of the company that are not experiencing downsizing is a way to reduce payroll without losing workers completely. Unfortunately, this strategy can normally accommodate only a small proportion of the displaced workers and is dependent on the staffing requirements of other business units.

6.3.11 Unpaid Time Off

The last category of alternatives is unpaid time off, where firms do not pay for vacation, sick, or personal time. It is interesting to note that despite the many alternatives to downsizing, reducing head count is still the pre-eminent strategy.

Activity

What alternative strategies are used in your country instead of downsizing? Write short notes on each of them.

7 Toward an HR Philosophy

The basic assumptions you make about people comprise your philosophy of HR. According to Dessler (2001, 692) questions such as, ‘Can they be trusted?’, ‘Do they dislike work?’, ‘Can they be creative?’, ‘Why do they act as they do?’ etc., are very relevant in this context.

7.1 The Need for a Philosophy

None of the various techniques you have learned throughout this course can be put to good use without a unifying philosophy. Note that it is this philosophy and vision that helps guide you in deciding the people to hire, the training to provide, and how to motivate people.

Dessler (2001) argues that for more and more employers, the essence of the difference between personnel management and HRM is indeed a philosophical one; it revolves around the latter’s emphasis on improving the employees’ quality of work life, which means that finding out how employees can better satisfy their important personal needs by working in the organisation. In practice, this means providing employees with fair and equitable treatment, an opportunity for each employee to use his or her skills to the utmost and to self-actualise, open and trusting communications, an opportunity to take an active role in making important job-related decisions, adequate and fair compensation, and a safe and healthy work environment.

Dessler (2001) observes that every personnel decision you make affects your employees’ quality of work life and commitment in some way. Thus, selection should emphasise placing the right person on the right job, where the person can have a more satisfying, actualising experience. The abundance of other personnel decisions will not be discussed here: suffice it say that your personnel management system only qualifies as an HRM system when your personnel actions fully satisfy not only your organisation’s staffing needs but also your employees’ needs to grow and to self-actualise (Dessler, 2001).

Many employers translate an HRM philosophy such as the above into practices that win their employees’ commitment. Examples of such commitment-building HRM practices follow, thanks to Dessler (2001).

- **Establish people-first values.** You must be willing to commit to the idea that your employees are your most important assets and that they can be trusted, treated with respect, involved in making on-the-job decisions and encouraged to grow and reach their full potential.
- **Guarantee fair treatment.** Establish a ‘super’ grievance procedure that guarantees fair treatment of all employees in all grievance and disciplinary matters. Boost

upward and downward communications. Institute multiple, formal, easy to use, channels that employees can use to express concerns to get answers to matters that affect them. Also use periodic opinion surveys such as survey-feedback-action and use every opportunity to tell employees what's going on in your organisation.

- **Use value-based hiring.** The time to start building commitment is before – not after – employees are hired. In the screening process, start by clarifying your organisation's own values and ideology so that potential employees can see what your organisation is like. Provide candid, realistic previews of what working at your organisation will be like. A long, exhaustive screening process that requires some 'sacrifice' on the part of employees will be the starting point in building commitment.
- **Provide for employee security.** Establish appropriate programmes that ensure employee security. Emphasise your commitment through statements such as 'stable employment and continual improvement of the well-being of our team members are essential and can be obtained through the smooth, steady growth of our organisation.'
- **Assess the rewards package.** Build a pay plan that encourages employees to think of themselves as partners.
- **Actualise employees.** High commitment organisations engage in actualising practices that aim to ensure that all employees have every opportunity to use all their skills and gifts at work and become all they can be. Commit to actualising, front-load new employees' jobs with challenge, enrich workers' jobs and empower them, and institute comprehensive promotion-from-within/career progress programmes.

Practices such as those above serve a dual role in organisations. According to Dessler (2001), firstly, they create a work environment that helps ensure that employees can use their aptitudes and skills to the fullest and satisfy their important personal needs by working in the organisation. Secondly, they can help an employer win the commitment of its employees by creating a situation in which the employees' and employer's goals become one.

7.2 Auditing the HR Function

Designing an HR system is not enough. Effectively implementing it is another. Although there are several ways (some involving the extensive use of accounting and statistical techniques) of assessing how an organisation's HR department is actually doing, let us look at a less rigorous, but still effective approach.

The HR Review: Dessler (2001) presents a process that aims at tapping top managers' opinions regarding how effective HR has been. Such a review contains two parts: what should be and what is.

The question 'what should be' refers to the HRM department's broad aims and involves two things. First, it should start with a broad philosophy or vision statement. Second, this broad vision gets more focus with an HRM mission statement. This describes what the mission of the HR department should be.

Next the HR review's focus shifts to an evaluation of 'what is.' This, ideally, consists of six steps. Issues to be addressed are:

1. What are the HR functions? Division heads give their opinion about what they think HR's function should be. All aspects of HR would be commented upon. The important point here is to crystallise what HR and its main clients believe are HR's functions.
2. How important are these functions? The participants then rate each of these functions on a ten-point scale of importance ranging from low (1-3) to medium (4-7) to high (8-10). This provides an estimate of how important each of the identified HRM functions are in the views of HRM executives and of their clients (like division managers).
3. How well is each of the functions performed? Next have the same participants evaluate how well each of these HR functions is actually being performed.
4. What needs improvement? The next step is to determine which of the functions rated most important are not being well performed. The discussions at this stage will help identify the HR functions in which the department has to improve its performance. They should help to pinpoint specific problems that contributed to the low performance ratings and help provide recommendations or improving performance.
5. How effectively does the corporate HR function use resources? This step consists of checks to determine whether the HR budget is being allocated and spent in a way that is consistent with the functions HR should be stressing.
6. How can HR become most effective? This final step is aimed at allowing you one last, broader view of the areas that need improvement and how they should be improved.

Activity

Write a short essay not exceeding 500 words on the HR philosophy of the public sector in your country. Compare it with most prevalent HR philosophy/philosophies in the private sector companies.

8 Summary

The problem of sexual harassment in the workplace is one that requires an active response on the part of the organisational managers. Legal interventions have cautioned organisations to define and communicate policies on sexual harassment. Sexual harassment is defined as harassment on the basis of sex that has the purpose or effect of substantially interfering with a person's work performance or creating an intimidating, hostile, or offensive work environment.

There are three forms of sexual harassment: *Quid Pro Quo* – exchange of sexual favours for job benefits, *hostile environment created by supervisor* – to create an offensive working environment and *hostile environment created by co-workers or non-employees*.

An employer has to fulfil its duty to prevent or remedy sexual harassment. Further, all written sexual harassment policies need to contain certain information. Employers can take steps to minimise liability if a sexual harassment claim is filed against the organisation. The individual who believes he or she has been sexually harassed can also take several steps to eliminate the problem.

Many governments provide laws that eliminate discrimination, though courts have had to define what that means when they have interpreted the laws.

There are two ways in which equal opportunities issues are located within the HRM debate. The first relates to concerns about human capital, while the second link between HRM and equal opportunities, in contrast, emphasises the importance of social justice.

Promoting equal opportunities is first and foremost a social duty for an employer, although economic benefits may subsequently flow from this.

In the framework there are two major factors: *commitment* and *focus*. Commitment can be either shallow or deep whilst the focus could be either broad or narrow.

Organisational Development (OD) is a method that is aimed at changing the attitudes, values, and beliefs of employees so that the employees themselves can identify and implement the technical changes such as reorganisations, redesigned facilities, and the like that are required, usually with the aid of an outside change agent or consultant.

OD efforts include survey feedback, sensitivity training and team building. All OD activities share a focus on improving the effectiveness of an organisation's self-diagnosis and problem-solving abilities, rather than solving any particular organisational problem. They include *diagnostic activities, team building activities, intergroup activities, survey feedback activities, education and training activities, technostructural or structural activities, process consultation activities, grid organisation development activities, third-party peacemaking activities, coaching and counselling activities, life-and career-planning activities, planning and goal-setting activities, and strategic management activities*.

An important characteristic of any OD intervention is that it should follow diagnosis. A manager's perception of a problem is not a sufficient reason to implement a technique such as behaviour modelling. The collection of diagnostic data is considered to be part of OD's orientation toward action research. Action research involves seven main steps.

OD techniques could be classified on the basis of the target area they are intended to affect. There are three major target areas: (1) individual (2) group (3) organisational.

As change is inevitable, every manager needs a clear understanding of how to manage change effectively. People are the key to successful change. It is the people that will finally determine the fate of the organisation. It is the entire organisation that should be involved in a change.

People usually resist change. If management is to overcome any reactions due to change being resisted by the employees, the management must understand why people often resist change. Some reasons are general and arise in most change efforts while others relate to the specific nature of a particular change. General reasons are: *Inertia, Timing, Surprise, and Peer pressure*. Change-specific reasons for resistance are: *Self-interest, Misunderstanding, and Different assessments*.

Motivating people to change often requires three basic stages: unfreezing, moving to institute the change and refreezing.

Changes could only be brought about with the cooperation of the people involved. Several effective approaches to managing resistance and enlisting cooperation are: *Education and communication, Participation and involvement, Facilitation and support, Negotiation and rewards, Manipulation and cooptation, and Coercion*. Successful change requires managers to lead it.

Attempting to become leaner and more competitive, business organisations have adopted downsizing as the prevalent strategy during the late 1980s and early 1990s. Downsizing, which implies reducing the workforce through forced measures, was once considered a last-breath effort of a failing organisation, especially a company.

Downsizing is a set of activities designed to make an organisation more efficient, productive, and/or competitive through the planned elimination of positions or jobs.

An organisation can rid itself of excess employees through a variety of methods, some of which allow employees to leave voluntarily or through systematic elimination. Voluntary eliminations are typically efforts on the part of the company to make resignation or retirement desirable for existing workers through financial incentives.

Because the costs of eliminating employees are so significant in terms of financial expenditure, morale, productivity, reputation, and adaptability, companies may pursue other methods of reducing expenses while retaining existing employees. These are: *Pay cuts, Pay freezes, Reduced hours, Job sharing, Talent pools, Hiring freezes, Outplacement services, Employment contracts, Leaves of absence, Transfers, and Unpaid time off*.

The basic assumptions you make about people comprise your philosophy of HR. Every personnel decision you make affects your employees' quality of work life and commitment in some way. Many employers translate an HRM philosophy such as the above into practices that win their employees' commitment. Some of the commitment-building HRM practices are: *Establishing people-first values, Guaranteeing fair treatment, Using value-based hiring, Providing for employee security, Assessing the rewards package, and Actualising employees*.

After designing an HR system, managers must aim for effective implementation.

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Commonwealth of Learning Executive MBA/MPA

C3 Human Resource Management

Evaluation Guide with Answer Keys

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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The Commonwealth of Learning

1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

General Guidelines on Evaluation

This guide exists to help course organisers evaluate their students' learning at the end of the course by means of a 3-hour closed-book examination. The answer key is only a guide, and a student may provide more information in the answer to any question. The questions have been suggested to cover important areas of the course.

Similarly, the two assignments that are presented in this guide aim to engage the adult student in active and experiential learning. These assignments, in engaging the student, will provoke him/her to conceptualise and present a framework that addresses a few of the key issues in HRM. Here too, the guidelines provided will be helpful but not sufficient. Course tutors are encouraged to use their experience and subject knowledge to contribute to a student's learning, and to guide each student to produce outcomes that are useful to the organization employing him or her.

Question Paper

C3: Human Resource Management

Answer any five questions. All questions carry equal marks. Duration: 3 hours.

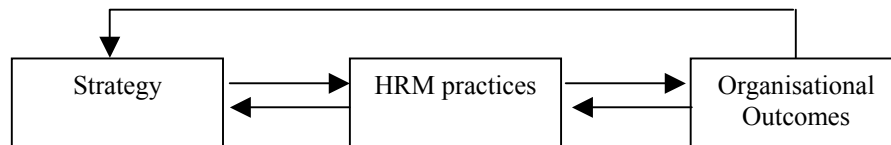
1. How is HRM linked to strategy and organisational outcomes? Discuss a model that depicts the links, with brief discussion of each link.
2. Why is HR planning important to organisations? Briefly describe what it attempts to achieve.
3. What is Job Analysis? Explain briefly with a definition. Describe the major uses of Job Analysis.
4. How would you distinguish selection from recruitment? List various barriers to selection and describe three (3) of the most common ones briefly.
5. Is there a difference between learning and development? Explain with definitions. What are the outcomes of learning? Briefly describe them.
6. Discuss briefly a model that presents the elements of a disciplinary system. Discuss briefly philosophies of and approaches to discipline.
7. Describe the various staffing policies which multi-national corporations adopt in their appointment of managers and the reasons for each. In what ways can appraisal of international managers be improved?

Examination Answer Key

C3: Human Resource Management

Question 1

- Integrating strategy, HRM and organizational outcomes should help to guide and contribute to more effective use of, and decisions about human resources. A model linking these elements is useful for understanding how each element affects the others.
- The model is as follows: **(5 marks)**



- The model allows us to study pairs of elements (i.e., strategy-HRM; HRM-outcomes) or all three together.
- Human resources practices can be either influenced (by strategy) or influencers (of organizational outcomes).
- Sometimes, selection of strategy and subsequent planning can be affected by human resources practices in the company. An example: the types of employees (meaning their skills and abilities) in an organization may influence the choice of strategies the company wants to adopt. It may decide to grow by developing internally or by acquiring other companies.
- Similarly, the outcomes may affect the human resources practice, i.e., an organization that performs well is more likely to place more emphasis or provide more funds on HRM activities. **(5 marks)**

Strategy-HRM Links: (3 marks)

- This is the link known most to us because the strategy of the firm seems to have an effect on human resources activities. HRM practices will vary according to the strategy the firm pursues. Examples are:
 - a firm that grows by acquiring new firms may evaluate a manager's performance on the ease with which a new firm is integrated into the existing one.
 - firms that pursue different diversification strategies, or grow by getting into new product areas, tend to reward managers with bonuses. The

greater the diversification (i.e., the more unrelated the products), the higher the bonus tends to be.

HRM-Organisational outcomes links: (4 marks)

- This part of the overall framework, i.e., the HRM-outcomes link is more familiar to us than the other. With what we know, we are able to answer at least two questions:
 1. How effective are the human resources functions and the department?
 2. What is the overall contribution of HRM activities to the organisation?

- Research has thrown some light on the effectiveness, costs, and benefits of specific human resources management activities. The focus has been on three general areas:
 - a) ways to assess the costs of specific human resources activities, such as selection, training, or benefits;
 - b) methods to evaluate the effectiveness of human resources activities, such as the pre/post evaluation of training programmes; and
 - c) general approaches to the audit of the strengths and weaknesses of the overall human resources activities.

Strategy-HRM-Outcomes: all together (3 marks)

- Researchers have found that there was more human resources department participation in business decisions and strategic planning in high-performing firms than in poorer performers.

Question 2

- The importance of HR/manpower/employment planning lies with the contribution it could make to reducing uncertainties within the employment patterns of large organisations.
 - HR planning is a critical managerial function because it provides management with information on resource flows which is used to calculate, amongst other things, recruitment needs and succession and development plans.
 - All organisations perform HR or employment planning, informally or formally.
- } (5 marks)
- The major reasons for formal HR planning are to achieve: **(5 marks)**
 - More effective and efficient use of human resources.
 - More satisfied and more developed employees.
 - More effective equal employment opportunity planning.
 - More effective and efficient use of people at work: Employment planning should precede all other personnel activities. One cannot schedule recruiting if one does not know how many people are needed. Also a manager could not have selected

effectively if he/she did not know the kinds of persons needed for job openings. Careful analysis of all HR activities shows that their effectiveness and efficiency depend on HR planning. **(2 marks)**

- More effective employee development and greater employee satisfaction: Employees who work for enterprises that use good employment planning systems have a better chance to participate in planning their own careers and to share in training and development experiences. Thus they are likely to feel their talents are important to the employer, and they have a better chance to use their talents in the kinds of job that use these talents. **(2 marks)** This often leads to greater employee satisfaction and its consequences, such as lower absenteeism, lower turnover, fewer accidents, and higher quality of work. **(1 mark)**
- More effective Equal Employment Opportunity (EEO) planning: All governments have increased their demands for equal employment opportunity. To complete the government reports and satisfactorily respond to EEO demands, enterprises must develop personnel information systems and use them to formally plan their employment distribution. **(2 marks)**
- In sum, effective HR planning assures that the rest of the personnel process will be built on a foundation of good planning. HR planning involves both a quantifiable and quantitative dimension leading to:
 - *recruitment plans*: to avoid unexpected shortages, etc.
 - *the identification of training needs*: to avoid skill shortages
 - *management development*: in order to avoid bottlenecks of trained but disgruntled management who see no future position in the hierarchy but also to avoid managerial shortages - this often requires careful planning
 - *industrial relations plans*: often seeking to change the quantity and quality of employees will require careful IR planning if an organisation is to avoid industrial unrest. **(3 marks)**

Question 3

- Job Analysis is the aspect of employment planning which is concerned with the study of the jobs in an enterprise.
- In particular, job analysis and the resultant job specifications clarify the following aspects of each job: the work activities; the tools, equipment, and work aids used; job-related tangibles and intangibles (such as materials used, products made, services rendered); work performance; job context (working conditions); and requirements necessary to do the job (such as knowledge, skills, experience and personal attributes)
- It is a fundamental starting point for HR management.

- The main reason why JA should be carried out in organisations is that it provides information which can help employers locate and identify these employees.
(8 marks)

Major uses of job analysis arise from the information generated by the job analysis process.

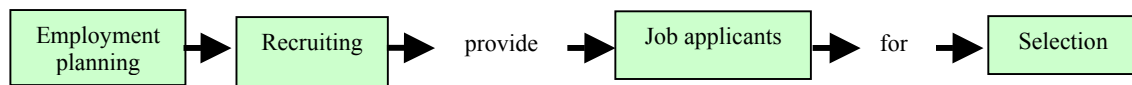
- JA provides a range of information in regard to jobs in organisations. The information derived includes the following: job description, job specification, job classification and job evaluation, job design, and performance appraisal.
- **Job description:** job analysis provides information to prepare effective job descriptions. A job description is an account of the duties and activities associated with a particular job. A job description is prepared to identify a job, define that job within established limits, and describe its content. It is typically a one- or two page summary of the basic tasks performed on a job and constitutes the role expectations relative to that job. Job descriptions have a number of important uses including development of job specifications, work force planning and recruitment, orientation of new employees, and development of performance appraisal systems.
- **Job specification:** job analysis also provides information to prepare accurate job specifications. Job specification describes the characteristics required to perform the job activities outlined in the job description. They focus on the persons performing the job rather than on the work itself. A job specification may also include information on the knowledge, skills, and abilities required to perform the job, as well as such items as the education, experience, and physical attributes needed for successful accomplishment of job tasks. Job specifications are the means by which HRM specialists identify persons with the skills they seek and help focus efforts to recruit them.
- **Job classification and job evaluation:** another use of job analysis is that it provides information to do both job classification and job evaluations. Classification means grouping similar positions into job classes and grouping job classes into job families. Among many reasons for grouping jobs, one is simplicity. Grouping positions into job classifications allows HRM specialists to deal with personnel functions at a more general level. By contrast, the process of assigning a value (and a salary) to a given job classification is called job evaluation.
- **Job design:** job analysis data also inform the design of jobs. From the organisation's viewpoint, jobs as performed must lead to efficient operations, quality products, and well-maintained equipment. From the workers' viewpoint, jobs must be meaningful and challenging, provide feedback on performance, and call on their decision-making skills. The aim of the HRM specialists is to design jobs that attempt to meet the needs of both employers and employees.

- **Performance appraisal:** information generated from job analysis is also used to prepare instruments for performance appraisal which are used to evaluate employee performance. Job analysis identifies what activities should be assessed, what knowledge should be appraised, what organisational issues (e.g., tardiness, absenteeism) should be evaluated. Job analysis information can then determine the weights assigned to particular aspects of the job in order of importance. If used properly, job analysis ensures that the appraisal instrument assesses what is actually being done on the job. A good match between the job and the performance appraisal assessment should not only improve organisational efficiency but also enhance employee perceptions of fairness in the appraisal system. Performance appraisals not based on solid job analysis information risk being irrelevant to job performance and consequently demotivating employees.

(12 marks)

Question 4

- The model depicted below shows that recruitment and selection are two different activities.



Recruitment is that set of activities an organisation uses to attract job candidates who have the abilities and attitudes needed to help the organisation achieve its objectives, whereas selection is defined as the process by which an enterprise chooses, from a list of applicants, the person who best meets the selection criteria for the position available, considering current environmental conditions..

For selection to take place, recruitment should have preceded.

(6 marks)

Barriers to effective selection are listed below:

1. Evaluative standards such as fairness, cost, user-friendliness, acceptability (to both the candidate and the organisation), validity, reliability, and applicability.
2. Perception
3. Perceptual selectivity
4. Stereotyping
5. Gender issues
6. Older employee
7. Halo effect
8. Projection

(5 marks if 7-8 are written; 4 marks if 5-6 are written; 3 marks for 3-4; 2 marks for 2, 1 mark for 1)

The most common ones are:

- Evaluative standards
- Perception
- Stereotyping
- Halo effect

Any three of these is acceptable. They are described in the course text in block 6, sections 4.4.1 to 4.4.10

Evaluative standards: The effectiveness of selection methods will depend upon a number of factors referred to as the ‘evaluative standards.’ The usual standards or measures against which methods are selected are as follows:

- Fairness
- Cost
- User-friendliness
- Acceptability (to both the candidate and the organisation)
- Validity and reliability
- Applicability.

Some ‘evaluative standards’ are easier to assess than others. It is quite evident that there is the need to quantify ‘cost’ as it affects and constrains the process. However, when you consider both direct and hidden costs (such as the cost of selecting a mismatched candidate or the opportunity cost of selector’s time) it is not easy to quantify. In addition, other constraints and issues such as ‘perception,’ ‘fairness’ and ‘validity and reliability’ are not only difficult to assess but even the importance of the concept may not be immediately obvious.

Perception: One of the most fundamental barriers to selecting the right candidate on a truly rational and objective basis is that we, as individuals or groups, do not have the ability to perceive others precisely. To select staff we require an individual or a group of people to assess and compare the respective competencies of others with the aim of choosing the right person for the job. Yet through the processes of perception our views are highly personalised. Each of us has a different view of the world. We are all subject to our own cultural conditioning, and find it hard to be totally aware that others do not see the world as we do. It is therefore not an objective view of the world, it is merely our own reality.

Stereotyping: This is one of the most common barriers to accurate perception. Stereotyping means the forming of opinions that are based on very few facts, usually on the basis of class or category. Stereotyping takes place when we first meet people (as is usually the case at an interview). We try to categorise them and place them in boxes and

subsequently ascribe them with traits or personal characteristics on the basis of this categorisation. For example, we may assume that:

- All professors are absent-minded, older, male and have their heads in the clouds.
- All civil servants are boring and wear pinstriped suits.
- All social workers are left-wing and wishy-washy.

Stereotypes are therefore generalisations which are oversimplified and hence, by definition, untrue. However, they are very useful shortcuts which allow us to assess and evaluate people and situations quickly. In certain instances there may be a grain of truth behind the stereotype or there may have been an element of truth to the stereotype at one time, but for the vast majority of those being stereotyped, the description or view is untrue and can be damaging.

Halo effect: Another barrier to selection is the halo effect, which can either be positive or negative (the negative description is often referred to as the *horns* effect). It occurs when some traits or personal characteristics influence or overwhelm others. So, for example, if an interviewee is liked initially, it may also be assumed that they are intelligent and we will then only hear the information during the interview that supports our original view. There is also a strong tendency for individuals to conform to the expectations held of them. So, if workers are treated like children, they will behave like children.

(3 marks each for description of any 3 of the barriers)

Question 5

- There is a well-marked difference between learning and development, although the two terms are used interchangeably.
- Learning is a process within the organism which results in the capacity for changed performance which can be related to experience rather than maturation. **(2 marks)**
- Development is the process through which an organism or individual becomes increasingly complex, more elaborate and differentiated, by virtue of both learning and maturation. **(2 marks)**
- Also learning is seen as a process through which experience, as distinct from maturation, produces the capacity to behave differently. It is not just a cognitive process that involves the assimilation of information in symbolic form (as in book learning), but also an affective and physical process. Our emotions, nerves and muscles are involved in the process, too. It is a process that can be undertaken at

various levels of effectiveness, producing either positive or negative change in the learner. The more conscious we are of the learning process, the more effective it is likely to be. Learning contributes to development. **(2 marks)**

- The key point is that learning is not synonymous with development but development cannot take place without learning. **(2 marks)**
- **The outcomes of learning:** These can be broadly categorized into three kinds. These are:
 - knowledge of various types and levels,
 - skills of various kinds and levels
 - attitudes**(3 marks – 1 for each category)**
- Brief description of the above
- ‘Know-how’ and tacit knowledge – knowing ‘how to do something’ – is a very different matter from knowing about ‘knowing how to do something.’ This truism is captured in the everyday suspicion and disparagement of ‘the ivory tower’: ‘those who can, do; those who can’t do, teach.’ Howard Gardner, the Harvard Education psychologist, makes the distinction between ‘know-how’ and ‘know-that.’ For him, ‘know-how’ is the tacit knowledge of how to execute something, whereas ‘know that’ is the statement of formal thinking (propositional knowledge) about the actual set of procedures involved in the execution.
- Tacit knowledge is an essential ingredient of ‘know-how.’ Tacit knowledge would appear to be acquired through experience rather than through instruction, and is embedded in the context in which this experience is taking place. However, unlike the formal knowledge that it accompanies, this tacit knowledge never becomes explicit, although it remains very significant.

(3 marks)

- **Skill:** the following definition would give you an idea of what skill means in the context of organisations.

...the performance of any task which, for its successful and rapid completion, requires an improved organisation of responses making use of only those aspects of the stimulus which are essential to satisfactory performance.

- This definition is particularly appropriate to perceptual-motor skills, which involve physical, motor responses to perceived stimuli in the external world. Such skills are needed at every level of the organisation, from the senior manager's ability to operate a desktop computer to the cleaner's operation of a floor-scrubbing machine. High levels of such skills are particularly needed to operate complex and expensive technology. There are however, many other kinds of skills needed in organisations, such as cognitive, linguistic, social and interpersonal skills, that could also be defined in these terms.

(3 marks)

- **Competence:** Throughout the world, this is now becoming a major element in the design of training and development. Despite considerable debate about its integrity as a concept and its effectiveness as a practice, it maintains its significance. For example, much management education and training is now increasingly formulated in terms of management competencies. Competence may be defined as:

... an underlying characteristic of a person which results in effective and/ or superior performance in a job.

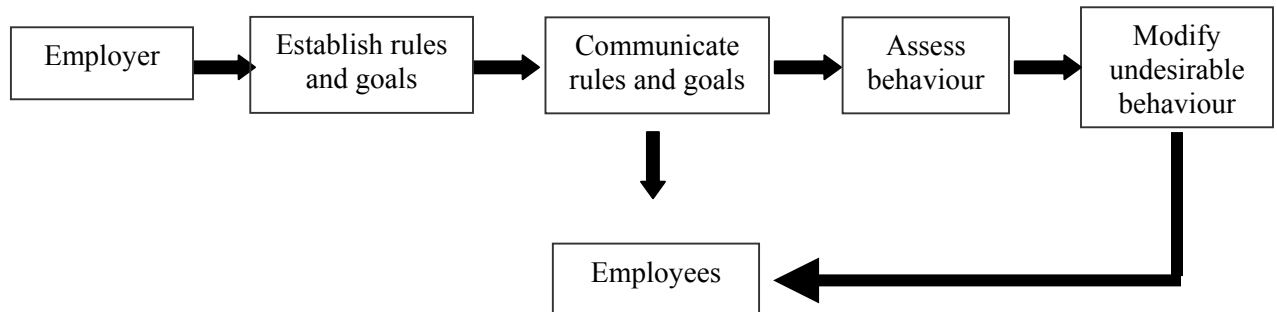
... the ability to perform the activities within an occupational area to the levels of performance expected in employment.

- The core of the definition is an ability to apply knowledge and skills with understanding to a work activity. The concept of competence integrates knowledge and skill that are assessed via performance.

(3 marks)

Question 6

- A model which presents the elements of a disciplinary system is depicted below.



It is clear from the model that the process starts by the employer initially establishing the rules and goals and then communicating them to employees. Employee behaviour is then assessed, and efforts are directed at modifying behaviour found undesirable. This process

is an attempt to prevent difficulties and is positive. It is designed to help employees succeed.

Establishment of work and behaviour rules: a set of minimally acceptable work goals has to be established. Rules cover the many facets of on-the-job behaviour that is directly or indirectly related to work productivity.

Communication of the rules to all employees: This is an important aspect of a disciplinary process. Employees must be convinced that the rules are fair and related to job effectiveness. Further, there needs to be a willingness to accept the rules and their enforceability. This can be promoted if the communication process is both clear and effective. Furthermore, if the employees or their representatives are also encouraged to participate in the formulation and revision of the rules, their cooperation with regard to both compliance and enforcement will most likely be assured.

Assessment mechanism: The third element of the disciplinary process is an assessment mechanism. In most organisations, performance evaluation is the mechanism for assessing work behaviour deficiency. Rule-breaking behaviour usually comes to the attention of management when it is observed or when difficulties arise and investigation reveals certain behaviour as the cause.

Modifying undesirable behaviour: This element consists of a system of administering punishment or attempting to motivate change. This ranges from supervisory administration of discipline to formal systems like courts or grievance handling procedures.

(10 marks)

Philosophies of or Approaches to Discipline

Positive vs. Negative Approach: Those in charge may rule with an iron hand, punish rule violators severely and in general, force the members to obey and conform. This mode of leadership has been variously called negative discipline, punitive discipline, autocratic discipline or rule through fear. The other approach is to develop in people a willingness to obey and abide by the rules and regulations. They do so because they want to, not because they are afraid of the consequences of disobedience. This form of discipline is called positive or constructive discipline.

(2 marks)

There are other ways or approaches suggested by various authors. These are:

The Preventive Approach: This emphasizes prior analysis of employees, their work situations and probable relationships with supervisors to make sure that the match between job and employee is right. This is specifically done through strict screening at the recruitment and selection level.

The Therapeutic Technique: When the preventive approach does not apply, counselling employees to let them know they are ineffective and to suggest how they might improve is in order. Many employees respond to this approach.

The Self-Improvement Programme: A variation of the therapeutic technique is for the supervisor to first document the employees' ineffectiveness and then encourage them to design a self-improvement programme. This puts the emphasis where it belongs: on the employees, improving their performance with the supervisor's counsel and help.

The Punitive Approach: When none of these methods works, corrective discipline is the last resort. These methods vary from warnings and oral reprimands to discharge or termination.

(8 marks – 2 marks per approach)

Question 7

- MNCs follow different staffing policies, depending on underlying attitudes which are predominantly:
 - **Ethnocentric** – featuring a prevailing attitude that home country attitudes, management style, knowledge, evaluation criteria and managers are superior to what expatriates can offer. Therefore, they would follow a staffing policy in which parent-country nationals fill all key management positions.
 - **Polycentric** – there is conscious belief that only host country managers can ever really understand the culture and behaviour of the host country market. Therefore, such a firm would staff foreign subsidiaries with host country nationals and its home office headquarters with parent country nationals.
 - **Geocentric** – assumes that management candidates must be searched for on a global basis for the available talent. Therefore, a firm subscribing to such a belief would seek the best people for key jobs throughout the organisation, regardless of nationality. This may allow the global firm to use its human resources more efficiently by transferring the best person to the open job, wherever he or she may be.

(10 marks)

Ways to improve appraisal of international managers

Cultural differences can create problems in appraising international managers. For example, the performance of a US manager based in India may be assessed by local bosses who may feel that the expatriate manager's use of participative decision-making is inappropriate in their culture. Conversely, home office management may be out of tune with the on ground realities prevailing in the actual location.

Five ways in which the expatriate appraisal processes could be improved are:

- i. Stipulate the assignment's difficulty level. The appraisal should take difficulty-level differences into account, for example, working in China as against working in Britain.
- ii. Weight the evaluation more toward the on-site manager's appraisal than toward the home-site manager's distant perceptions of the employee's performance.
- iii. If, however, as is usually the case, the home-site manager does the actual written appraisal, have him or her use a former expatriate from the same overseas location to provide background advice during the appraisal process. This can help ensure that unique local issues are considered during the appraisal process.
- iv. Modify the normal performance criteria used for that particular position to fit the overseas position and characteristics of that particular locality. For example, 'maintaining positive labour relations' might be more important in Chile, where labour instability is more common, than it would be in the US.
- v. Attempt to give the expatriate manager credit for relevant insights into the functioning of the operation and specifically the interdependencies of the domestic and foreign operations.

(10 marks)

Assignments

Assignment 1

- a. Design a performance appraisal record for managerial level employees in a service organisation. The record should be designed so as to provide information under different headings.
- b. Visit two of the company Web sites for information on their performance appraisal programmes for directors and discuss your findings.
- c. Design a survey form to seek views of employees of a service organisation in regard to the usefulness of the performance appraisal scheme in that organisation. Critically analyse the outcomes of the appraisal scheme and for what purposes those are used.

Assignment 2

- a. Prepare a suitable format for conducting an audit of the HR function in a commercial organisation.
- b. If you were asked to conduct an exit interview, what questions would you pose to the departing employee? Indicate what information you would want to obtain from each question and how you would use each response in the interest of the organisation.
- c. Using the World Wide Web (WWW), conduct a search for information on one of the following:
 - absenteeism
 - occupational injuries
 - labour turnover
 - misconduct at work

Summarise your findings in a report of 400 – 500 words and include the web addresses you found useful.

Guidance notes

Assignment 1

- a. In designing a performance appraisal record, the student must include at least the following:
- **Personal details:** name, job title, how long employed in the position, supervisor's name, period of review etc.
 - **Key performance strengths and areas of improvement:** technical skills/knowledge, problem solving/creativity, accountability for results, planning and organising, interpersonal skills, communication skills, development of others, decision making, leadership, motivation as a representative of the company, quality commitment, safety commitment, achievements of results. (each of these to be measured on a scale: outstanding, good, acceptable, marginal, unsatisfactory – also any comments to be made)
 - **Objectives and results:**
 - What are the established objectives? (what did you specifically agree with the employee that he/she would achieve during the review period? These could be listed in terms of importance/priority)
 - What are the achieved objectives? (to what extent were these objectives met or not met?)
 - Rating; base your rating on the degree to which expected results were achieved.
 - Desired performance objectives for the next appraisal period (be sure goals and performance standards are clearly established)
 - Career planning
 - Recommended training and work experience
 - Evaluation of overall performance: Outstanding, good, acceptable, marginal, unsatisfactory
 - Supervisor's summary
 - Employee comments
- b. The student is expected to research this topic on the WWW and present his/her findings in a summarised form.

- c. The survey must be such that it elicits information from employees about what usefulness they see in the process.

Assignment 2

- a. Audit on the HR function can be done through questions posed to the employees as well as perusing staff/personnel records. Questions under the following major categories need to be designed:
- Planning and recruitment of HR
 - Selection
 - Training and development
 - Performance appraisal
 - Compensation
 - Labour relations
- b. Exit interviews are conducted with employees who are separating from the organisation to ascertain what they think and feel about the organisation. These interviews have two goals: to maintain good public relations with the departing employee and to discover the employee's reasons for leaving. Basic questions that need to be asked are:
- Why are you leaving?
 - Where are you going?
 - What do you think of your compensation and benefits?
 - What do you think of your job?
 - What do you think of your supervisor?
 - What do you think of your working conditions?
 - Would you consider returning to the company?
 - What could have been done to prevent your departure?
 - What suggestions/comments do you have?

[end of Answer Key for assignment 2]

Commonwealth of Learning Executive MBA/MPA
C3 Human Resource Management

Tutor Guide

Course Developer:

Lalith Weeratunga
Senior Consultant
Postgraduate Institute of Management
University of Sri Jayewardenepura
Columbo, Sri Lanka

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The Commonwealth of Learning

1285 West Broadway

Suite 600

Vancouver, BC V6H 3X8

CANADA

e-mail: info@col.org

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General Guidelines on Teaching and Facilitating

This guide is intended to help tutors and instructors to teach their students and facilitate discussion sessions in the following ways:

- Elaborating ways in which the course objectives are to be met through achieving block objectives.
- Providing guidelines to help students in doing the self-evaluation questions and activities.
- Facilitating the tutor-student interaction in assessment of students.

How the Course Is to Be Conducted – a Summary

The following course summary suggests how much time a student should allocate for each study block to read and assimilate the concepts, refer and read further and do the self-evaluation questions and activities. Rigid adherence to the schedule is not necessary, but noticing the proportionate demands of different study blocks will certainly help students to cover all blocks within the one hundred and twenty hours that the whole course is expected to require. Each student should plot his/her time schedule according to experience and familiarity with the concepts and the need to read further. As HRM is a field of study in constant development and change, students should refer to reputed HR journals and should investigate the books that you have found seminal to your own work as an instructor and practitioner. Do not hesitate to supplement the readings if you feel that such material would contribute to achieving study block objectives.

Block	Reading (hours)	Reference & further reading	Self-evaluation questions & activities	Total time (hours)
1. Introduction to Human Resource Management	2	-	1	3
2. A brief history of HRM and its origins	3	-	2	5
3. Strategic HRM	3	1	2	6
4. HR Planning	5	2	6	13
5. Job Analysis & Job Design	4	1	5	10
6. Acquiring human resources: recruitment, selection & orientation	8	2	5	15
7. Developing the human resource: learning & development, training & management development	8	1	5	14
8. Rewarding employees: performance evaluation, compensation including job evaluation	5	1	4	10
9. Grievance handling	2	-	3	5
10. Discipline	2	-	3	5
11. Employee safety, health and welfare	6	1	3	10
12. Industrial and labour relations	6	1	4	11
13. International Human Resource Management	2	1	2	5
14. Other emerging issues	4	1	3	8
	60	12	48	120

A Word about Course Material, Self-Assessment Questions and Activities

The study blocks for this course book provide extensive reading material, but students need to be reminded that reflection on course concepts is *sine qua non*. Self-evaluating/assessment questions and activities will help students to internalise the concepts and apply these in work settings. In the field of HRM, application and practice is extremely important. Therefore, activities have been designed so that students will acquire both knowledge and skill. Also, as some HR practices may vary from country to country, specific activities have been designed to make the students explore the HR scene in their respective countries. Here, your guidance will be invaluable, as the field is vast.

I strongly suggest that in classroom settings, group discussion on sections of importance in each of the blocks be encouraged and facilitated. The block objectives have been repeated as an introduction to the guidance in the following pages. This guidance comprises key learning points under each major section, areas that need further discussion, guidelines/model answers on self-assessment questions and activities, and indications as to any further reference.

Lalith Weeratunga

Course Developer

Block 1: Introduction to Human Resources Management

1 Block Objectives

On completing this block, a student should be able to:

- debate the nature of Human Resources Management as a field, and the different perspectives from which it is viewed—
 - as a restatement of existing personnel practice
 - as a new managerial discipline
 - as an individually focused development model
 - as a strategic and international function
- review and evaluate the main models, frameworks, maps and theories of HRM.

Key Points

2 Introduction to the Various Functions of Human Resource Management (HRM)

- Emphasise:
 - the need to understand the concepts in HRM as a core component of study of HRM.
 - Why HRM is important to modern organisations
 - How it has emerged as a major function
- Different approaches to HRM
- Discuss the four C's in the map of HRM territory.

3 HRM as a Restatement of Existing Personnel Practice

- HRM is not the same as personnel management although some aspects of personnel management are included in the HRM function.
- It is important to emphasise to the students that in HRM, HR is considered a resource and not a cost centre.

4 HRM as a New Managerial Discipline

- HRM has to be looked upon as a holistic function which is in harmony with the business objectives of the organisation. You may discuss this further in Block 3, which focuses on HRM as a strategic function.

- Guide the students to look at the present HRM functions and the pre-HRM functions (IR and personnel management functions)
- John Storey's 27 points of difference provides a good framework to discuss how Personnel and IR differ from HRM

5 HRM as an Individually Focussed Developmental Model

- HRM has taken a perspective of looking at the individual's development and its effect on the organisation's effectiveness.
- Examples of Japanese HRM practices may be useful.

6 HRM as a Strategic and International Function

- Organisations have taken radical approaches to aligning business strategy with HRM strategies. No longer is HRM considered merely supportive, like personnel management.
- HRM as a strategic function may be very much evident in the private (profit-making) sector but whether the public sector gives the prominence it deserves is a debatable issue.
- The 'growth' of HRM as an internationally important function is quite evident.
- Large MNCs have added to the body of knowledge on international HRM and approaches.

7 Some Assumptions about Human Resource Management

- The graphical representation of the linkages of four perspectives of HRM provides clear understanding of the role HRM plays in the success of the organisation.
- What the external factors such as the state of the labour market do in an organisation's pursuit of business objectives.

8 Defining Characteristics of HRM

- The debate about the nature of HRM continues: it's not a case of just managing employees but also establishing the mutual welfare of the employer and employee. Walton's argument: mutual goals, mutual influence, mutual respect, mutual rewards, mutual responsibility. The theory is that policies of mutuality will elicit commitment which in turn will yield both better economic performance and greater human development.
- Argument provided by Beer and Spector (1985) emphasised a new set of assumptions in shaping their meaning of HRM.
- Strongest argument in support of HRM: it addresses the centrality of employees in the organisation.

9 HRM: Some Arguments and Conclusions

- The mark HRM has made in the realm of management, and the growth in a relatively short period.

Guidance Notes on Block 1 Activities

In the organisation where you work or in a situation you are familiar with, which do you see: HRM or personnel management? Briefly, support your stand with reasons.

- Student must attempt to examine his/her own work setting or any other familiar setting using the framework proposed by John Storey (section 4.2).
- More reasons supporting personnel management (or major areas still using personnel management practices), then, clearly the organisation practices personnel management as against HRM practices.

In your opinion, why should modern organisations deviate from personnel management? Give reasons.

- Here too, John Storey's framework becomes useful. The student can list out the HRM features in the framework and conclude that modern-day organisations need to have a clear vision if they are to survive, whether they are in the public or private sector. (Private-sector firms confront competitors; public-sector organisations will be put under public scrutiny and legislatures will decide to cut their funds and close them down if they are not responsive to public needs.)

What positive features do you observe in the practice of personnel management?

Students may have their own reasons. However, some of the positive features can be seen in the definition of personnel management:

- Personnel is that function of all enterprises which provides for effective utilisation of human resources to achieve both the objectives of the enterprise and the satisfaction and development of the employees.
- The definition connotes that personnel management provides for human resources to be effectively utilised: through performance management/appraisal, it attempts to achieve objectives of both the enterprise and satisfaction of the employees.
- Personnel management places a strong emphasis on employee satisfaction and development.
- It has a procedural outlook which brings orderliness to the whole function of managing personnel.

- It emphasises devising clear rules and procedures.
- It emphasises the managerial task of monitoring and supervising personnel.
- Whilst in HR, all line managers are responsible for handling personnel, in personnel management scenarios managers are personnel specialists or IR specialists and thus confer in-depth professional knowledge of the personnel function.
- Many argue that it is ‘old wine in new bottles,’ meaning that HRM is the new term for old-world personnel management.

Block 2: A Brief History of HRM and Its Origins

1 Block 2 Objectives

On completing this block, a student should be able to:

- outline the origins and the recent major changes and developments in employment relationships.
- present a historical perspective of HRM.
- discuss different perspectives of HRM.
- describe the importance of human resources as a strategic asset.

Key Points

2 Origins of HRM

- Emphasise the considerations involved in arriving at a precise definition of HRM.
- Origins of HRM (in USA and UK) can be discussed.
- Example of UK in the evolution of HRM.

3 Historical Antecedents of the HR Function

- The HR function has evolved over a period of time and the importance of the Hawthorne studies should be discussed further.

4 Evolution of the Roles of Human Resources Management

- The skepticism people had about the importance of HRM in the early period.
- Gradually, human resources became recognised as a key resource among other resources the organisation possessed.
- Complexity and diversity of human resources makes HR management all the more important, as a mere set of rules and regulations along with procedures will not get the best out of the human resources an organisation has.

5 Changing Perspectives on HRM Jobs

- The vital importance of human resources to organizations – as assets that actively contribute to the well-being of organisations and not just as cost centres which are a burden on them – has changed perspectives on HRM and jobs related to it.
- HRM is a proactive function and not a reactive activity; this means that HRM has a vision for its constituents (employer, employees, customers etc.). HRM

forecasts the quality of the human resources the organisation would require in terms of the organisation's vision and future well-being.

- HRM function will ensure an organisation's competitive advantage by preparing a competitively developed workforce through effective recruitment, selection, orientation and development.
- The strategic business plan will have a strategic HR component as well.

6 The Intellectual Antecedents of HRM

- Human relations movement has had an influence on present HRM.
- Corporate strategy and business policy also has an influence on the HRM of today.

7 HRM: Past, Present and Future

- Many popular books emphasise the critical role human resources are playing in the success or failure of organisations.
- The recent advances made in research on effectiveness of human beings in work settings have made HRM the key function of the workplace.
- Training and development of people have assumed greater dimensions than before.
- Job satisfaction and productivity have thrown much light on human beings at work and what management practices need to be adopted to get the best out of the human resource of an organisation.
- Different perspectives—i.e., historical, environmental, strategic, political, international and evaluation – need to be examined to understand the importance of HRM in the current setting.
- Baird and Meshoulam model on stages of HRM growth: initiation, functional growth, controlled growth, functional integration and strategic integration.
- Six strategic components of HRM:
 - manager awareness
 - management of the function
 - portfolio of programmes
 - personnel skills,
 - Information Technology
 - awareness of the environment.
- The notion of external and internal fit.

8 Part Played by Personnel Specialists in the Management of HR

- It is important to discuss the role played by personnel specialists in HRM in organisations. Examine it from different perspectives.

9 Contemporary Significance of HRM

- Contemporary significance of HRM is evident from the myriad HR initiatives companies use to make their HR the best in their respective spheres. The number of national-level competitions launched by HR associations of one kind or another is ample evidence of the significance the industrial and commercial sectors of economies have placed in HRM.
- HRM involves the following characteristics:
 - a focus on horizontal authority and reduced hierarchy.
 - a blurring of the rigid distinction between management and non-management: wherever possible, responsibility for people management is devolved to line managers.
 - The role of personnel professionals is to support and facilitate line management in managing people, not to control this function.
 - HR planning is proactive and fused with corporate level planning. HR issues are treated strategically in an integrated manner
 - Employees are viewed as subjects with the potential for growth and development; the purpose of HRM is to identify this potential and develop it in line with the adaptive needs of the organization.
 - HRM suggests that management and non-management have a common interest in the success of the organization; its purpose is to ensure that all employees are aware of this and committed to common goals.

Guidance Notes for Self-assessment Questions and Activities

Self-assessment question: Write in your own words how HRM has evolved over the last fifty years.

- Students must show they have read about Taylorism as well as the human relations school of thought. They must present the concepts in their own words with little or no quoting from literature.

Self-assessment question: Outline the evolution of the present HR function. Trace the early development of the Personnel function.

- Students must show their understanding by remembering that the personnel management function, which was at the helm in the 1960s and 1970s gradually, gave way to HRM. Reasons must be adduced. Discussion of how the personnel management function came into being should also be drawn from the material presented in the course blocks.

Self-assessment question: What are the different perspectives on HRM? Outline the key factors under each perspective.

1. historical
 - discovery of job satisfaction and productivity having a link
 - discrimination
 - international dimensions
2. environmental
 - legal examination of wages and work hours
 - union relations
 - collective bargaining
 - rights of employees
3. strategic
 - organisation's overall strategy
 - cost advantages via lower labour costs
 - need to fit human resources into the strategy implementation process
 - HR strategies to manage external and internal fit
 - affective and performance outcomes
 - competency management
 - behaviour management
4. political
 - individual and group influence for gains outside the organisation's agenda
 - influence on selection, promotion, appraisal, rewards etc.
 - HR decisions affected by politics
 - impression management (at interviews etc.)

5. international
 - international competition for human resources
 - QWL
 - international management practices
 - managing in different cultures
 - influence of culture in HR practices
6. evaluative
 - efficiency and effectiveness
 - personal audits and utility analysis

Self-assessment question: Do you observe key differences between Personnel Administration and HRM? List them.

Students should revisit block 1 and look at the key differences. The intention of this self-assessment question is to reinforce their understanding of the differences between Personnel Administration and HRM.

Block 3: Strategic HRM

1 Block 3 Objectives

On completing this block, a student should be able to:

- name common human resource strategies
- discuss how HRM links with strategies adopted in institutions
- state in what ways the emergent role of the future HR manager is already in evidence.

Key Points

2 What Is Strategic Human Resource Management (SHRM)?

- different definitions
- importance of the top management taking HRM seriously as a part of the strategy
- as a long-term people issue
- covers macro-organizational concerns relating to structure and culture, organizational effectiveness and performance, matching resources to future business requirements and the management of change.
- people management can be a key source of sustained competitive advantage.
- stress on the strategic aspect of HRM (consists of four elements).
- two classic approaches: two influential American schools of HRS – Michigan group and the Harvard group. The first focusses on strategic management and the other on human relations.

3 Why SHRM?

- discuss the role of SHRM, particularly its ability to provide direction to the organisation. Its ability to develop approaches to manage people in the long run.
- discuss the seven most essential skills for HR executives as identified by the Eichinger-Ulrich study.
- study carried out by Rothwell et al. which proposes six emerging roles.

4 Strategy, Human Resources Management, and Organizational Outcomes

- reasons why researchers and managers should want to integrate the three areas of strategic management, human resource management and organizational outcomes.
- strategy–HRM practices–outcomes model
- overall strategy classification; discuss the different approaches
- different levels of implementation
- Dyer’s identification of specific contribution HRM can make.
- future skill requirements for the HR personnel

Guidance Notes on Self-assessment Questions

Self-assessment question: Why do you think that the strategic level managers of a company should consult HR personnel?

Student should be able to state the reasons why the HR function is strategically important to the organisation. The strategic level managers are the top decision makers of the organisation. In fact, the HR manager should be one of them. The six key elements of SHRM are important and hence should be stated. The learning material in the course block provides more information.

Self-assessment question: Identify the new skill areas that a future HR manager should acquire. Give reasons.

Here too, the learning material provides information emanating through empirical studies. In this regard, findings of the HRPS study should be cited. The Eichinger & Ulrich study presents the seven most essential skills for HR executives in the future. Rothwell et al. also provide a direction for the future HR executives with six leadership roles.

The reasons that could be adduced are that the future is uncertain and the ability to envision the future is important for HR managers. Also if the strategic level of the organisation were to consult the HR manager, he/she has to be business savvy and be ready to partner the top management in strategic thinking for the organisation. Students may take each skill area and each role mentioned in the earlier part of this response and state why that particular skill or role is important to the organisation.

Self-assessment question: Compare the viewpoints of different authors. Examine to see whether there are common points of view. List them.

This self-assessment question appears at the end of the section in which strategy, HRM and organisational outcomes are discussed.

In regard to overall strategy classification, the course book outlines the Miles and Snow typology which refers to four general stances a firm may take in its industry. Further, it provides Rumelt's (1974) strategy classification, based on the extent of product diversity in a firm. Also provided is Porter's (1981) classification of firms into three groups. Students should present the three classifications and see the similarity between the Miles and Snow typology and Porter's classification.

Block 4: HR Planning

1 Block 4 Objectives

On completing this block, a student should be able to:

- show what HR planning is and why effective enterprises perform it.
- name, describe and apply some tools and techniques of forecasting demand for employees.

Key Points

2 Introduction to HR/Employment Planning

- evolution of HR/employment planning from traditional manpower planning and its place in the modern HRM – foundation for other HR functions of the organisation
- issues in regard to HR/employment planning
- definition of employment planning
- reasons for HR planning
- more satisfied and more developed employees lead to lower absenteeism, lower turnover, fewer accidents, and higher quality of work.
- who handles HR functions in an organisation depends on its size

3 HR Forecasting

- importance to HR planning of forecasts, expectations, and anticipation of future events.
- justifications for planning are threefold
- forecasting future demand; salient features
- forecasting techniques: exploratory surveys and Operations Research techniques.

4 Creation of an HR or Staffing plan

- internal and external considerations
- different techniques used in these approaches
- micro level factors that affect HR/manpower plans
- factors when analysing demand and supply

- features of a good HR/staffing plan.

5 HR or Staffing Planning in Practice

- discuss why organisations do not prepare HR/staffing plans (is it because they have no skills and personnel to do it or because they have no faith in it?)
- discuss the IPM survey findings (1975) and if any local studies have been done, you may provide the findings.

6 The Management of Change: HR Planning and Future Directions

- discuss the differences between HRP and manpower planning (Bramham, 1989)
- issues confronting manpower planners: demographic changes and flexibility.

7 HR Audit, Inventory and Human Asset Accounting

- importance of accounting for the human resources in organisations (what do they contribute to the organisation's well-being vis-à-vis the costs incurred on them)
- HRI – the key features
- staffing table – is it a useful instrument?
- capability inventories – strengths and weaknesses of employees
- HRIS – use of technology in HR planning.

8 Labour Market Survey

- discuss the nature of labour markets
- distinguish between instrumental and work-ethic attitudes
- discuss various measurements of the labour force
- identify trends in the labour supply
- discuss the concept of part-time and full-time work in the context of your country
- trends in the labour demand.

9 Succession Planning

- discuss the validity and importance of succession planning in the context of the modern organisation and contemporary HR practices
- succession planning is a strategic activity in organisations
- assessment centres as a means of gathering and processing information of employees
- usefulness of the employee replacement chart.

10 Career Management

- importance of planning and managing careers of employees: organisational and individual components
- discuss the ingredients of a typical career planning process: four major steps
- career development of employees
- congruence/incongruence of career plans of employees, with organisational objectives.

Guidance Notes for Self-assessment Questions and Activities

Self-assessment question: Can you record the HR planning practices in your organisation? Discuss as to how those differ from the established practices of well-run organisations. Do you feel that your organisation's practice is characteristic of one or the other? Give reasons.

- Students have to do some work on their own to respond to this self-assessment question. They should talk to the HR department and inquire about their HR planning activities. If there is HR planning, they can record the process (methods and steps) and if there is no HR planning, they should find out reasons for it.
- What they have learned in this block could be used to compare the practices.
- Students must explore and find an organisation that practices good HR planning and compare those practices as well with norms.

Activity: Prepare a staffing table for your unit. Indicate in it the movement of your employees. Dates of retirement, probable dates of promotion, etc., of employees could be recorded in it.

- It would be interesting for a student to contact the HR/personnel department of his/her organisation and obtain the details of employees to prepare this table. It could be used in the organisation if accurately prepared.

Self-assessment question: What are the current practices in HR planning in your organisation? How often does your organisation engage in HR planning? Discuss with your HR department the modalities of preparing HR plans. List the factors they consider to be most important in preparing HR plans.

- This self-assessment question has much in common with an earlier self-assessment question where students were asked to record the HR planning practices of their organisations. The student should talk to the HR department in his/her organisation or any other where HR planning is practiced.

Activity: Consider your workplace and prepare a HRI. If the organisation is large, select a department and prepare a HRI for that department. Use your skill and creativity to design a form to extract information. Remember to provide for collecting information on additional skills of employees.

- Preparation of a Human Resources Inventory (HRI) is very useful to any organisation. Students could be creative in their approach when designing the form to elicit information and record in it every employee's educational qualifications, professional qualifications, skills acquired, special professional training undergone, special aptitudes, etc. If the organisation is large, the student should concentrate on a unit of 10-15 people.

Activity: Consider your workplace and identify a department or a division where there is a significant number of personnel, both non-managerial and managerial. How many are instrumental-oriented and how many are work ethic-oriented? Devise appropriate criteria to identify people as one or the other.

- Using the knowledge gained in this study block, students must establish criteria that enable the information they elicit to classify employees into either category. Some of the key things to observe are: attendance, punctuality, completion of the allotted work, efficiency criteria, time management, attitude towards customer satisfaction, spirit in which work is carried out, etc.
- Employees can then be classified.

Activity: In your country, what are the government and non-government agencies that collect labour market data for regulatory, planning and research purposes? (Look at the next activity also and compile it as one document)

Activity: Compile a list of types of labour market data (specific reports) available for staffing planners, decision makers, employment counsellors and those who do career and vocational counselling.

- The previous self-assessment question and this more or less have the same intention. In order to find out about labour market information in your country, both the self-assessment questions are relevant. First, compile a list of organisations that deal with labour market data. It may be Bureau of Labour Statistics, Department of Labour or any other body/bodies that engage in this vital exercise.
- Second, list out the labour market data available to the public and to researchers or government departments/ministries.

Activity: What is your country's percentage of workers between 40 and 65? Is there legislation which affords special recognition to such groups in the labour market?

- Students should examine census/labour force data and work out the required percentages. Students should also study the legislation to find out whether there is any special legislation recognizing aged workers. The core idea of this activity is to encourage students to study the labour force data and become familiar with age groups that are in the labour force, etc.

Activity: What are your perceptions of hiring handicapped or disabled workers? Have you as a co-worker, a HR manager or an employer had the opportunity to work, hire or employ handicapped workers? If you have had the opportunity, what work habits, both positive and negative, did you notice in them? Also discuss the legislation in your country in regard to the employment of handicapped Persons.

- Here, the student is encouraged to think about the handicapped persons who also need to be accommodated in the workforce. Many countries have special legislation aimed at assisting handicapped persons to enter the labour market. Students should examine their respective country situations so that they can understand the need to accommodate handicapped persons in the workforce.

Activity: Reflect upon your career, going back to the day you entered the world of work, and trace the career changes you have had along with the year/month it happened. How many of your career changes had been planned? Were they circumstantial or were they influenced by some person or organisation? Prepare a sheet outlining your career progress and indicate your plans for the future.

- This is to encourage the students to think of their own career and understand the nature of various career changes they have gone through. It allows the students to think deeply about their life in general and career in particular and initiate steps to re-align both. Especially, focus on the future is important so that the student thinks of career progress. This will also inculcate in a manager a sense of responsibility to think of career progress/development of employees under him or her.

Block 5: Job Analysis and Job Design

1 Block 5 Objectives

On completing this block, a student should be able to:

- discuss what role Job Analysis (JA) plays and its effect on employment planning
- show competency with the tools and techniques of Job Analysis
- name various ways in which jobs can be designed, and propose the best way for the organisation in which the student works
- prepare job descriptions.

Key Points

2 What Is Job Analysis (JA)?

- JA as a systematic process for collecting, analysing and interpreting job-related information.
- what information is gathered about the job
- review of the organisation – redefining the job in the light of changed circumstances.
- methods used for JA – their relative strengths in terms of reliability
- JA as a fundamental starting point for HR management
- definition of job description and its importance
- what is a job specification?
- meaning of job classification and evaluation
- job evaluation methods
- concept of job design in the HRM process – the need for jobs to be meaningful
- performance appraisal and its relationship to JA
- data collecting techniques – their relative strengths and weaknesses
- work-oriented and worker oriented JA methods – different techniques.

3 Job Design

- JA leads to high-quality job descriptions and job specifications
- JA information is very useful for designing and re-designing jobs

- no one best way to design jobs
- discuss the definition
- ergonomics and industrial psychology need to be considered.
- characteristics of work simplification, job rotation, job enlargement and job enrichment
- perceptual-motor approach, biological approach, mechanistic approach and motivational approach
- job enrichment – the job characteristics model (Hackman & Oldham, 1976) and its core dimensions
- key psychological states necessary for motivation and satisfaction: experienced meaningfulness, experienced responsibility and knowledge of results
- Coopers & Lybrand's Competency Alignment Process (CAP) – holistic view of reengineering work processes and the effects on how employees use their skills.

4 Job Descriptions and Job Specifications

- distinguish between job description and job specifications.
- job description – a written description of what the job entails.
- well-written, useful descriptions will include information on job title, summary, equipment, environment and activities
- job specification evolves from the job description.
- Include in a job specification – job tasks, necessary skills (importance of each skill must be rated), any other characteristics necessary for performing the job.
- each skill that has been identified needs to be specifically linked to each job task
- essential and non-essential skills that need to be included in the job specifications.

Guidance Notes for Self-assessment Questions and Activities

Activity: Considering your job, list what aspects of it need to be examined in order to carry out a job analysis.

- Students should study the learning material well and note the aspects that need to be considered in order to carry out a job analysis. Where his/her job is concerned, there may be some specific aspects that need to be considered. The student must concentrate on the areas that would focus on the key result areas of the job. The information provided in section 2.1 of the block is a guide for this exercise.

Self-assessment question: With reference to your organisation, what methods do you consider most appropriate to carry out a JA? Give reasons.

- The purpose of the self-assessment question is to encourage the student to look at all the methods available for JA and select which is most appropriate for his/her purpose. This encourages the student to evaluate the methods available in terms of strengths and weaknesses of each method.

Activity: Show the application of JA data in the HRM process.

- The student would do well to understand that JA is fundamental in the HRM process. How JA should be used in the HRM process is well laid out in the course material. Section 2.4 briefly mentions this.
- The student should list each of the processes such as job design, job evaluation, recruitment etc. and show how JA could be used in each of the processes. For example, before a job is designed properly (so that the job holder enjoys doing the work) information of the job should be made available to the job designer. That information comes from JA.

Activity: Suppose you are appointed a consultant to carry out a JA in your organisation. Prepare a questionnaire using the above mentioned guidelines to collect data of jobs in the clerical (non-managerial) grades.

- This self-assessment question is in section 2.6. There are guidelines provided when preparing a questionnaire to elicit information on jobs (when carrying out a JA).
- The student should focus on the hints provided under the subheading 'questionnaires.'

Activity: List the advantages and disadvantages of each JA method described above.

- The student should list all the methods (information is provided in sections 2.7.1 and 2.7.2) and state the advantages and disadvantages of each of them. Some advantages may be evident, such as being easy to implement etc. It might be that a student would see a particular method having more advantages from the perspective of his/her own job and the job setting.

Activity: Prepare a job description for your job position using the criteria stated above.

- Section 4 outlines all the ingredients of a good job description. A student should have done the first activity and therefore have thoroughly analysed his or her own job before embarking on this activity. The job description must specify the key result areas and the key skills necessary to carry out the job effectively.

Block 6: Acquiring Human Resources – Recruitment, Selection and Orientation

1 Block 6 Objectives

On completing this block, a student should be able to:

- distinguish between recruitment and selection
- contribute to a mutual matching of expectations—those of recruits and those of the organisation—and help to make intelligent compromises between the two sets.
- describe the recruiting process: who does it, how recruiters do it, and where they find recruits suitable to the student's organisation
- describe some contemporary issues and controversies in the field of recruitment
- detail the selection and orientation process
- describe why orientation improves the chances of employee success at work.

Key Points

2 Recruiting and Job Search

- distinguish between recruitment and selection. The definitions provide enough information.
- external influences: government and union restrictions, labour market conditions
- ensure that there is no discrimination in the process of recruitment
- government agencies need to ensure hiring at least a certain percentage of minority employees.
- organisations cannot afford to be strict on ideal job specifications to meet the stark realities of the labour market and other factors.
- potential employee's view of recruiting also is important
- The role of the recruiter is crucial to the well-being of the organisation.
- sources: internal and external and methods: job postings and bidding, friends of present employees, and skills inventories, walk-ins, various agencies, schools and other sources such as unions, professional associations and former employees.

3 Methods of Recruitment

- external recruiting methods: advertising, personal recruiting, computerized matching services, special-event recruiting, internships etc.

- the three elements involved in recruiting: the organisation, the applicant and the recruiter
- effectiveness of recruiters and some major flaws in typical recruiters
- importance of training recruiters
- various costs incurred in the recruitment process
- role of fluctuating labour markets in the recruitment process
- recruitment methods adopted in different parts of the world in international recruitment, factors influencing such recruitment
- recruitment policies in multinational organisations: ethnocentric, polycentric, geocentric, and regiocentric.

4 Selection

- Selection is the decision that makes the choice of who should be chosen from the list produced in recruiting. [Recruiting provides a list of potential employees (recruits)]
- staff selection is becoming the axis on which all other human resource issues turn.
- generally, more effective selection decisions are made when many people are involved in the decision and when adequate information is furnished to those selecting the candidates.
- factors influencing selection: environment of the organisation (nature, size, complexity, and technological volatility), nature of the labour market, union requirements, government regulations.
- selection methods: interviews, biodata, group methods (roles and problem solving), in-trays, presentation, work simulations, repertory grid, personality assessment, assessment centres.
- most popular selection method: interview – one-to-one, structured or unstructured, sequential, etc.
- setting of the interview: noise level, avoiding interruptions, lighting, the candidate's reception, physical positioning of furniture, and the dress and manner of the interviewer.
- do's and don't of interviewing, interviewing skills
- group methods: roles and problem solving; Belbin team roles
- presentation: verbal and non-verbal presentation skills, relevant content, time management and the ability to cope with questions
- setting up assessment centres

- barriers to effective selection: perception, perceptual selectivity, stereotyping, gender issues, halo effect, horns effect, projection, fairness, validity (face, predictive, content), reliability
- popularity of selection methods: those concerned with describing past behaviour, those concerned with the future.

5 Orientation

- definition: introduces new employees to the enterprise, to their tasks, superiors and work groups
- orientation is equivalent to socialization
- purpose: reduce the start-up costs for a new employee, reduce the amount of anxiety and hazing a new employee experiences, reduce employee turnover, save time for supervisor and co-workers, develop realistic job expectations, positive attitudes toward the employer, and job satisfaction
- guidelines for conducting an employee orientation (Glueck, 1978).

Guidance Notes for Self-assessment Questions and Activities

Self-assessment question: What are your views about the recruitment strategies employed in your country? Do they conform to some of the views mentioned above? If not, what reasons could you adduce?

- This allows the student to explore the recruitment scene in his/her country and understand that there are different methods. Having been exposed to the theoretical framework he/she is in a position to critically analyse the strategies and express his/her views. A comparison also could be made to see whether the various strategies conform to the accepted theoretical framework.

Activity: Identify and list the recruitment methods you have observed in the organisations where you have worked. Of those, what methods have helped organisations to pick effective employees? Give reasons in each case.

- Here too, the student has to list the various methods he/she is familiar with. He/she has to, then, look at the effectiveness of the organisation's activities and relate as far as possible how the recruitment has helped the organisation to achieve its objectives.

Activity: List the advantages and disadvantages of the above selection methods with reference to your work situation.

- This activity comes at the end of section 4.3, which lists and describes a host of selection methods. The student must analytically examine each method with reference to his/her work situation and list the advantages and disadvantages.

Self-assessment question: What are the barriers of selection your organisation has attempted to eliminate or reduce the effect of? How? Explain.

- The student has to do some exploratory work such as a survey, observations and interviews to find out what the organisation has done to reduce/eliminate the effects of barriers to selection which are listed in section 4.4.

Activity: In your first employment and subsequent ones, what orientation activities did you go through? How do you see those as contributing to your effectiveness at work?

- The student must reflect on her or his career and explain what kind of orientation he/she has gone through. He/she also must be able to relate those activities to their effectiveness at work. What does the job expect of the student? Has the core knowledge/skills required for the job been provided to the student during the orientation/s?

Block 7: Developing the Human Resource – Learning & Development, Training and Management Development

1 Block 7 Objectives

On completing this block, a student should be able to:

- state why HR managers need to understand the process of learning and development.
- identify characteristics of adult learning behaviour.
- describe the process of learning.
- discuss what HR development means to an organisation.
- describe the organisation as a context for learning and development.
- explain how management development is conceptualised by the HR profession.

Key Points

2 Introduction

- what is development, education, training? Distinguish between them.

3 Learning & Development

- learning:a process within the organism which results in the capacity for changed performance which can be related to experience rather than maturation.
[Ribeaux and Poppleton, 1978: 381]
- development: the process through which an organism or individual becomes increasingly complex, more elaborate and differentiated, by virtue of both learning and maturation.
- learning is not synonymous with development but development cannot take place without learning.
- the concept of the learning organization: ‘where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together.’
- main features of total quality management (TQM): giving satisfaction to customers, both internal and external; continuous improvement in process and product; employee involvement, usually through teamwork; management by data and facts.

- lifelong learning: continuous adaptation.
- barriers to learning and development: perceptual, cultural, emotional, motivational, cognitive, intellectual, expressive, situational, physical, specific environment
- adult learners: HRD needs to address the needs
- outcomes of learning: knowledge of various types and levels, skills of various kinds and levels and attitudes. ('know-how' and tacit knowledge, skill, competence and higher order thinking skills)
- Bloom's Taxonomy of Cognitive Skills: knowledge, comprehension, application, analysis, synthesis, evaluation
- continuing professional development: its various aspects
- andragogical model of learning introduced by Knowles (1984): facilitator's role
- action learning: diagnostic phase and therapeutic phase
- mentoring: protégés.

4 Training

- definitions and concepts
- creation of a HRD plan: eight basic points
- analysing training needs: methods, consider job and person requirements
- types of training: 'on-the-job' and 'off-the-job'
- on-the-job training: most common, three common methods
- off-the-job training: different methods
- evaluation and monitoring of training: questionnaires (feedback forms), tests or examinations, projects, structured exercises and case studies, tutor reports, interviews, observation, participation and discussion.

5 Management Development

- management development: definitions, education and training are only components.
- management training: specific and short term; primarily concerned with teaching managers the skills to perform their jobs more effectively.
- HRM and management development: the concept of people being central
- implications for management development: managerial attitudes and values, managerial roles and relationships with employees,
- organising management development programme: several factors to be considered – availability of suitable managers, reward and appraisal systems, resourcing and

- support, promotion and succession planning, structures and systems, diversity of management
- learning methods: lectures, games and simulations, projects, case studies, experiential (analysis of experience), guided reading, role playing, seminars and programmed instruction (computerised/packaged).
 - numerous weaknesses in formalised management education and training
 - issues and controversies in management development: organisational power and politics, ethics of management development, managerial competences, future of management
 - evaluating management development: what is being evaluated?, in-course and post-course interviews and questionnaires, attitude surveys and psychological tests, observations by trainers, managers and others, self-reports by managers.

Guidance Notes for Self-assessment Questions and Activities

Activity: What, in your opinion, are the barriers to learning and development of the adult learner? How does an adult learner differ from a young student in terms of the way he/she learns?

- Section 3.4.2 provides the solution to the first part of this activity. Under the same section, characteristics of the adult learner are well articulated. A young student learns with direction as against adult's self direction. A young student will not have experience. Students are motivated through different ways than adults.

Activity: Consider your workplace as the setting for this exercise.

- What opportunities and threats is the company facing? What are the strengths and weaknesses of the workforce in the present situation? Who needs development? Of what kind? How will it be undertaken? Who will be responsible for it? Who else would play a part in it? What are the barriers to or constraints upon their development likely to be?
- What further learning and development will you need yourself?
- The student should explore the company's strengths/weaknesses in the face of threats and opportunities (or these same attributes in a convenient work unit if the company is too unwieldy). Also students should identify barriers and constraints to learning of the individuals that have been identified.
- The student should identify the career plan made in a previous block and, in line with the career progression, identify the learning needs and development needs.

Exercise

Maintain a learning diary: Reflection is essential for effective learning. Systematically reflect upon what and how you learn by keeping a learning diary. It will also help you remember issues to discuss with your instructor/mentor, and may also contribute to your continuing professional development portfolio. Every week, spend half an hour recording the following:

- The most meaningful or stressful events of the week
- How they came about and who was involved
- What you felt about them
- How you dealt with them
- The outcomes/your evaluation of your actions
- What you would repeat/avoid in the future
- What further knowledge, skills and understanding you need to perform more effectively
- How you could acquire these
- What is your action plan?

The student should sincerely attempt this exercise as it will help him/her to find direction in his/her life. It provides insights into one's life, and such a document will be a similar to mission statement.

Block 8: Rewarding Employees – Performance Evaluation, Compensation Including Job Evaluation

1 Block 8 Objectives

On completing this block, a student should be able to:

- articulate the basic concepts regarding performance appraisals and the roles they play in management
- explain how performance appraisal is carried out
- discuss the concepts, roles and methods of job evaluation
- describe the concepts and principles of compensation
- discuss employee benefits.

2 What Is Performance Evaluation/Appraisal?

- definition: formal and structured system by which management measures, evaluates and assesses an employee's job related attributes, behaviours and outcomes (as well as absenteeism).
- different from job evaluation – evaluate different jobs
- performance evaluation and performance appraisal are the same
- whole process is central to organisational as well as personal effectiveness

3 The Reasons for, and the Importance of, Performance Appraisal

- reasons – to identify an individual's current level of job performance, to identify employee strengths and weaknesses, to enable employees to improve their performance, to provide a basis for rewarding employees in relation to their contribution to organisation goals, to motivate individuals, to identify training and development needs, to identify potential performance, to provide information for succession planning
- importance – salary administration, performance feedback, identifying individual strengths and weaknesses, documenting personnel decisions, recognizing individual performance, identifying poor performance, assisting in goal identification, making promotional decisions, retention or termination of personnel, evaluating goal achievement
- 'instructive performance appraisal' required for employees
- human effort in the final analysis must be managed and nurtured well for superior performance.

- performance appraisal process can be broken down into four elements – the appraiser, the appraisee, the appraisal method and the outcome.
- common perceptual errors in appraisal – halo effect, leniency, central tendency, recency and contrast
- proactive appraisee roles – analyser, influencer, planner, protégé – beneficial to the employee for career development
- principal approaches – trait, behavioural, result
- appraisal methods for different management purposes
- methods of performance appraisal – written essays, critical incidents, Graphic Rating Scale (GRS), Behaviourally Anchored Rating Scale (BARS), Individual ranking, paired comparison and group order ranking, Group order Ratings by a combination of approaches: 360-degree feedback.

4 Feedback on Performance

- feedback – conceptually objective information about adequacy of one's own job performance.
- serves two basic functions – instructional and motivational.
- an effective feedback system's basic elements: a set of performance standards, a mechanism for monitoring performance and the act of providing objective feedback.
- employees receive feedback from a variety of sources, namely, peers, subordinates, supervisors and outsiders, the task itself and oneself.
- managers need to consider the situational variables in the feedback system.
- feedback needs to be timely.

5 Reasons for Malfunction or Failure

- system design and operating problems – poor design, criteria for appraisal are poor, the technique used is cumbersome, or the system is more form than substance.
- problems with the appraiser – not cooperative and well trained, supervisors may not be comfortable with the process of appraisal.
- halo effect: appropriate supervisory training can reduce halo problems.
- standards of appraisal: good, adequate, satisfactory, and excellent may mean different things to different appraisers.
- central tendency: some appraisers rate all their personnel within a narrow range.
- recent-behaviour bias: many persons are evaluated more on the results of the past several weeks than on six months' average behaviour.

- personal biases: appraisers' biases can influence their appraisals of employees.
- employee problems with performance appraisal
- for formal appraisal to be a problem or alternatively to influence an enterprise in a positive direction depends on four factors

6 Job Evaluation

- definition – the formal process by which the relative worth of various jobs in the organisation is determined for pay purposes.
- how job evaluation is done – usually by analysing job descriptions and occasionally job specifications.
- job evaluation methods – job ranking, factor comparison, classification, the point system

7 Compensation

- compensation – a transaction between an employee and an employer that results in an employment contract.
- objective of a compensation system – to create a system of rewards that is equitable to the employer and employee alike, so that the employee is attracted to the work and motivated to do a good job for the employer.

8 Methods of Payment

- employees can be paid for the time they work, the output they produce, or a combination of these two factors.
- success of a total-salaries program requires stable, mature, responsible employees, a cooperative union, willing supervisors, and a work load that allows continuous employment.
- methods for paying employees on the basis of output are usually referred to as incentive forms of compensation.
- incentive plans are likely to be more effective under certain circumstances.
- executive pay packages are more likely to be based on comparative performance.

9 Employee Benefits

- employee benefits and services are a part of the rewards (including pay and promotion) that reinforce loyal service to the employer.
- basic types of benefit

Guidance Notes for Self-assessment Questions and Activities

Self-assessment question: What are your initial thoughts about performance appraisal in your organisation?

- The student should make a study of the organisation and its performance appraisal scheme and write down comments using the knowledge acquired from the block.

Activity: With reference to your organisation, write a brief account on uses of performance appraisal schemes. Compare it with the uses outlined above.

- This self-assessment question appears under section 3 where the reasons for and the importance of performance appraisal are discussed. The student should state the purposes of performance appraisal in his/her organisation, then compare that with what has been stated in section 3. This will enable the student to broaden his or her horizons on this important aspect of HRM and to think of using performance appraisal for many useful purposes.

Activity: In a commercial organisation which deals with marketing of consumer products, what role can performance appraisal play to increase productivity?

- Deep commitment on the part of marketing personnel must be evaluated. Performance appraisal can quantify how each marketing employee performs. This could help give feedback to the employee so that he/she can make a comparison of their performance with the best performance in the unit. Then performance appraisal can be used to determine incentives and benefits as well. Further, it could provide information to the organisation as well as to the employee of development needs.

Activity: Have you seen a performance appraisal interview? For an appraisal interview to be successful, what skills should an appraiser possess?

- The student has to understand the importance of the attributes of an effective appraiser. The attributes are stated in section 3.2.1. The student should elaborate on the key points mentioned.

Activity: Examine the performance appraisal schemes (at least one each from the public, private and non-profit or non-government sectors) in your country and write a comparative account on the strengths and weaknesses of each scheme.

- The student should be able to examine the appraisal schemes with the knowledge gained in the course. Each scheme may serve one or more purposes and the

student should be able to identify the reasons why the scheme is being implemented. Whilst some schemes may have strengths (such as serving many purposes and could be used to develop the appraisee) others may have weaknesses which may render the scheme less useful. It may be just a routine matter.

Activity: Why is performance appraisal difficult to implement? Review the reasons outlined above.

- The three components, appraisee, appraiser and the appraisal could pose certain constraints in the performance appraisal. Section 5 of the block describes all the problems that can make the appraisal difficult.

Self-assessment question: What do you understand by the term ‘job evaluation’? How is it different from ‘performance appraisal/evaluation’?

- The student should look at section 6 to understand what job evaluation means. It is the relative worth of jobs. The organisation needs to do a job evaluation to fix salary scales, etc. Performance appraisal/evaluation, by contrast, should be to measure an employee’s performance against agreed criteria.

Activity: What are the different schemes of compensation implemented in your country? Compare with the schemes outlined above.

- Here too, the student should present the national situation after having explored the private and public sectors. He/she would be able to observe different schemes at work; comparing the schemes with those that have been mentioned in the block will enable him/her to learn the salient features as well as observe different combinations, such as salary and incentives, salary and bonus etc.

Block 9: Grievance Handling

1 Block 9 Objectives

On completing this block, a student should be able to:

- give an objective definition of grievances and describe their effect on organisations
- name and account for some types and causes of grievances
- recount different ways in which grievances can be handled effectively in organisations.

Key Points

2 Grievance Handling

- various reasons make employees unhappy in their work situations.
- distinguish between dissatisfaction, complaint and grievance.
- effect of complaints and grievances on the effectiveness of the organisation – discontent and demotivation, poor performance, reduced productivity, disciplinary issues, increased labour turnover, withdrawal of goodwill, industrial action (in unionised environment), employment tribunal applications, damage to the organisation's reputation and resistance to change
- correlation between grievance filing and higher absenteeism and fewer production hours.

3 Types and Causes of Grievances

- types – customs and practice, rule violations, insubordination, absenteeism, dishonesty, etc.
- causes – may have three dimensions: organisational aspects, informational aspects, human aspects (look at the classification given by Jackson)
- wage grievances, supervision/administration grievances, working conditions, seniority/promotion grievances, etc.
- investigation should have twin objectives.

4 Handling Grievances Formally

- handling complaints and grievances in a fair and efficient manner contribute to good employee-employer relations – see several reasons cited by Beach.

- many benefits accrue to both the employee and employer
- many objectives of a grievance handling procedure
- key features of a good grievance handling procedure – fairness, facilities for representation, procedural steps and promptness
- steps in the procedure – initiation of formal grievance, department head or unit manager, arbitration
- a few practical hints in handling grievance procedure – some do's and don'ts
- depending on the circumstances the grievance handling procedure can be short or long – e.g., unionised and non-unionised environments.
- various approaches – open door policy, the Inspector General Method, ombudsman, multi-step procedure, grievance committee

Guidance Notes for Self-assessment Questions and Activities

Self-assessment question: Reflect upon your current place of work/former place(s) of work and write a brief summary of grievance handling procedures prevailing there.

- This is a student centered activity where the student will have to reflect upon his/her place of work (or previous places of work) and examine in detail the grievance handling procedure. He/she must observe the salient points in the procedure and comment upon it. The summary should include strengths and weaknesses of the system.

Self-assessment question: What grievances have you had in your work settings? Explain.

- The student should reflect upon his work settings and document any grievance he/she may have had. Grievances may be minor or major, but it is important that the student state the main points of his/her grievance. He/she may also state what he/she did about the grievance and whether the organisation provided adequately for redressing the grievance.

Activity: Collect information on how organisations in your country deal with absenteeism and insubordination. Write a summary of the procedures.

- The student should compile information on various organisational procedures to deal with absenteeism and insubordination. Various disciplinary codes will provide adequate information for this exercise.

Activity: How do (a) public sector institutions, (b) private sector institutions and (c) non-profit organisations in your country attempt to reduce grievances? What is the efficacy of each such procedure?

- The public sector in all probability will have a uniform set of procedures to deal with reducing of grievances whereas in the private sector, procedures will vary from institution to institution. In that case, the student could classify the procedures by environment: unionised or non-unionised. It is important that the student critically analyses each procedure to highlight its efficacy.

Block 10: Discipline

1 Block 10 Objectives

On completing this block, a student should be able to:

- articulate the concept of discipline in an organisational setting and show why disciplinary systems are necessary in organisations.
- describe the employee behaviour types that are most likely to have interactions with disciplinary systems.
- compare and contrast varied disciplinary philosophies and varied methods and systems that make the disciplinary process effective in organisations.

Key Points

2 The Concept and Meaning of Discipline

- discipline: regulation of human activity to produce a controlled performance; encourages employees to meet established standards of job performance and to behave sensibly and safely at work.
- rewards and punishments
- discipline should be aimed at correction rather than punishment.
- some of the purposes and objectives of disciplinary action – enforce rules and regulations, punish offenders, serve as an example, ensure smooth running of the organisation, increase working efficiency, maintain industrial peace, etc.
- a fair and just discipline process is based on three foundations: rules and regulations, a system of progressive penalties and an appeals process.
- grievances vs. discipline –
 - grievance (block 9): when an employee is dissatisfied with management, he/she will initiate what is called a ‘Grievance Handling Procedure’ for redress.
 - discipline: when the management is dissatisfied with an employee, ‘disciplinary action’ is initiated to correct the situation.
- HR departments play a lead role in both.

3 A Diagnostic Approach to Discipline

- formal in large enterprises and informal in small enterprises
- initial diagnosis by the supervisor is involved

- a category called difficult employees – four types
- alcohol and addicted employee – causes loss in productivity; alcoholics could be helped.
- rule violators: difficult employees who consistently violate company rules.
- afford the accused employee an opportunity to put across his or her point of view.
- possible causes of difficult job behaviour: problems of intelligence and job knowledge, emotional problems, motivational problems, physical problems, family related problems, problems caused in the work group, problems originating in the company policies and higher level decisions, problems stemming from society and values, problems growing out of the work context and the work itself

4 Disciplinary Process

- disciplinary actions: two criteria must be met – prior notification of what constitutes unacceptable behaviour, prior notification of what the penalties for this behaviour will be.
- elements in a disciplinary system: employer, establishing rules and goals, communicating them, assessing behaviour and modifying undesirable behaviour and employees
- establishment of work and behaviour rules: directly or indirectly related to work and productivity
- proper communication of rules, etc., to all employees.
- properly administered, discipline corrects as well as punishes and it helps to develop self-control among employees.
- positive vs. negative approach
- four ways to handle the marginal or unsatisfactory performer: the preventive approach, the therapeutic technique, the self-improvement programme and the punitive approach.
- discipline by objectives – a more modern approach
- one of the key features of a good disciplinary system is the hot- stove rule.
- discipline should be directed against the act rather than the person. Other key features of the hot-stove rule are immediacy, advance warning, consistency and impersonality.
- techniques: counselling
- disciplinary layoff, dehiring, discharge – these are done in the order they appear. Final action when everything else fails is discharge.
- formal procedure – preliminary investigation, framing of charges, issue of charge sheet and intimation, consideration of explanation, issue of show cause

notice, notice of holding of inquiry, inquiry proceedings, award punishment and follow up

5 Recommendations for Model Organisations on Difficult Employees and Discipline

- dealing with difficult or ineffective employees is among the most complex of human and personnel problems to assess and deal with – look at the guidelines.

Guidance Notes for Self-assessment Questions and Activities

Activity: With reference to your workplace, examine the disciplinary practices in terms of the suggestions made above.

- This appears in section 2 where discipline is introduced. The student should explore and see for himself/herself whether a code of discipline exists in the organisation. This sensitises the student to the need for a sound code of discipline for any organisation. He/she could also discuss with HR/personnel department and find out as to how disciplinary procedures are handled in the organisation, what sort of offences are most committed, etc. Using the framework presented in the block, the student could examine the disciplinary procedures of his/her organisation to suggest improvements.

Activity: Can you think of situations in your own experience where this diagnosis would have been helpful? How was it actually handled that was different from this approach? Would this approach have made a difference?

- This activity follows sections 3.1 and 3.1.1, which deal with difficult employees in general and ineffective employees in particular. Guide the student to think of their experience in handling ineffective employees and highlight what really happened. They could then compare that approach with what is suggested.

Activity: Based on your workplace experience, which category is more common?

- Students should take a random sample of employees and see whether these categories exist and if so in what numbers. That will give them an idea as to whom the difficult employees are and how to deal with them.

Activity: Describe the key elements in the discipline process adopted by your organisation. Is it different from the model presented here? If so, explain what the differences are.

- An earlier activity would have enabled the student to examine the disciplinary process of his/her organisation fairly closely. He/she should state the key elements that would have formed the process. The student could highlight the differences evident when this is compared with the model suggested in the block.

Block 11: Employee Safety, Health and Welfare

1 Block 11 Objectives

On completing this block, a student should be able to:

- describe the interests served by safety, health and welfare
- state the legal framework within which health protective measures are enforced
- comment on the key issues in health and safety protection.

Key Points

2 Historical Background

- antecedents: common law, employer paternalism, public outcry, legislation, decided cases, major accidents or disasters and employer pragmatism

3 Evolution of the Concept

- ILO recommendation No. 112 (1959) was a landmark.
- US legislation has influenced other legislation.
- legal or other safety requirements seek to prevent unsafe work conditions: i.e., physical and work environment conditions; employee behaviour not addressed by the regulations.

4 Factors Important to Health & Safety

- environmental factors: nature of the task, employee attitudes, government, trade unions, management's goal, economic conditions

5 Nature of Safety and Health Programmes

- neglect of risks and potential accidents to employees may cause enterprises being penalized.
- safety hazards: those aspects of the work environment having the potential of immediate and sometimes violent harm to an employee
- health hazards: those aspects of work environment that slowly and cumulatively (and often irreversibly) lead to deterioration of an employee's health.

6 Causes of Work Accidents and Work-Related Illnesses

- causes of occupational accidents: task to be done, working conditions, and employee.

7 Organisational Responses to Health & Safety Challenges

- safety and health: responsibility of everyone in an organisation, not just the CEO.
- safety committees in organisations prove very effective if everyone in the organisation gets involved in the work of the committee.
- three approaches that safety committees could utilise to improve the safety of working conditions (Glueck, 1982): prevention and design, inspection and research and training and motivation
- legislation on safety and health vary from country to country.
- management of an organisation is primarily responsible for the safety of its employees; does not mean that a worker is absolved from responsibility for his own safety and health.

8 Occupational Diseases and Accidents

- Continuous exposure to a range of factors can seriously increase the probability of contracting occupational diseases.
- large number of occupational diseases – continued research done
- Accidents are occurrences unexpected and undesigned.
- three basic causes of workplace accidents: chance occurrences, unsafe conditions and unsafe acts on the part of employees (Dessler).
- causes of accidents: intrinsic causes, extrinsic causes, personal causes and exogenous causes
- The National Safety Council of the USA has a three-pronged approach to accident prevention, called the '3E Approach': engineering, education and enforcement.

9 The Development and Evaluation of Safety and Health Programmes

- most cost-effective programmes had: clearly stated safety rules, promotion of off-the-job safety, safety training, safety orientation, safety meetings, medical facilities and staff, strong top management participation and support of the programmes, and engineering and non-engineering methods of prevention.

10 Safety Organisation

- a collective responsibility of employees and management

- a holistic policy requires attention to at least the following: the immediate workplace, the adjacent community, the regional environment and the international environment.
- it is the management's responsibility to develop a safety policy.

11 Work Stress

- stress is a common experience that is part of everyone's life – stress can be defined as a person's physical, chemical and mental reactions to stressors or stimuli in the environment. (Ivancevich, 1998)
- Stress in individuals can be defined as any interference that disturbs a person's healthy mental and physical well-being.
- sources and causes of stress due to environmental factors, organisational factors and individual factors
- extrinsic and intrinsic factors contribute to organisational causes of stress (Nair & Nair, 1999)
- extrinsic factors: supervision and leadership, organisational structure, and organisational culture, stage of organisational life cycle
- intrinsic factors: task structure, work situation and role perception (role overload, role conflict, role ambiguity)
- prolonged exposure to stress: causes a variety of serious consequences
- executive stress: causes are various; patterns have been studied
- remedial measures against work stress: identifying the stress-causing symptoms early, meditation, and prescribed measures
- what organisations could do: carry out stress audits, use scientific inputs, provide medical assistance, education and training
- individuals can and should take a hard look at themselves, varying activities, taking risks, avoiding isolation, stretching for success, improving knowledge and skills, learning to relax, improving diet
- HR department has a role to play in programmes for coping with stress.

12 Health and Wellness Programmes

- the choice to implement a workplace wellness program lies in the hands of the employer, as long as they are fulfilling their occupational health and safety obligations.
- wellness is an issue that cuts across the entire organization.
- wellness programmes promote health awareness.

- these programmes do not eliminate symptoms and disease; instead they attempt to bring about changes in lifestyles that enable employees to realise their full mental and physical potential.
- health promotion is a four- step process

Guidance Notes on Activities

Activity: What are the key laws governing safety, health and welfare in your country? State the main objectives of each such Law, Act or Ordinance.

- The student is expected to do a thorough survey to find out about the laws governing safety etc. He/she must consult the public sector agencies which are responsible for drafting these laws. The central agency may be a department of Labour or a Ministry of Labour. Thereafter, objectives of each law should be written down. The student may do well to study these acts and ordinances.

Activity: State briefly the occupational safety and health practices in your country. Compare those with the above and comment if any inadequacy is observed.

- The student is required to survey at least a few organisations in their country's public and private sectors to find out about the occupational safety and health practices. Thereafter, a comparison could be made to find the inadequacies.

Activity: Collect safety policies from a manufacturing organisation, an office and a supermarket or large retail shop. Comment on them, using the knowledge you have acquired so far.

- The student has to do field work to collect safety policies from different categories of workplaces so that the knowledge gained in this block can be applied. Then the student sees whether those policies (a) need any improvements or (b) whether they include new areas that are not addressed in the block.

Activity: List the health and wellness programmes in your country and comment on the effectiveness of each.

- The student is expected to do some field surveys to find the information and comment on those.

Block 12: Industrial & Labour Relations

1 Block 12 Objectives

On completing this block, a student should be able to:

- describe the processes of communication and negotiation called Industrial Relations or Labour Relations
- comment knowledgeably about labour relations issues with references to the historical background of the field
- perceive, in the student's environment, factors that affect Industrial & Labour relations
- correctly use the vocabulary of collective bargaining and hold realistic expectations of its outcomes and processes.

Key Points

2 Introduction to Industrial & Labour Relations

- industrial & labour relations: interaction between the various interested parties involved in employment.
- the state, in ensuring a level playing field for both sides, provides the legal framework within which such relations may take place.
- Dunlop's systems approach model sees industrial relations as a subsystem of society distinct from, but overlapping, the economic and political subsystems.
- The model has four interrelated elements: actors, contexts, ideology and rules
- definition: industrial relations is a set of phenomena, operating both within and outside the workplace, concerned with determining and regulating the employment relationship
- objectives of IR: the development of healthy employer-employee relations, the maintenance of industrial peace and high productivity, and the development and growth of industrial democracy (Nair & Nair)

3 The International Labour Organisation (ILO)

- ILO is built on the constitutional principle that universal and lasting peace can be established only if it is based upon social justice.
- ILO constitution also provides that 'the failure of any nation to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries.'

- principles to be adopted: labour is not a commodity, freedom of expression and of association are essential to sustained progress, poverty anywhere constitutes a danger to prosperity everywhere, all human beings, irrespective of race, creed or sex have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and of equal opportunity.

4 Labour Legislation

- during the last two decades, a large number of labour laws has been enacted, particularly in the developing world.
- according to Nair & Nair (1999) India tops the list in its number of labour laws.
- types of legislation: working conditions, wages, IR, social security

5 Industrial Disputes/conflicts

- disputes and the resultant conflicts cause losses of production, suffering among workers and the idling of machines and materials.
- conflict could also throw up issues that ultimately get resolved by the intervention of the public and/or the government.
- disputes arise from a variety of sources for a variety of reasons.
- conflict caused by unions: non-cooperation, arguments and quarrelsome behaviour, hostility and irritations, stress, strain and anxiety, unwillingness to negotiate or participate in discussions, resentment or withdrawal, absenteeism, alcoholism or a high incidence of accidents, 'work to rule' or 'go slow' tactics, demonstrations and strikes
- conflict caused by management: layoffs, lock-out and termination
- types of disputes: a dispute of right, and a dispute of interest
- causes of disputes: economic, social, political, technical, psychological, market, legal

6 Trade Unionism

- Trade unionism has its roots in Marxist dogma.
- Trade unionism can be mutually beneficial if a responsible partnership exists, but can be destructive and counterproductive if both sides consider themselves adversaries to each other.
- A union is an association of persons: i.e., employees or independent workers/tradesmen.
- classification of trade unions – according to: trade specialization, union/management agreement, membership

- Trade union as an organisation – has objectives: class conscious and job conscious
- reasons employees give for not joining unions: identify with management, do not agree with the goals of unions and see themselves as professionals and unions as inappropriate for professionals.
- problems of trade unions: multiple trade unions, politicization, democracy and leadership, lack of adequate finance

7 Collective Bargaining

- beginning of collective bargaining: workers found it very convenient to present their problems to management through their union; managers also found it easier to deal with union leaders to resolve problems common to workers.
- collective bargaining grew with the growth of unionism.
- definition: method of determining terms and conditions of employment and regulating the employment relationship which utilises the process of negotiation between representatives of management and employees intended to result in an agreement which may be applied across a group of employees (Salamon, 1998)
- bargaining in good faith is the cornerstone of effective labour-management relations; means that both parties communicate and negotiate.
- Formal collective bargaining involves: statutory support by legislative measures, existence of employee representatives, recognition of the union by the employer as the bargaining agent, existence of an industrial dispute, threat of economic force in the form of a ‘lockout’ or ‘strike’ to settle an industrial dispute or to reach an agreement, negotiation, finalisation of an agreement, implementation of an agreement.
- critical success factors (CSFs): bona fide interaction of the two parties, union’s understanding that the interests of workers are not superior to that of the survival and success of the organisation, management must accept and support the rights of trade unions, union at the collective bargaining process must truly represent a majority of workers, union representatives must be purposeful but reasonable, managements must be progressive and enlightened, both management and union must be vigilant enough to prevent political exploitation of conflict for political ends.
- nature and scope of collective agreements: many facets
- process of collective bargaining – major phases: a charter of demands by the bargaining agent, preparation for negotiation, bargaining, collective agreement and contract administration
- a union needs to be registered in order that it may be recognised.
- a recognised union could become the bargaining agent empowered to hold discussions with management on behalf of the employees in the organisation.

- if there is more than one union, the union having the majority membership is recognised as the bargaining agent.
- both managements and unions prepare themselves for negotiations.
- bargaining usually takes place in a businesslike climate.
- in the US, a series of distinctions are made, as follows: contract strike, grievance strike, jurisdictional strike, recognition strike, political strike
- in India and Sri Lanka, a different taxonomy may be more appropriate: economic strike, wildcat strike, sit-down strike, sympathy strike.
- features common to effective collective bargaining and the maintenance of good relations between the parties: collective bargaining should be considered an educational process, collective bargaining must be treated as a form of finding the best solution to a given problem, both parties must have equal power, there must be mutual trust and confidence, both negotiating teams should have leadership qualities, agreement reached must be in conformity with the law of the land.
- Management, as a party to the agreement, can contribute to lasting harmony by observing a number of practices:
 - follow a realistic labour policy that is uniform and consistent across all sections and division
 - consider the union a partner not an adversary
 - monitor rules and regulations continuously and bring about changes if such changes improve morale and motivation, while being careful not to contravene the terms of the agreement be proactive and address the needs of the workers before it becomes a union-management issue
 - consistently recognise the rights and authority of the bargaining unit
 - give adequate attention to social issues while addressing economic issues.
- equally, the unions have a role to play: appreciate the financial constraints of an organisation when presenting demands, realise that rights have corresponding duties, avoid threats and unfair trade practices to coerce management into granting union demands, be democratic and act with total integrity, use the strike weapon only as a last resort

Guidance Notes for Self-assessment Questions and Activities

Activity: Discuss the mechanism, organisation and structure for administration of labour matters in your country. What are the principal legal enactments that enable your country's labour administration?

- This is a field project for students where they have to find out about the government's administration system of labour matters. For example, in Sri Lanka, the students will have to study the Ministry of Employment and Labour and the Department of Labour. Then they would have to find out about the legislation which enables the department to carry out its functions to achieve the objectives set out in those mission statements.

Activity: Search the World Wide Web and find out more about the ILO, its organisational structure and the concept of 'decent work.'

- Students must browse the Internet to find this information. Students should write a brief summary of what 'decent work' means.

Activity: In your country, what types of disputes are commonly experienced? What are the causes? Write a short essay outlining how those disputes can be avoided.

- Here too, the student should be enterprising to seek for information and learn through it. They could contact the country's labour administration, or an employer's organisation (such as Employers' Federation of Ceylon in the case of Sri Lanka) or a major trade union or a federation of trade unions.

Activity: Collect statistics on your country's trade unions. On what basis have they been classified? How different is it from the above classification? Comment.

- This activity draws on the contents of sections 6 and section 6.2 of block 12. Students should be able to look at the labour statistics of their countries and compile this report. Thereafter, a comparison can be done to note any deviations. Countries may have their own classification.

Activity: What do you understand by the term 'collective bargaining'? Is there a law in your country which provides for collective bargaining? Obtain a copy of a collective agreement from an organisation where collective bargaining is an industrial relations practice.

- Students should write about collective bargaining as they understand it. Then each student should search for any legal documents in his/her country which provide for collective bargaining.

Block 13: International Human Resources Management (IHRM)

1 Block 13 Objectives

On completing this block, a student should be able to:

- demonstrate familiarity with the international dimension of Human Resources Management (HRM) in light of the internationalisation of business.
- describe some ways in which inter-country differences affect HRM.
- debate issues relating to IHRM.
- show a knowledgeable interest in enhancing the quality of IHRM practices.

Key Points

2 Introduction

- globalisation has had an impact on businesses.
- an international business is any firm that engages in international trade or investment.
- The multi-national company or corporation (MNC) is one type of international business enterprise.
- HR managers must consider the potential impact of inter-country differences on HR operations conducted globally.
- some inter-country differences: cultural factors (refer to Hofstede's work), economic factors, labour cost factors and industrial relations factors.

3 Enhancing the Quality of IHRM Practices

- 20% to 25% of all overseas assignments undertaken by US personnel fail
- comparatively, Japanese and European multinationals reported lower failure rates.
- variety of reasons for expatriate failure.
- several ways to classify international managers: locals, expatriates, home country nationals, third country nationals
- MNCs prefer to engage locals as managers
- reasons for engaging expatriates: technical competence, operational control, and as part of a plan to develop top managers.
- MNCs follow different staffing policies: ethnocentric, polycentric, and geocentric
- selecting managers for expatriate assignments: adaptability and flexibility, cultural toughness, self orientation, others orientation (relationship skills), perceptual ability, family adaptability

- five factors perceived by international assignees to contribute to success in a foreign environment (study by Winfred and Bennett, 1995): job knowledge and motivation, relational skills, flexibility/adaptability, extra-cultural openness (openness, interest in foreign cultures), and family situation
- adaptability screening generally recommended as an integral part of the expatriate screening process – to avoid ‘culture shock’ (discrepancy between what the assignee expected from his or her assignment and the realities of it).
- special training for overseas candidates: Level 1 Training: focusses on impact of cultural differences on business outcomes, Level 2 Training: focusses on attitudes and aims at getting participants to understand, Level 3 Training: focusses on providing factual knowledge about the target country, Level 4 Training: focusses on providing skills building in areas like language and adjustment and adaptation skills. (Dessler)
- The most common approach to formulating expatriate pay is to equalize purchasing power across countries, a technique known as the ‘balance sheet approach.’.(Dessler citing Hill, 1994).
- Cultural differences can create problems in appraising international managers.
- five suggestions for improving expatriate appraisal processes are quoted from Addou and Mendenhall, 1991.

4 How Do We Find out about HRM Practices in Other Countries?

- variety of methods used by both researchers and students to examine the ways in which human resources are managed in different countries.

Guidance Notes for Self-assessment Questions and Activities

Activity: Explore whether your country had been included in Hofstede’s study. If so, note the analysis. If not, how would you apply the factors to your country?

- It is important for students to be aware of the Hofstede study. In his research much information can be unearthed.

Activity: In your country, what are the laws/regulations governing employing foreigners? Quote the specific references in the law/regulations.

- Students should find out about any restrictions on employing foreign nationals.

Self-assessment question: What is a MNC? Give three specific examples of such corporations in your country. Find out from the companies in what countries they have operations and explain the nature of their operations.

- Students to explore and find out for themselves what MNCs operate in their country.

Self-assessment question: How does appraising an expatriate's performance differ from appraising that of a home-office manager? How would you avoid some of the unique problems of appraising the expatriate's performance?

- Students should note that appraising an expatriate's performance is not straightforward and involves certain issues that need to be carefully considered. See section 3.7 for a comprehensive answer.

Self-assessment question: As an HR manager, what programmes would you establish to reduce repatriation problems of returning expatriates?

- See section 3.5 for further details.

Block 14: Other Emerging Issues

1 Block 14 Objectives

On completing this block, a student should be able to:

- describe some emerging issues in regard to HRM
- name consequences, for the workplace and the individuals involved, of acts defined as sexual harassment, and describe suitable interventions.
- characterise approaches to organisational development
- recount the leading theories about good management of change
- describe objectives for downsizing, and various approaches to this process.

2 Sexual Harassment

- an issue that requires an active response on the part of the organisational managers.
- sexual harassment is defined as harassment on the basis of sex that has the purpose or effect of substantially interfering with a person's work performance or creating an intimidating, hostile, or offensive work environment (Dessler, 2001, p. 38).
- process of sexual harassment: three forms – Quid Pro Quo, hostile environment created by supervisors, hostile environment created by co-workers or non-employees
- what the employer should do: three ways – by developing a policy against sexual harassment, by promptly and thoroughly investigating allegations and complaints of sexual harassment, by properly disciplining offenders
- all written sexual harassment policies need to contain certain statements
- what the individual can do.

3 Discrimination

- legal definitions: based on three types – prejudicial treatment, unequal treatment, unequal impact
- two ways in which equal opportunities issues are located within the HRM debate.
- the first relates to concerns about human capital
- second, link between HRM and equal opportunities, in contrast, emphasizes the importance of social justice.

- two major factors in EEO: commitment and focus. Commitment can be either shallow or deep whilst the focus could be either broad or narrow.

4 Organizational Development (OD)

- a method that is aimed at changing the attitudes, values, and beliefs of employees so that the employees themselves can identify and implement the technical changes such as reorganizations, redesigned facilities, and the like that are required, usually with the aid of an outside change agent or consultant.
- a process of change that involves the continuing development of human resources.
- Thirteen Major 'Families' of Organisational Development (OD) Interventions: diagnostic activities, team building activities, intergroup activities, survey feedback activities, education and training activities, technostructural or structural activities, process consultation activities, grid organization development activities, third-party peacemaking activities, coaching and counselling activities, life- and career-planning activities, planning and goal-setting activities, strategic management activities
- an important characteristic of any OD intervention is that it should follow diagnosis.
- Action research involves seven main steps
- three major target areas in OD: (1) individual (2) group (3) organisational.

5 Managing Change

- Every manager needs a clear understanding of how to manage change effectively.
- People are the key to successful change.
- a change is a 'difference, a variation or a substitution of one state for another.'
- general reasons for resistance: inertia, timing, surprise, peer pressure.
- motivating people to change often requires three basic stages: unfreezing, moving to institute the change and refreezing.
- effective approaches to managing resistance and enlisting cooperation – education and communication, participation and involvement, facilitation and support, negotiation and rewards, manipulation and cooptation, coercion

6 Downsizing

- downsizing – implies reducing the workforce through mandatory measures
- downsizing commonly takes a number of different forms.
- voluntary eliminations are typically efforts on the part of the company to make resignation or retirement desirable for existing workers through financial incentives.

- Whichever form of decision-making the organisation uses in determining who will stay and who will leave, the process is agonising because careers and livelihoods are at stake.
- other forms – pay cuts, pay freezes, reduced hours, job sharing, talent pools, hiring freezes, outplacement services, employment contracts, leaves of absence, transfers, unpaid time off.

7 Toward an HR Philosophy

- establish people-first values, guarantee fair treatment, use values-based hiring, provide for employee security, assess the rewards package, actualise employees
- designing an HR system is not enough, though some managers may be so dazzled by their plans that they fail to follow through on implementation
- what are the HR functions?
- how important are these functions?
- how well is each of the functions performed?
- what needs improvement?
- how effectively does the corporate HR function use resources?
- how can HR become most effective?

Guidance Notes for Self-assessment Questions and Activities

Activity: Do a survey of public and private sector organisations in your country and find out whether sexual harassment policies exist in those organisations. Examine a policy each from a public sector and private sector organisation and see to what extent those cover the policy aspects mentioned above.

- The student should inquire from the public and private sector organisations to find out whether sexual harassment policies have been formulated and are in force.

Activity: Taking your organisation as an example, what OD interventions have been undertaken? Do such interventions exhibit the elements discussed here? In addition to what has been presented above, what specific examples could you give of OD interventions you have come across?

- The student should examine his/her organisation to learn of any OD interventions that the organisation has undertaken in the past 2-3 years.

Activity: Find out in-depth about an organisation in your country that has gone through a major structural change (e.g. a privatised state enterprise, a restructured public or private sector institution, or a company that has implemented downsizing) and list what that organisation has done to bring about the change. Has there been resistance and if so, how did the management cope with it?

- In almost every country there are a few large organisations in the public sector that have been restructured. The student should interview a senior manager to find out the details about the resistance to change, etc.

Activity: What alternative strategies are used in your country instead of downsizing? Write short notes on each of them.

- In this activity it is intended for the student to learn for himself/herself what could be done in place of downsizing.

Activity: Write a short essay not exceeding 500 words on the HR philosophy of the public sector in your country. Compare it with the most prevalent HR philosophy/philosophies in private-sector companies.

- In this exercise the student is expected to be perceptive so as to understand the way the public sector handles its HR activities. HR activities happen through the entire sector, but there may be one or two ministries/departments that set the policy and monitor. The student also should examine the HR policy of the private sector for comparison.