

## **CHAPTER II**

# **HUMAN RESOURCE MANAGEMENT THEORETICAL FRAMEWORK**

---

- 2.1 HUMAN RESOURCE  
MANAGEMENT-AN OVERVIEW**
- 2.2 RECRUITMENT AND SELECTION  
OF MANPOWER**
- 2.3 TRAINING AND DEVELOPMENT  
OF MANPOWER**
- 2.4 PERFORMANCE APPRAISAL OF  
MANPOWER**

## **2.1**

# **HUMAN RESOURCE MANAGEMENT AN OVERVIEW**

---

**2.1.1 EVOLUTION OF HRM IN INDIA**

**2.1.2 DEFINITIONS OF HRM**

**2.1.3 FEATURES OF HRM**

**2.1.4 SYSTEM APPROACH TO HRM**

**2.1.5 TECHNIQUES OF HRM**

**2.1.6 OBJECTIVES OF HRM**

**2.1.7 IMPORTANCE OF HRM**

**2.1.8 PROFESIONALISATION OF HRM**

### 2.1.1 EVOLUTION OF HRM IN INDIA:-

The history of development of personnel management in India is comparatively of recent origin. But Kautilya had with some of the important aspect of human resources management in his "Arthashastra" written in 400 B.C. Government in those days adopted the techniques of HRM as suggested by Kautilya. In its modern sense, it has developed only since independence. Though the importance of labour officers was recognized as early as 1929, the appointment of officers to solve labour and welfare problems gained momentum only after the enactment of the factories Act of 1948. Section 49 of the Act required the appointment of welfare officers in companies employing more than 500 workers. At the beginning, Government was only concerned with limited aspect of labour welfare. The earliest labour legislation in India dealt with certain aspects of Indian labourers. (Regulation of recruitment, forwarding and employment) sent to various British colonies in 1830. Important phases of evolution of HRM are presented in the following table.

EVOLUTION OF HRM IN INDIA				
PERIOD	DEVELOPM- ENT STATUS	OUTLOOK	EMPHASIS	STATUS
1920s- 1930s	Beginning	Pragmatism of capitalists	Statutory welfare paternalism	Clerical
1940s- 1960s	Struggling for recognition	Technical, logistic	Introduction of Techniques	Administrative
1970s- 1980s	Achieving Sophistication Promising	Professional, Legalistic, impersonal	Regulatory, conforming, impos- tion of Standards on other functions	Managerial
1990s	-	Philosophical	Human Values, Productivity through people	Executives

## **2.1.2 DEFINITIONS OF HRM:-**

1. According to **Dale Yoder**, “the management of human resource is viewed as a system in which participants seeks to attain both individual goals & group goals”.
2. According to **Filippo**, “HRM is the planning, organizing, directing & controlling of the procurement, development, compensation, integration, maintenance & reproduction of human resources to the end that individual, organizational & societal objectives are accomplished”.
3. According to **National Institute of Personnel Management of India**, “Personnel management (or human resource management) is that part of management which is concerned with people at work place and with their relationships within the organization. It seeks to bring men and women who make up an enterprise, enabling each to make his own best contribution to its success both as an individual and as a member of a working group”.

## **2.1.3 FEATURES OF HRM:-**

### **1. People Oriented**

HRM is concerned with employees both as individuals and as a group in attaining goals. It is also concerned with behaviour, Emotional and social aspects of personnel.

### **2. Comprehensive Function**

HRM covers all levels and categories of employees. It applies to workers, supervisors, officers, managers and other types of personnel. It covers both organized and unorganized employees

### **3. Individual Oriented**

Every employee concerned as an individual so as to provide services and programmes to facilitate employee satisfaction and growth. In other words it is concerned with development of human resource.

### **4. Continuous Function**

HRM is a continuous and never ending process. According to George R Terry, "it cannot be turned on and off like water from a faucet; it can not be practiced only one hour each day or one day each week.

### **5. A Staff Function**

HRM is a responsibility of all line managers and function of staff managers in an organization. Human resource managers do not manufacture or sell goods but they do contribute to the success and growth of an organization

### **6. Pervasive Function**

HRM is the central sub-function of an organization and it permeates all types of functional management viz., production management marketing management and financial management. Each and every manager is involved with human resource function.

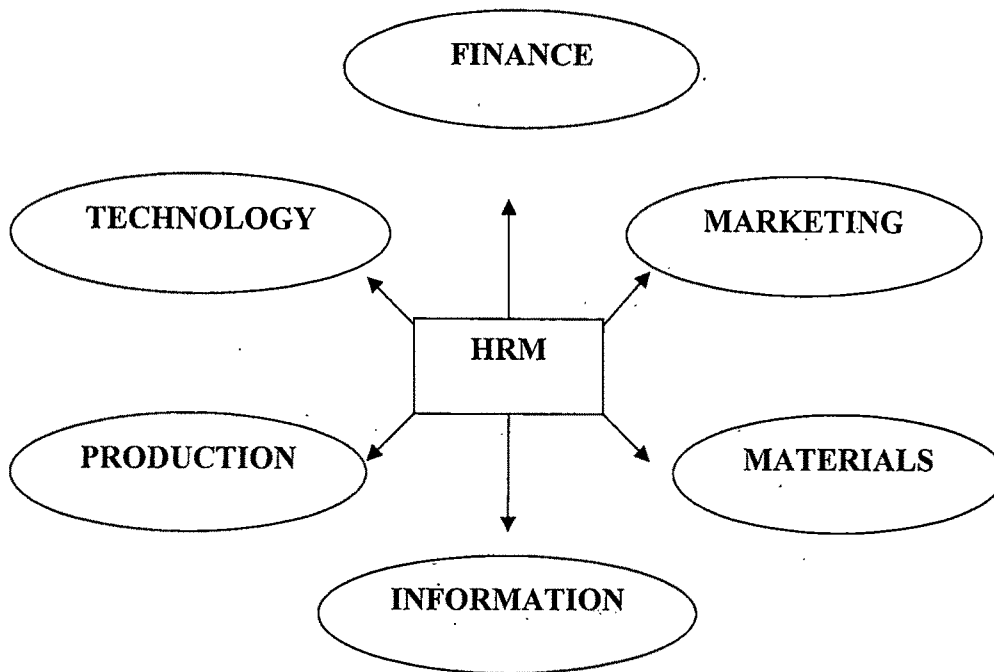
### **7. Challenging Function**

Managing of human resource is a challenging job due to the dynamic nature of people. HRM aims at securing unreserved cooperation from all employees in order to attain pre-determined goals.

### **8. Development Oriented**

Individual employee-goals consist of job satisfaction, job-recognition, opportunity for development etc. HRM is concerned with development the potential of employees, so that they derive maximum satisfaction from their work and give their best efforts to the organization.

### 2.1.4 SYSTEM APPROACH TO HRM:-



A system is a set of interrelated but separate element or part working towards a common goal. The enterprise procures and transforms inputs such as physical, financial, and human resources into output such as products, services and satisfactions offered to people at large. To carry out its operations, each enterprise has certain departments known as subsystems such as production, finance, marketing, materials etc each system consists of a number of other system.

The significance is due to the following factors:

1. Increase in the size & complexity of organizations.
2. Rise of professional and knowledgeable workers.
3. Rapid technological development.
4. Increasing proportion of women in the workforce.
5. Growing expectations of society from employers.
6. Revolution in information technology.
7. Rapidly changing jobs and skills required long-term manpower planning.

### **2.1.5 TECHNIQUES OF HRM:-**

Techniques of HRM are also called HRD methods, HRD Instruments, HRD mechanisms or HRD subsystems They include:

1. Career Planning
2. Career Development
3. Employee Training
4. Executive Development
5. Organizational Change
6. Organizational Development
7. Performance Appraisal
8. Potential Appraisal
9. Social and Cultural Programmes
10. Workers Participation in Management
11. Quality Circles
12. Employee Counseling
13. Team Work
14. Role Analysis
15. Communication Policies & practices
16. Monetary Rewards
17. Non Monetary rewards
18. Employee Benefits &
19. Grievance Mechanism.

### **2.1.6 OBJECTIVES OF HRM:-**

1. To improve the service rendered by the enterprise to society through building better employee morale.
2. To establish in the mind of those associated with the enterprise-employees, shareholders, creditors, customers, and the public at large.
3. To create and utilize an able and motivated workforce to accomplish the basic organizational goals.
4. To recognize and satisfy individual and group needs by providing adequate and equitable wages, incentives, employee benefits, social challenging work, prestige, recognition, security, status etc.
5. To employ the skills and knowledge of employees effectively i.e., to utilize human resource effectively for the achievement of organizational goals.
6. To strengthen and appreciate the human assets continuously by providing training and development programmes.
7. To maintain high employee morale and sound human relations by sustaining and improving the various conditions and facilities.
8. To enhance job satisfaction and self actualization of employees by encouraging and assisting every employee to realize his full potential.
9. To provide facilities and conditions of work and creation of favorable atmosphere for maintaining stability of employment.
10. To Recognize and satisfy individual needs and group goals by offering appropriate monetary and non monetary incentives.
11. To develop and maintain a quality life of work life(QWL)which makes employment in the organization a desirable personal and social situation.



## **2.1.7 IMPORTANCE OF HRM:-**

The significance of HRM can be discussed at four levels:

### **1. Corporate**

Good human resource practice can help in attracting and retaining the best people in the organization. Planning alerts the company to the types of people it will need in short, medium and long run. HRM can help an enterprise in achieving its goals more efficiently and effectively in the following ways:

- a) Attracting and retaining talent through effective human resource planning, recruitment, selection, compensation and promotion policies.
- b) Developing the necessary skills and right attitudes among the employees through training.
- c) Utilizing effectively the available human resources.
- d) Securing willing cooperation of employees through motivation.

### **2. Professional**

Effective management of human resources helps to improve the quality of work life. It contributes to professional growth in the following ways:

- a) Providing maximum opportunities for personal development of each employee.
- b) Allocating work properly and scientifically.
- c) Maintaining healthy relationships between individuals and group in the organization.

### **3. Social**

Sound human resource management has a great significance for the society. The society, as a whole, is the major beneficiary of good human resource practices.

- a) Employment opportunities multiply.
- b) Scarce talents are put to best use.
- c) Organizations that pay and treat people well, always race ahead of

other and deliver excellent results.

- d) A balance between the jobs available and job seekers in terms of numbers, qualifications, needs and aptitudes is maintained.
- e) Provides suitable employment that gives social and psychological satisfaction to people.

#### **4. National**

Human resources and their management plays a virtual role in the development of a nation. There are wide differences in development between countries with similar resources due to differences in the quality of their people. Rate of development in a country depends primarily on the skills, attitudes and values of its human resources. Effective management of human resources helps to speed up the process of economics growth which in turn leads to higher standards of living and fuller employment.

### **2.1.8 PROFESSIONALISATION OF HRM:-**

1. There exists a systematic body of knowledge on HRM. A professional should have formally acquired the specialized knowledge and skill for human resource management. HRM is taught as a discipline in various educational institutes throughout the world.

2. Membership of a profession should depend on the observance of certain rules of conduct and behaviour. The decision and actions of a professional are guided by certain ethical considerations.

3. A profession is based on a systematic body of knowledge that is held in common and lends itself to application. Thus a profession should have no ideological bias in the discharge of its functions.

The World Council of Management has recommended the following criteria for professionalisation in HRM. They are as follows:

1. Members of a profession subordinate self-interest to the client interest and the official interest.

2. A profession is based on a systematic body of knowledge that is held in common and leads to application.

3. Membership of a profession should depend on the observance of certain rules of conduct or behavior.

4. A body of specialized knowledge and a recognized educational process of acquiring it.

5. A standard of qualifications governing admission to the profession.

6. Standard of conduct governing the relationship of the practitioners with clients, colleagues and the public.

7. An acceptance of the social responsibility inherent in an occupation and the public interest.

8. An association or society devoted to the advancement of the social obligations as distinct from the economic interest of the group.

## 2.2

# **RECRUITMENT AND SELECTION OF MANPOWER**

---

**2.2.1 INTRODUCTION**

**2.2.2 DEFINITIONS OF RECRUITMENT**

**2.2.3 SOURCES OF RECRUITMENT**

**2.2.4 TECHNIQUES OF RECRUITMENT**

**2.2.5 FACTORS AFFECTING RECRUITMENT**

**2.2.6 DEFINITIONS OF SELECTION**

**2.2.7 STEPS IN THE SELECTION PROCEDURE**

**2.2.8 STEPS IN INTERVIEW PROCESS**

**2.2.9 TYPES OF PSYCHOLOGICAL TESTS**

**2.2.10 BUSINESS GAMES & THEIR UTILITY IN THE  
SELECTION PROCESS**

### **2.2.1 INTRODUCTION:-**

If an organization fails to procure the services of persons with required qualifications, skill and caliber continuously, a time may come ultimately when all the qualified persons retire and then the organization is bound to suffer. Therefore, the importance of recruitment and selection of the right type of persons at the right time is indispensable to the organization.

Selection, either internal or external, is a deliberate effort of the organization to select a fixed number of personnel from a large number of applications. The primary aim of employee selection is to choose those persons who are most likely to perform their jobs with maximum effectiveness and remain with the company. Thus in selection, an attempt is made to find a suitable candidate for the job. In doing so naturally many applications are rejected. This makes selection a negative function. In contrast, recruitment is a positive function because it attempts to increase the number of applicants applying for the job.

### **2.2.2 DEFINITIONS OF RECRUITMENT:-**

1. According to **Kempner**, "Recruitment forms the first stage in the process which continues with selection and ceases with the placement of the candidate".
2. According to **Flippo**, "Recruitment is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization".
3. In the words of **Mamoria**, "Recruitment is the discovering of potential applicants for actual or anticipated organizational vacancies".

### 2.2.3 SOURCES OF RECRUITMENT:-

SOURCE OF RECRUITMENT			
TRADITIONAL SOURCES		MODERN SOURCES	
INTERNAL	EXTERNAL	INTERNAL	EXTERNAL
Present Permanent Employees	Campus Recruitment	Employee Referrals	Walk-ins
Present Temporary/Casual Employees	Private Employment Agencies/Consultants	Casual Callers	Consult-ins
Retrenched/Retired Employees	Public Employment Exchanges	Talk-ins	Head Hunting
Dependents of deceased	Professional Associations	Deputation of Personnel	Body Shopping
Disabled, Retired and Permanent Employees	Data Banks	-	Mergers & Acquisitions
Internal Notification	Casual Applicants	-	Telephone Recruitment
-	Similar Organizations/ Competitors	-	Outsourcing
-	Trade Unions	-	Field Trips

Important Traditional & Modern, Internal & External Sources of Recruitment are explained as follows:

#### 1. Present Permanent Employees

Employees Organizations consider the candidates from this source for higher level jobs due to availability of most suitable candidates for jobs relatively or equality to the external source, to meet the trade union

demands and due to the policy of the organization to motivate the present employees.

## **2. Present Temporary or casual employees**

Organizations find this source to fill the vacancies relatively at the lower level owing to the availability of suitable candidates or trade union pressures or in order to motivate them on the present job.

## **3. Retrenched or Retired Employees**

Generally, a particular organization retrenches the employees due to lack of work. The organization takes the candidates for employment from the retrenched employees due to obligation, trade union pressure and the like.

## **4. Dependents of Deceased, Disabled, Retired & Present Employees**

Some organizations function with a view to developing the commitment and loyalty of not only the employee but also this family member and to build up image and provide employment to the dependent(s) of deceased.

## **5. Internal Notification**

Some time Management issues internal notification for the benefit of existing employees. Often employees have friends or acquaintances who meet these requirements.

## **6. Retirements**

At times, management may not find suitable candidate in place of the one who has retired, after meritorious service. Under the circumstances, management may decide to call retired managers.

## **7. Recalls**

When management faces a problem which can be solved only by a manager that has proceeded on only leave, it may be decided to recall that person. After the problem is solved, his leave may be extended.

## **8. Campus Recruitment**

The growth of management institutes, IITs and regional Engineering Colleges has provided a popular source of recruitment known as Campus

Recruitment or Campus Interview. Private Sector is able to attract many aspirants.

#### **9. Press Advertisement**

Press advertisement is very widely used for recruitment of all categories of personnel particularly for the appointment of middle level managers. Though quite costly, it provides wide choice as it attracts a large number of candidates from all over the country.

#### **10. Management Consultants & Private Employment Exchanges**

Makes necessary arrangements and select the suitable staff required by a business unit. For this they give advertisement conduct test and also take interviews. This source is mainly useful for the selection of top level executives.

#### **11. Deputation of Personnel**

Such method is useful only for a temporary period. The practice of hiring services of managerial personnel is quite common in this case of sister enterprise. In the case of a public sector enterprise, officers can be transferred from one enterprise to another.

#### **12. Casual Callers**

Because of widespread unemployment in our country, some jobseekers approach well-known companies on their own with a desire to get hold of a job. Many companies do not encourage casual callers.

#### **13. Walk-ins, Write-ins and Talk-ins**

The advertisement mentions date, day, and timing during which the applicant can Walk-in for an interview Write in are those who send written inquiries. Talk-in is becoming popular and the applicants are required to meet the employer for detailed talks.



## 2.2.4 TECHNIQUES OF RECRUITMENT:-

Techniques of recruitment are classified as traditional techniques and modern techniques

RECRUITMENT TECHNIQUES	
TRADITIONAL	MODERN
Promotion	Scouting
Transfer	Salary & Perks
Advertising	ESOPs

### TRADITIONAL TECHNIQUES:-

#### 1. Promotions

In order to motivate the existing employees, management follows the policy of internal promotions. Promotion means an improvement in pay, position, authority, status and responsibilities of an employee within the organization.

#### 2. Transfers

Whenever a vacancy is created within the organization, management may fill the vacancy through transfer of existing employee rather than employing a new hand, e.g., transfer from head office to branch office.

#### 3. Advertising

Advertising is a widely accepted technique of recruitment, though it mostly provides one way communication. It provides the candidates in different sources, the information about the job and company and stimulates them to apply for jobs.

### MODERN TECHNIQUES:-

#### 1. Scouting

Scouting means sending the representation of the organizations to various sources of recruitment with a view to persuading or stimulating the candidates to apply for jobs.

## 2. Salary & Perks

Companies stimulate the prospective candidates by offering higher level salary, more perks, quick promotions etc.

## 3. ESOPs

Employee Stock Ownership Plan. A trust established by a corporate which acts as a tax-qualified, defined-contribution retirement plan by making the corporation's employees partial owners

### 2.2.5 FACTORS AFFECTING RECRUITMENT:-

The following are the factors which are affecting the recruitment of the employees. They are classified as internal factors and external factors

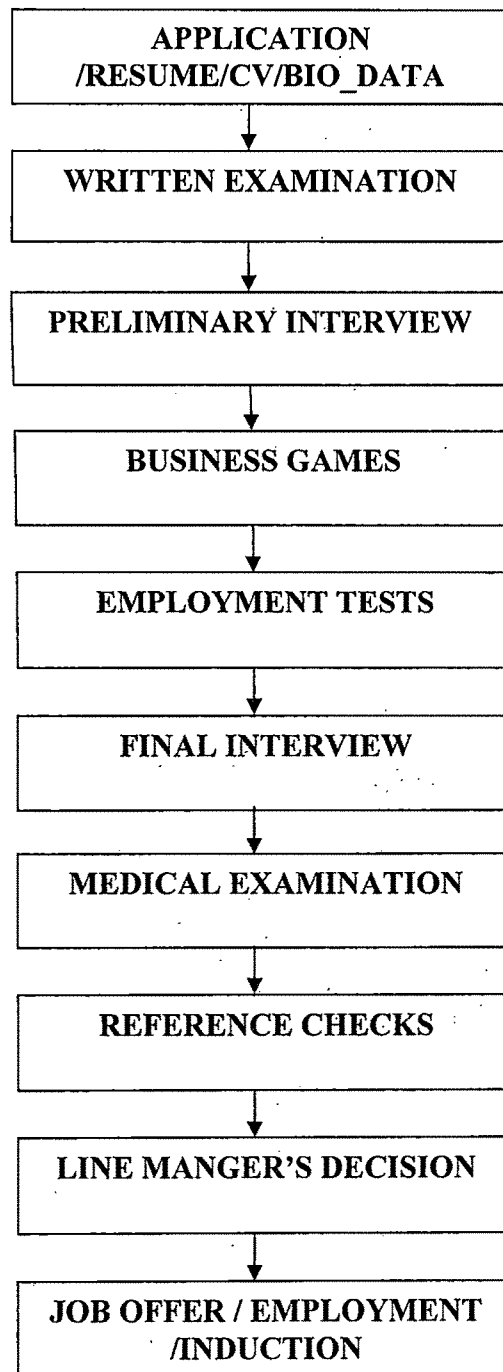
<b>FACTORS AFFECTING RECRUITMENT</b>	
<b>INTERNAL FACTORS</b>	<b>EXTERNAL FACTORS</b>
Company's Pay Package	Socio-economics Factors
Quality of Work life	Supply & Demand Factors
Organizational Culture	Employment Rate
Career Planning & Growth	Labour Market Condition
Company's Size	Information System Like Employment Exchange
Company products/Services	Tele-recruitment Like Internet
Geographical Spread of Companies Operations	Political, Legal, & Governmental Factors Like Reservations for SC/ST/BC and Sons-of-soil
Companies Growth Rate	-
Role of trade unions	-
Cost of Recruitment	-
Company's Name & Fame	-

### **2.2.6 DEFINITIONS OF SELECTION:-**

1. According to **Yoder**, “the hiring process is of one or many ‘go-no-go’ gauges. Candidates are screened; the applicants go on to the next hurdle, while unqualified candidates are eliminated”.
2. According to **Flippo**, “establishing the best fit between job requirements on the one hand and the candidate’s qualification on the other”.
3. In the words of **Mamoria**, “a natural or artificial process that results or tends to result in the survival and propagation of some individuals but not of others with the result that the inherited traits of the survivors are perpetuated”.

### **2.2.7 STEPS IN THE SELECTION PROCEDURE:-**

There is no shortcut to an accurate evaluation of a candidate. A variety of methods are used to select personnel. There is no proper selection procedure followed by all organization. However the steps commonly followed are as under.



### **1. Application/Resume/CV/Bio-data**

An application blank, is a traditional, widely accepted device for getting information from a prospective applicant. The application blank provides preliminary information as well as aids in the interview by indicating areas of interest and discussion.

## **2. Preliminary Interview**

Those who are selected for interview on the basis of particular furnished in the application blanks are called for initial interview by the organization. An interview is a face to face observational and personal appraisal method of evaluating the applicant.

## **3. Employment Tests**

For further assessment of a candidate's knowledge and abilities, some tests are used in the selection procedure. Psychologists have developed certain tests by which a candidate's ability, intelligence, etc., can be estimated.

## **4. Final Interview**

After the applicant is selected, it is advisable to sell the job to the applicant. He should be given an idea as to his future potential within the organization. He is formally appointed by issuing an appointment letter or by concluding with him a service agreement.

## **5 Medical Examinations**

The medical examination is important because to check the physical fitness, to protect the company against unwarranted claims for compensation, to prevent communicable diseases.

## **6. Checking References**

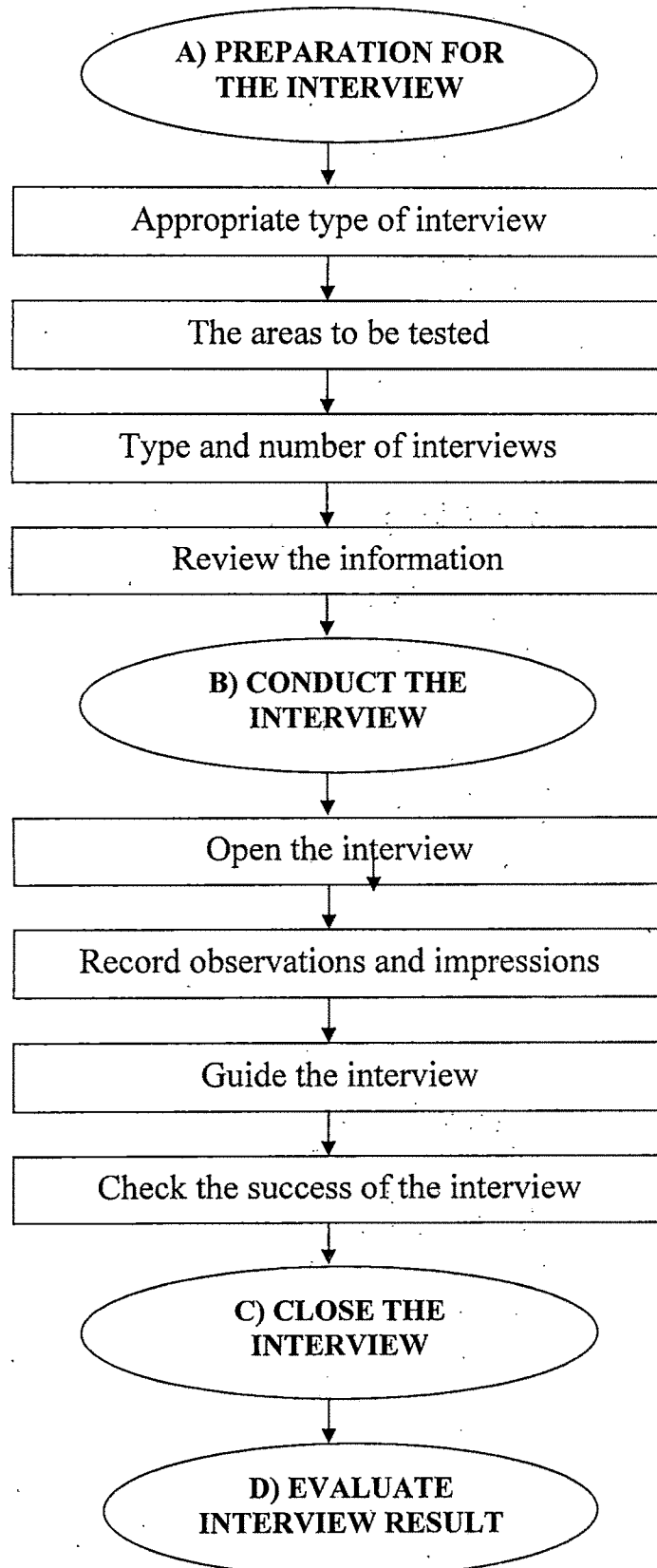
The references provided by the applicant have to be checked. This is to find out the past records of the candidate. Reference checking requires the same use of skills as required by an interviewer and diplomacy.

## **7. Job offer/ Employment**

After the candidate is finally selected, the management will have to sell the job to him. He should be told as to what his duties are, what is required of him and what his future prospects in the organization are. The appointment letter contain the terms an conditions of employment, pay scale and other benefits associated with the job.

## 2.2.8 STEPS IN INTERVIEW PROCESS:-

Interview is not a single step. It is a process consisting of several steps the major steps are grouped into the four categories.



### 2.2.9 TYPES OF PSYCHOLOGICAL TESTS:-

Psychological tests play a virtual role in employee selections. A psychological test is essentially an objective and standardized measure of sample of behaviour from which inferences about future behaviour and performance of the candidate can be drawn.

Objectivity of tests refers to the validity and reliability of the instruments in measuring the ability of the individuals. Objectivity provides equal opportunity to all the jobs seekers without any discrimination against sex caste etc. standardization of test refers to uniformity of procedure in conducting the tests for all the candidates.

A) APTITUDE TESTS	Intelligence Test (IQ)
	Emotional Quotient
	Skill Test
	Mechanical Aptitude
	Psychological Test
	Clerical Aptitude Test
B) ACHIVEMENT TESTS	Job Knowledge Test
	Work Sample Test
C) SITUATIONAL TESTS	Group Discussion
	In Basket
D) INTEREST TEST	-
E) PERSONALITY TESTS	Objective Test
	Projective Test
F) MULTI-DIMENSIONAL TEST	-

## 2.2.10 BUSINESS GAMES & THEIR UTILITY IN THE SELECTION PROCESS:-

BUSINESS GAMES	UTILITY
A) Case Study	Analytical, judgmental and decision-making skills.
B) Role Play	Human relations skills
C) Sensitivity	Degree of openness, concern for others, tolerance for individual differences
D) In-basket method	Situational , judgment, social relations, decision-making skills, problem-solving skills
E) Simulation	Encountering skills



## 2.3

# **TRAINING AND DEVELOPMENT OF MANPOWER**

---

**2.3.1 INTRODUCTION**

**2.3.2 MEANING & PURPOSE OF TRAINING**

**2.3.3 IMPORTANCE OF TRAINING**

**2.3.4 BENEFITS OF TRAINING**

**2.3.5 EXECUTIVE OR MANAGEMENT  
DEVELOPMENT**

**2.3.6 NEED & IMPORTANCE OF EXECUTIVE OR  
MANAGEMENT DEVELOPMENT**

**2.3.7 OBJECTIVES OF EXECUTIVE OR  
MANAGEMENT DEVELOPMENT**

**2.3.8 TYPES OF TRAINING PROGRAMMES**

**2.3.9 METHODS OF TRAINING & DEVELOPMENT**

**2.3.10 STEPS IN TRAINING & DEVELOPMENT**

### **2.3.1 INTRODUCTION:-**

For any organization to perpetuate itself and achieve growth there is a basic need for developing its manpower resources. It is one thing to possess knowledge but yet another thing to put it to effective use. It is essential to help develop skills and also update the knowledge. Especially, in a rapidly changing society, employees training and development is not only an activity that is desirable but also an activity that an organization must commit resources to it is to maintain a viable and knowledgeable work force.

### **2.3.2 MEANING AND PURPOSE OF TRAINING:-**

Training is a process of learning a sequence of programmed behaviour. It is application of knowledge. It gives people an answer ness of the rules and procedures to guide their behaviour. It attempts to improve their performance on the current jobs or prepare them for an intended job. According to Edwin D Flippo. "The purpose of training is to achieve a change in the behaviour of those trained and to enable them to do their jogs better." In order to achieve this objective, any training programme should try to bring positive change in;

1. Knowledge- it helps a trainee to know facts, policies, procedures and rules pertaining to his jobs.
2. Skills- it helps him to increase his technical and manual efficiency necessary to do the job and
3. Attitude- it moulds his behaviour towards his co-workers and supervisors and creates a sense of responsibility in the trainee.

### **2.3.3 IMPORTANCE OF TRAINING:-**

The reasons why training is important are:

1. Training enables the management to face the pressure of changing environment.
2. Training usually results in an increase of quality and quantity of output.
3. Training leads to job satisfaction and higher morale of the employees.
4. Trained workers need lesser supervision.
5. Trained worker enable the enterprise to face competition from rival organizations.
6. Training instruct the workers to wards better job adjustment and reduces the rate of labour turnover and absenteeism
7. Trained employees make better economic use of materials and equipment resulting in reduction of wastage and spoilage.
8. It moulds the employee's attitudes and helps them better cooperation within the organization.
9. Training enables employees to develop and rise within the organization and increase their earning capacity.

### **2.3.4 BENEFITS OF TRAINING:-**

#### **HOW TRAINING BENEFITS THE ORGANISATION:**

1. Leads to improved profitability and positive attitude toward profit orientation.
2. Stimulates preventive management as opposed to putting out fires.
3. Reduces outside consulting costs by utilizing competent internal consulting.
4. Improves labour-management relations.
5. Develops a sense of responsibility to the organization for being competent and knowledgeable.

6. Helps keep costs down in many areas, e.g. production, personnel, administration etc.
7. Aids in increasing productivity and quality work.
8. Aids in development promotion within.
9. Organization gets more effective in decision-making and problem solving.
10. Provides information for future needs in all areas of the organization.
11. Aids in understanding and carrying out organizational policies.
12. Helps prepare guideline work.
13. Helps people identify with organizational goals.
14. Improve the moral of workforce.
15. Improve the job knowledge and skills at all levels of the organization.
16. Helps to create a better corporate image.
17. Aids in improving organizational communication.
18. Helps employees adjust to change.

**BENEFITS TO THE INDIVIDUAL WHICH IN TURN  
ULTIMATELY SHOULD BENEFIT THE ORGANISATION:**

1. Helps eliminate fear in attempting new tasks.
2. Helps a person develop speaking and listening skills also writing skills.
3. Develop the sense of growth in learning.
4. Provides the trainee an avenue for growth and a say in his/her own future.
5. Satisfies personal needs of the trainer (and trainee).
6. Moves a person towards personal goals while improving interactive skills.
7. Increase job satisfaction and recognition.

8. Provides information for improving leadership Knowledge, communication skills and attitudes.
9. Helps person handle stress, tension, frustration and conflict.
10. Aids in encouraging and achieving self –development and self – confidence.
11. Helps individual in making better decisions and effective problem solving.
12. Through training and development, motivational variables of recognition, achievement, growth, responsibility and advancement and internalized and operationalised.

**BENEFITS IN PERSONNEL AND HUMAN RELATIONS, INTRA & INTER-GROUP RELATIONS & POLICY IMPLEMENTATION:**

1. Make the organization a better place to work and live.
2. Provides a good climate for learning, growth, and coordination.
3. Builds cohesiveness in groups.
4. Improves morale
5. Makes organization policies, rules and regulations viable.
6. Improves inter-personal skills.
7. Provides information on other governmental laws and administrative policies.
8. Provides information on equal opportunity and affirmative action.
9. Aids in orientation for new employees and those taking new jobs through transfer or promotion.
10. Improves communication between groups and individuals.

### **2.3.5 EXECUTIVE OR MANAGEMENT DEVELOPMENT:-**

According to Harold Koontz and Cyril O'Donnell, "Development a manger is a progressive process in the same sense that educating a person is. Neither development nor education should be thought of as something that can ever be completed for there are no known limits to the degree one may be developed or educated. Manager Development concerns the means by which a person cultivates those skills whose application will improve the efficiency and effectiveness with which the anticipated result of a particular organizational segment are achieved".

According to G.R.Terry,"Management development should produce changes in behaviour which is more I keeping with the organization goals than the previous behaviour. The change frequently consists of a number of small steps resulting from training but the cumulative efforts I considerable. It is also basic that a terminal behaviour is identified before the development an effort starts".

Thus executive or management development implies that there will be a change in knowledge and behaviour of the individuals undergoing development programme. The individual will not only be able to perform his job better but also increase his potential for future assignments through the acquisition, understanding and use of new knowledge, insights a skills. Self-development is an important concept in the whole programme of management development.

### **2.3.6 NEED AND IMPORTANCE OF EXECUTIVE OR MANAGEMENT DEVELOPMENT:-**

In this age of “professionalisation of management “, importance of management development cannot be minimized. Management talent is the most important asset of an organization. According to Peter Drucker, “An institution that cannot produce its own manger will die. From an overall point of view the ability of an institution to produce mangers is more important than its ability to produce goods efficiently and cheaply”.

The need for management development is felt because:

1. There is a shortage of trained managers. The organization has to develop the talented employees and maintain an inventory of executive skills to meet the future demands.
2. The performance of a company depends upon the quality of its mangers. Executive development, therefore, is of paramount importance to have effective and desired managerial talents to meet the organization’s demand.
3. Obsolescence of managerial skills is another factor, which calls for continuous executive development. A manger must continuously updates himself to successfully meet new challenges as they occur.

### **2.3.7 OBJECTIVES OF EXECUTIVE OR MANAGEMENT DEVELOPMENT:-**

1. To promote a high morale and good organizational climate.
2. To develop a second line of competent managers for future replacements.
3. To prepare the present employees for higher assignments so that they may be promoted from within.
4. To prevent managerial obsolescence by exposing the managers to new concepts and techniques in their respective fields of specialization.
5. To ensure a steady source of competent people at all levels to meet organizational needs at all times.

## **2.3.8 TYPES OF TRAINING PROGRAMMES:-**

### **1. Induction Training**

Induction Training is simply for introducing the organization to newly appointed person. The purpose is to give 'bird's eye view' of the organization where the worker has to work over a long period. This informative training is given immediately after joining the organization.

### **2. Job Training**

Job training relates to specific job which the worker has to handle. Job training gives information about machines, process of production, instructions to be followed, method to be used and precautions to be taken while performing the job.

### **3. Training for Promotion & Transfer**

Promotion means giving higher position to worker or to a manager. Training must be given for performing duties at a higher level efficiently training facilities and quick adjustment with the job and also develop insight into new duties and responsibilities.

### **4. Refresher Training**

The purpose of refresher training is to refresh the professional skills, information and experience of persons occupying importance executive positions. It gives information about new methods. Techniques and trainees and enable them to use new methods techniques and procedure for rising efficiency.

### **5. Corrective Training**

Corrective training is necessary when employees violate company rules. For example, absence without prior sanction or smoking in a No Smoking area or not using safety devices while operating dangerous machines.



## 6. Training for operative staff and managers

Training is necessary in the case of all employees' i.e. lower level workers as well as technical staff and managers. These are two levels of training. The nature scope and coverage of training at both the levels is not identical.

### 2.3.9 METHODS OF TRAINING & DEVELOPMENT:-

METHODS OF TRAINING & DEVELOPMENT	
ON THE JOB METHODS	OFF THE JOB METHODS
1. Coaching & understudy assignment	1. Management & Business games
2. Job rotation	2. University & colleges
3. Delegation	3. Role Playing
4. Appointment as "Assistant to"	4. Case Study
5. Membership of committees	5. Conferences & Seminars
6. Project assignment	6. Management Institutions
7. Promotions & transfer	7. Simulation.

#### A) ON THE JOB METHODS:

##### 1. Coaching/Understudy

On the job coaching is a method by which a superior teaches job knowledge and skills to subordinates managers. He briefs the trainee executive about what is expected of him and how it can be done. The supervisor also checks the performance of his subordinate and guides him to improve his short falls and deficiencies.

##### 2. Job Rotation

Job rotation is another internal method of executive training and management development. Here, the manager is sent through different jobs and departments on a coordinated and planned basis.

### **3. Delegation**

Delegation of authority to junior executives is one more inertial method for training and management development. The performance of subordinates may not improve unless additional responsibility and authority are delegated to them.

### **4. Appointment as “Assistant to”**

A junior executive may be appointed as assistant to senior executive for the purpose of training and practical experience. By such appointment, the junior executive is given exposure to the job of senior executive and he learns many new techniques while providing assistance to his boss.

### **5. Membership of Committees**

Inter-departmental committees are normally created for bringing coordination in the activities of different departments. Managers from different departments are taken on such committees. Junior managers are also given membership of such committees so as to give them a broader exposure to the viewpoints of other departmental head.

### **6. Project Assignment**

In the project assignment method of management development, a trainee executive is given a project that is closely related to the work of his department. The project relates to specific problem faced by the department.

### **7. Promotion & Transfers**

Are two more internal methods of training and are used extensively. Promotion gives an opportunity to a manager to acquire new skills required for the job at the higher level. It motivates manager for self improvement and self development. Transfer also facilitates the broadening of experience and viewpoint required for higher position.

## **B) OFF THE JOB METHODS:**

### **1. University & Colleges**

Many university and colleges, now provides facilities of management education. Here, education and training are provided through lectures, discussions, home assignments, tests and examinations.

### **2. Management Institutions**

Along with the universities and colleges we have specialized management training institution such as NITIE, Bombay Management Association, Productivity Councils and so on. Such institutions Exist At Calcutta, Madras, Delhi and so on.

### **3. Role Playing**

Role playing is one method used for management development. It has been defined as “a method of human interaction which involves realistic behaviour in the imaginary situations”. It is particularly used for learning human relations and leadership training.

### **4. Case Study**

Case study is one more technique of management training to executives. It is also called learning by doing. Case study method was firstly developed by Chistopher Landell and Harvard Law School.

### **5. Conference and Seminars**

Deputing officers for conferences and seminars is a method available for management training. Various matters are discussed systematically in such conferences and seminars. This provides new information and knowledge to the mangers.

### **6. Management/Business Games**

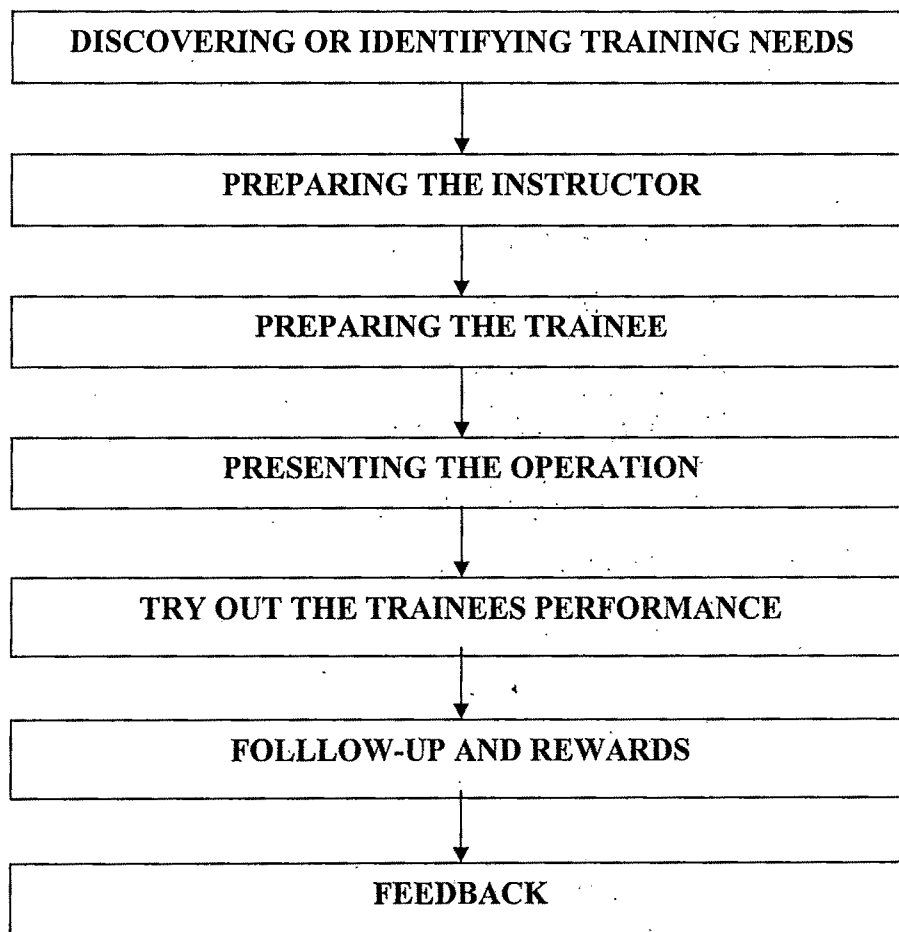
A variety of computer and non computer management/business games have been devised for training of managers. This training method is used in management development. The game is designed to represent real life condition and situation.

## **7. Simulation**

In this method, an executive/trainee is given practical training by creating situation/ environment which closely represents the real situation at the work place. The situation is artificial but is identical with the real one. This will make training effective as it is taken under lots of tense situation.

### **2.3.10 STEPS IN TRAINING & DEVELOPMENT:-**

Training programme is a costly and time consuming process. The training procedure discussed below is essentially an adoption of the job instruction-training course. The following steps are usually considered as necessary.



## 2.4

# PERFORMANCE APPRAISAL OF MANPOWER

---

- 2.4.1 INTRODUCTION
- 2.4.2 DEFINITONS OF PERFORMANCE APPRAISAL
- 2.4.3 OBJECTIVES & PURPOSES OF PERFORMANCE APPRAISAL
- 2.4.4 NEED OF PERFORMANCE APPRAISAL
- 2.4.5 PROCESS OF PERFORMANCE APPRAISAL
- 2.4.6 ESSENTIALS OF GOOD APPRAISAL SYSTEM
- 2.4.7 CONTENTS OF PERFORMANCE APPRAISAL
- 2.4.8 METHODS OR TECHNIQUES OF PERFORMANCE APPRAISAL

### **2.4.1 INTRODUCTION:-**

After an employee has been selected for a job, has been trained to do it and has worked on it for a period of time, his performance should be evaluated. Performance appraisal or merit rating is the mechanism to assess the contribution of all human resources appraisal or merit rating is the mechanism to assess the contribution of all human resources working at each level of the organization during a specific period of time. Performance appraisal enables the employees to know as to how they are performing in comparison with the set standards. They can then try to improve their performance.

Performance appraisal could thus, be seen as an objective method of judging the relative worth or ability of an individual employee in performing his tasks. If done objectively, performance appraisal can help identify a better worker from a poor one. It also lets the employee know how well he is performing and help him to improve his performance.

Performance appraisal has direct linkage with such personnel system as selection, training, mobility, etc. appraisal and selection has a lot to do with the criteria or job expectation. Well-developed job descriptions can be extremely useful in not only selecting people but also evaluating them on the same criteria.

## **2.4.2 DEFINITIONS OF PERFORMANCE APPRAISAL:-**

1. According to **C.D.Fisher, L.F. Schoenfeldt & J.B. Shaw**, “Performance appraisal is the process by which an employee’s contribution to the organization during a specified period of time is assessed”.
2. According to **Wendell French**, performance appraisal is,” the formal, systematic assessment of how well employees are performing their job in relation to established standards and the communication of that assessment to employees”.
3. According to **Flippo**, “performance appraisal is the systematic, periodic and an impartial rating of an employees excellence matters pertaining to his present job and his potential for better job”.

## **2.4.3 OBJECTIVES & PURPOSES OF PERFORMANCE APPRAISAL:-**

1. To provide information for making decisions regarding lay-off, retrenchment etc.
2. To facilitate for testing and validating selection test, interview techniques through comparing their scores with performance appraisal ranks.
3. To facilitate fair and equitable compensation based on performance.
4. To guide the job changes with the help to continuous ranking.
5. To help the superiors to have a proper understanding about their subordinates.
6. To contribute to the employee growth and development through training, self and management development programmes. Tata power aims at employee development through performance appraisal.
7. To Create and maintain a satisfactory level of performance.
8. To ensure organizational effectiveness through correcting the employee for standard and improved performance and suggesting the change in employee behaviour.

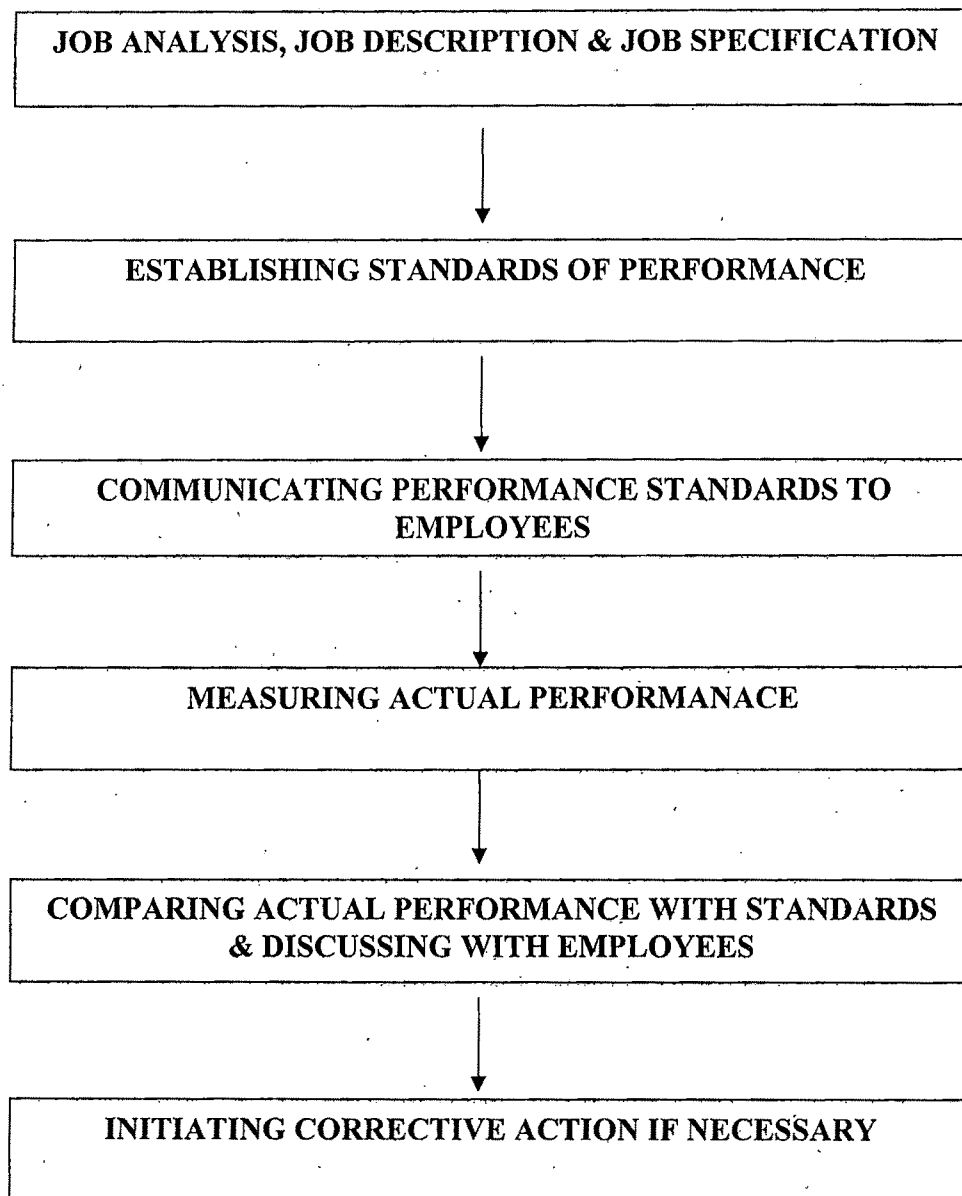
#### **2.4.4 NEED OF PERFORMANCE APPRAISAL:-**

1. To prevent grievances and in disciplinary activities.
2. Provide information to diagnose deficiency in the employee regarding skill, knowledge, determine training and development needs and to prescribe the means for employee growth provides information for correcting placement.
3. Provide information which helps to counsel the subordinate.
4. Provide feedback information about the level of achievement and behaviour of the subordinate. This information helps to review the performance of the subordinate, rectifying performance deficiencies and to set new standards of work, if necessary.
5. Provide information about the performance ranks. Decision regarding salary fixation, confirmation, promotion, transfer and demotion are taken based on performance.

#### **2.4.5 PROCESS OF PERFORMANCE APPRAISAL:-**

Performance appraisal is planned, developed and implemented through a series of steps, they are as follows





#### **2.4.6 ESSENTIALS OF GOOD APPRAISAL SYSTEM:-**

##### **1. Reliability & Validity**

The system should be both valid and reliable. The validity of ratings is the degree to which they are truly indicative of the intrinsic merit of employees. The reliability of rating is the consistency with which the ratings are made, either by different rates, or by one rater at different times.

##### **2. Job Relatedness**

The evaluators should focus attention on job-related behaviour and performance of employees. In order to focus attention on behaviour under the employee's control, rates must become familiar with the observed

behaviour. It is also necessary to prepare a checklist so as to obtain and review job performance related information.

### **3. Standardization**

Well-defined performance factors and criteria should be developed. Appraisal forms, procedures, administration of techniques, rating etc., should be standardized as appraisal decisions affect all employees of the group.

### **4. Practical Viability**

The techniques should be practically viable to administer, possible to implement and economical to undertake continuously. They must have the support of all line people who administer them.

### **5. Training to Appraisers**

The evaluators or appraiser should be provided adequate training in evaluating the performance of the employees within any bias. Evaluators should also be given training in philosophy and techniques of appraisal.

### **6. Open Communication**

The system should be open and participative. Not only should it provide feedback to the employees on their performance, it should also involve them in the goal setting process. This helps in planning performance better.

### **7. Employee Access to Results**

Employees should receive adequate feedback on their performance. If performance appraisals were meant for improving employee performance, then withholding appraisal result would not serve any purpose.

### **8. Clear Objective**

The appraisal system should be objective oriented. It should fulfill the desired objectives like determining the potential for higher jobs or for sanction of annual increment in the salary or for granting promotion or for transfer or to know the requirements for training.

## **9. Periodic Review**

The System should be periodically evaluated to be sure that it is continuing to meet its goals. Not only there is the danger that subjective criteria may become more salient than the objective standards originally established, there is the further danger that the system may become rigid in a tangle of rules and procedures, many of which are no longer useful.

## **10. Not Vindictive in Nature**

It should be noted by the executives at the helm of affairs of the organization that the aim of performance appraisal or any system for that matter is to improve performance, organizational effectiveness and accomplish organizational objectives and not to harass the employees and workers of the organization who are the vital human resources without whose help nothing can be achieved.

## **2.4.7 CONTENTS OF PERFORMANCE APPRAISAL:-**

1. Quality of Suggestion Offered for Improvement.
2. Knowledge of Systems and Procedures.
3. Thoroughness in Job and Organizational Knowledge.
4. Honesty and Sincerity.
5. Level of Acceptance by Subordinates.
6. Capability for Assuming Responsibility.
7. Integrity.
8. Judgment Skills.
9. Area of Suitability.
10. Area of Interest.
11. Creative Skills.
12. Originality and Resourcefulness.
13. Ability to Reason.
14. Ability to Grasp New Things.

15. Technical Ability/Knowledge.
16. Technical Skills.
17. Initiative.
18. Leadership Styles and Abilities.
19. Ability to Work with Other.
20. Self Expression: Written and Oral.
21. Regularity of Attendance.

#### **2.4.8 METHODS OR TECHNIQUES OF PERFORMANCE APPRAISAL:-**

A number of different performance appraisal methods or techniques are available for evaluating the performance of the employees. They are categorized into traditional methods and modern methods.

<b>PERFORMANCE APPRAISAL TECHNIQUES/METHODS</b>	
<b>TRADITIONAL</b>	<b>MODERN</b>
1. Unstructured method	1. Behavioural Anchored Rating Scale method
2. Straight ranking method	2. Assessment center method
3. Paired comparison method	3. Result Oriented Appraisal or MBO method
4. Man to Man comparison method	4. Human Resource Accounting method
5. Grading method	5. Psychological Appraisal method
6. Graphic rating method	6. 360 degree Appraisal method
7. Forced choice method	-
8. Check list method	-
9. Weight check list method	-
10. Free essay method	-
11. Critical method	-

12. Field review method	-
13. Confidential reports	-

### A) TRADITIONAL METHODS:

#### 1. Unstructured Method of Appraisal

Under this method, the appraiser has to describe his impressions about the employee under appraisal in an unstructured manner. This is a simple method of performance appraisal

#### 2. Straight Ranking Method

In this technique, the evaluator assigns relative ranks to all the employees in the same work unit doing the same job. Employees are ranked from the best to the poorest on the basis of overall performance. This method is also highly subjective and lack fairness in assessing the real worth of an employee.

#### 3. Paired Comparison Method

This method an attempt to improve upon the simple ranking method. Under this method, employees of a group are compared with one another at one time. Method is shown as below:

Employees rated Performance Compared with	A	B	C	D	E	Final Rank
A	*	-	-	+	+	3
B	+	*	-	+	+	2
C	+	+	*	+	+	1
D	-	-	-	*	+	4
E	-	-	-	-	*	5

#### 4. Man to Man Comparison Method

Under this method, certain factors is selected for analysis. The factors include leadership qualities, initiative etc. the appraiser develops a scale for

each factor. The standards are very concrete because these are neither numbers nor alphabets nor descriptive adjectives but are persons of varying ability whom the rater has selected and ranked in the ability under consideration.

### 5. Grading Method

Under this technique of performance evaluation, certain categories of worth are determined in advance and they are carefully defined. These selected and well defined categories include

Grade 'A' for outstanding

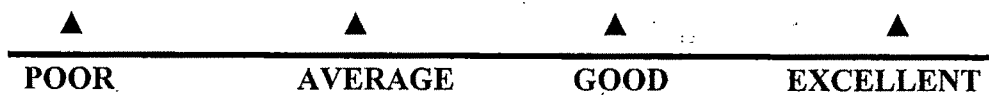
Grade 'B' for very good

Grade 'C' for average

Grade 'D' for poor etc.

### 6. Graphic Rating Scale Method

Perhaps the most commonly used method of performance evaluation is the graphic rating scale. The evaluator is asked to rate employees on the basis of job related characteristics and knowledge of job.



### 7. Forced Choice Method

This method was developed during World War II for evaluating the performance of American Army personnel. The evaluators have the tendency to rate the performance as high, moderate or Low and escape the important responsibility assigned to them.

### 8. Check List Method

A check list represents, in its simplest form a set of objectives or descriptive statements about the employee and his behaviour. The rates checks to indicate if the behaviour of an employee is positive or negative to each statement.

Example of checklist method

A	Is the employee regular on the job?	YES/NO
---	-------------------------------------	--------

B	Is the employee respected by subordinates?	YES/NO
C	Does the employee follow instructions properly?	YES/NO
D	Does the employee keep the equipment in order?	YES/NO

### 9. Weighted Checklist Method

Under weighted checklist the items having significant importance for organizational effectiveness are given weightage. Thus in weighted checklist, weights are assigned to different statement to indicate their relative importance.

WEIGHTED CHECKLIST		
Sr.No	Traits	Weights
1	Attendance	0.5
2	Knowledge of the job	1.0
3	Quantity of work	1.0
4	Quality of work	1.5
5	Dependability	1.5
6	Interpersonal relations	2.0
7	Organizational loyalty	1.0
8	Leadership potential	1.5

### 10. Free Essay Method

Under this method, no quantitative approach is undertaken. It is an open-ended appraisal of employees. Evaluator describes in his own words what he perceives about the employees performance.

### 11. Critical Incidents Method

Under this method, the performance of the workers is rated on the basis of certain events that occur during the performance of the job (i.e. the evaluation is based on key incidents). These critical incidents or events represent the outstanding or poor behaviour of employees on the job.

## **12. Field Review Method**

In this method, a HR specialist interviews line superiors to evaluate their respective subordinates. The interviewer prepares the questions to be asked in advance. By answering these questions, a supervisor gives his opinions about the level of performance of his subordinate.

## **13. Confidential Report**

A confidential report by the immediate supervisor is still a major determinant of the subordinate's promotion or transfer. This is a traditional form of appraisal used in most government organizations. It is a descriptive report prepared generally at the end of every year, by the employee's immediate superior.

## **B) MODERN METHODS:**

### **1. Behaviorally Anchored Rating Scales (BARS)**

It is designed to identify critical areas of performance of a job. Under this method, the behaviour anchored rating scales are outlined to recognize the critical areas of effective and ineffective performance behaviour for getting results. The evaluator is required to observe the behaviour of the employees while performing the job.

### **2. Result Oriented Appraisal or MBO Technique**

The result-oriented appraisal are based on the concrete performance targets, which are usually established by superior and subordinates jointly. This procedure has been known as Management by Objective (MBO).

### **3. Assessment Centre Method**

This method of appraising was first applied in the German Army in 1930. Later business organization also started using this method. This is not a technique of performance appraisal by itself. In fact, it is a system, where assessment of several individuals is done by various experts by using various techniques.



#### **4. Human Resource Accounting Method**

Human resources are a valuable asset of any organization. This asset can be valued in terms of money. When competent, and well-trained employees leaves an organization, in the human asset is decreased and vice versa. Human resource accounting deals with cost of and contribution of human resources to the organization.

#### **5. Psychological Appraisals**

Psychological appraisals are conducted to assess the employee potential, it is conducted in the areas of employees

- a) Intellectual abilities
- b) Emotional stability
- c) Sociability
- d) Analytical ability
- e) Motivational responses
- f) Ability to foresee the future

#### **6. 360 Degree Appraisal**

It is a method of appraisal in which people receive performance feedback from those on all side of them in the organization- their boss's, their colleagues and peers and their own subordinates. Thus the feedback comes from all round them, 360 degrees. This form of performance evaluation can be very beneficial to managers because it typically gives them a much wider range of performance-related feedback than a traditional evaluation.