CHAPTER - II

FUNDAMENTALS OF HUMAN RESOURCE MANAGEMENT

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CHAPTER II
FUNDAMENTALS OF HUMAN RESOURCE MANAGEMENT

Introduction

Manpower, undoubtedly is a critical element in any business process. They are the ‘physical capital’ employed along with money and machine to achieve the specified organisational goals. But a mere employment of people, money and other resources could not assure the realisation of organisational goals. These resources need to be properly deployed, tuned, directed and reviewed. During the earlier stages of business operations, people are not viewed as resources or as an asset of the firm, which are eligible to get esteem position. They are treated just as ‘labourers’ or employees to serve some limited purposes. In those days, performance of people were mostly considered to serve the interest of the owners only. But in the modern and progressive business environment, there appeared a noticeable improvement in the commitment of people in an organisation. Their efforts are hired and co-ordinated to serve (a) customers, (b) shareholders, (c) employees and (d) community at large. This augmented workload of the employees made them viewed as ‘resources’ or ‘organisational assets’. In order to direct and guide these resources to the desired objectives, we resort to the techniques of ‘Human Resources Management’, shortly referred as HRM.

Definitions and Views on HRM.

The evolutionary process of HRM can be represented as Management to Personnel Management (PM), and Personnel Management to Human Resources Management. So the system of HRM took its conceptual base from Management Definitions on Management given by two important thinkers are quoted below;

Harold Koontz, a famous management expert defines management “as the art of getting things done through and with the people in formally organised groups”.
Mc Farland another management expert, defines management for conceptual, theoretical and analytical purposes “as that process by which managers create, direct, maintain and operate purposive organisation through systematic, co-ordinated co-operative human effort”.

Both of these management exponents, defines management by emphasising on the human factor in an organisation. So it can be inferred that, all the organisational activities need to be performed and backed by people in it.

**Views of some Experts on HRM**

In the words of Mr. A.K. Rao,¹ a management consultant, “HRM enjoins upon the managements to facilitate the development and growth of its people and to provide interventions to attain their objectives”.

According to Mr. R.N. Sengupta², a management professional “HRM is to ensure optimum utilisation of manpower at the disposal of the company by manipulation and manoeuvring the competence and potentials of employees to ensure the best possible resource utilisation in totality”.

In the opinion of Mr. P.K. Gosha³, “HRM emphasis on managing its workforce through constant counselling, training and creating congenial industrial relations climate”.

Mr. S.K. Dasgupta⁴ a management practitioner describes HRM as “management functions advising at development of human resources”.

Mr. Roy Choudhary⁵, Personnel Manager of Bhilai Steel Plant, states that, “Human Resources Management is one of the most important managerial functions encompassing within its ambit all aspects of the organisational interactions with people, whether within itself or in the society around it. It is based on the premise that people are vital resource

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1. **Personnel Profession, Yesterday, Today & Tomorrow by NIPM Calcutta Chapter, P. 10.**
2. *Ibid., P. 57*
3. *Ibid., P. 45*
4. *Ibid., P. 70*
contributing to the fulfillment of the organisation’s goals and objectives and involves the planning and implementation of a wide array of activities for building up a conducive work environment and ensuring the optimum utilisation of human resources, for the benefit of both the individual and the organisation”.

From PM to HRM

Many people interchangeably uses HRM and Personnel Management (here after also referred as PM) to denote the whole managerial activities concerned with manpower management. But is there any difference between these two terms will be a confusing question for them. It troubles not only the ordinary people, but also agitates the minds of students, teachers, practitioners in this branch and those bothered about the scope and functions of these terms. There exists sharp difference of opinions between the management experts regarding these two terms. Some tells that, these terms are synonymous and the change is only nominal. They describes HRM as an ‘old wine in the new bottle’. But some others catagorically states that, even though the theories followed are the same, one can differentiate each other by observing their mode of operation. Some of the distinguishing factors of PM and HRM is shown in Table (2.1).

The principles and concepts of PM gained considerable importance during the IIInd world war to motivate the people in war. It war actually perceived as the cost of development of this concept. After the war, this concept was sored to other countries contributing to the relationship between employer and employees. But gradually organisational climate changed and this concept failed to exploit the potential benefits of effective management of people. The new concept HRM emerged during 1980’s. It is significantly different from PM. It treats labour as social capital rather than a variable cost. The main focus of PM is towards management, trade union relations. It considers workers collectively. But the main focus of HRM is management-employee relations. It considers workers individually. After the emergence of HRM concept, human resource is now recognised and utilised as the most valuable of organisational assets and it integrates personnel policies with business planning.
**Table (2.1)**

**PM Vs. HRM**

<table>
<thead>
<tr>
<th>Personnel Management</th>
<th>Human Resource Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Is the conventional system of manpower management</td>
<td>Is the modern system of manpower management</td>
</tr>
<tr>
<td>2. Follows a bureaucratic approach and the system is very rigid in nature.</td>
<td>Follows people focused management and is highly flexible in its operations.</td>
</tr>
<tr>
<td>3. Considers people as a variable cost that is to be minimised at the maximum possible level.</td>
<td>Views people as resources and tries for its optimum utilisation.</td>
</tr>
<tr>
<td>4. Persuades people to comply its rules and regulations</td>
<td>Enhances workers participation through team work</td>
</tr>
<tr>
<td>5. Plans for short-term and is reactive</td>
<td>Plans for long term and is proactive</td>
</tr>
<tr>
<td>6. Not moves much beyond its basic functions of recruitment, welfare and administration.</td>
<td>Performs all the functions of manpower management and integrates all these functions with strategic management.</td>
</tr>
</tbody>
</table>

Figure (2.1) shows the evolution of HRM.

![Graph showing Evolution of HRM](image)

**Figure (2.1)**

**Graph showing Evolution of HRM**
HRM Functions

Human Resource Management can be defined as the process of planning and executing the activities in connection with Acquisition, Development, Motivation and Maintenance of human resources for facilitating an optimum utilisation of them for effectively accomplishing the desired goals of the enterprise. From this definition, we get an outline of the functions carried out by an HRM system. It takes an active role in transforming the projects of an organisation into reality by supplying the manpower required to perform the tasks inherent in that process. So the ‘modus operandi’ of an HRM system, highly influences the overall functioning of an organisation. The top management, must observe utmost care in framing the policies and practices of its HRM system. It should be properly designed and effectively implemented for the smooth functioning and development of the organisation.

The HRM mechanism is activated by 4 major components or factors viz., Acquisition, Development, Motivation and Maintenance of employees. These 4 factors forms the base for the entire HR related activities such as, Planning, Recruitment & Selection, Training & Development, Wage payment, Morale building, Performance appraisal setting up of effective Communication network and maintenance of good labour relations.

![Chart Showing HRM Functions](image-url)

Figure (2.2) Chart Showing HRM Functions
HR Department

For an effective HRM climate, a strong HRM affairs department is an essential thing. It is actually the nodal agency, established by an organisation, to deal with its crucial HR issues. Most of the organisations will create a comprehensive and sophisticated HR Department, before entering into the complicated HRM functions. HR Departments are useful instruments, for initiating and strengthening HR management processes and for achieving remarkable results. Usually an HR Department of any organisation will be constituted by inducting experienced HR professionals and experts who possesses both the theoretical and practical know how to tactfully handle its people and can make strategic HR decisions as and when needed. A perfectly structured and well equipped HR Department facilitates a maximum utilisation of human resources at minimum HR related problems, through its best HR practices. In the words of Mr. J.R.D. Tata, an outstanding business personality who made great contributions for the economic development of the country, “Of the three main concerns of industrial management, viz, machines, materials and men, the last one is certainly the most complex and difficult yet, while we have spent enormous amount of money, energy and thought in coping with the first two problems, we have done practically nothing to equip ourselves properly for the highly complex and equally important task of dealing with 30,000 to 40,000 men. If our operations required the employment of say, 30,000 machine tools, we would undoubtedly have special staff or department of look after them to keep them in repair, replace them when necessary, maintain their efficiency, protect them from damage etc. But when employing 30,000 human beings, each with a mind and soul of his own, we seem to have assumed that they would look after themselves and that there was no need for a separate organisation to deal with human problems involved”. These golden words are well enough to depict the relevance of a HR department in an organisation.

Role of a HR Department

Other than the basic HR activities of Planning, Recruitment, Training, Motivation etc. There are various roles a HR Department plays in bringing about the key HRM outputs. Some of these responsibilities of HR Department are:

1) To initiate and facilitate changes in HR strategy
2) To provide consultancy services in HR related issues to the top management
3) Active participation in the company’s strategic Formulation.
4) To identify and evolve HRM strategies in consonance with overall business strategy.
5) To keep communication lines open between the HRM function and individuals and groups both within and outside the organisation.
6) To diagnose problems and to determine appropriate solution particularly in the human resources areas.
7) To provide co-ordination and support services for the delivery of HRM programmes and services.
8) To evaluate the impact of an intervention or to conduct research so as to identify, develop or test how information (such as theories, research, concept, technology, models) and translate the information into implications for improved individual or organisational performance.

Seventeen Most Important Human Resource Department Activities
(Result of Delphi Study)

A study conducted by A.S. Tsui7 (1987) using Delphi method had identified seventeen most important HR Department activities which are illustrated below;

1) Provide advice and counsel to Management on individual employee problem identification and solution (eg. ideal with adverse or difficult personnel situations such as absenteeism)
2) Communicate to management the philosophy, legal implications and strategy relating to employee relations.

3) Provide advice and counsel to management on employee relations problems.

4) Ensure consistent and equitable treatment of all employees.

5) Administer grievance procedure according to policy (e.g. identify and analyse problems, review deviations and exceptions, resolve problems).

6) Provide advice and counsel to management on staffing policy and related problems.

7) Co-ordinate the hiring procedure (e.g. establish starting salaries, send offer letters, follow up to obtain acceptance, administer medical questionnaires).

8) Communicate compensation / benefits programs to management (e.g. interpret/explain compensation policies and procedures, inform management of legal implications of compensation practices).

9) Process enrolments and communicate benefits program to employees.

10) Resolve benefits administration problems.

11) Process benefits claims (e.g. health, worker’s compensation, pension, unusual or unique claims)

12) Assist management in resolving salary problems having individual employees (e.g. salary equity issue).

13) Maintain employee and organisation files (e.g. keep files orderly and systematic)

14) Ensure compliance with federal and state fair employment practices.

15) Communicate sexual harassment policy and other communications of general E.E.O. Philosophy and objectives.

17) Keep up with HR programmes developed at the corporate or central Personnel Departments.

The ultimate aim of a HR department is bringing every one together i.e., the workers and management towards the specified objectives of the organisation. It acts as a bridge between top management and employees of the organisation. So the establishment of a formal HR department is a necessity in this competitive and turbulent business environment.

**Manpower Planning**

Usually every action is preceded by some kind of planning. It is the process of determining future course of action, i.e., why an action, what action, how to take an action and when to take action. These why, what, how and when are the different aspects of a planning process. “Failing to make plans is like Planning to fail” is a saying in the corporate circle to denote the importance of planning in business. Planning provides an outline about the cost involved, procedures and processes inherent, infrastructure required, possible risks and outcomes of a particular course of action. In HRM also, planning is very essential and inevitable. It systematically determines the present and future personnel requirements of the organisation and decides on the most appropriate ways of meeting those requirements. Planning extends not only to the acquisition of employees but also to their development, motivation and preservation so that an organisation is continuously staffed with the best possible workforce for the accomplishment of its objectives. Thus HR planning provides the basis for designing and implementing the entire HRM process.

HR Planning should be done in a proper and scientific manner, taking into account the specified goals of the organisation. Improper planning may lead to either over staffing or under staffing both of which should be avoided. Overstaffing not only increases direct cost, but adversely affects cost of training, supervision etc., besides production cost. Under staffing affects production morale and industrial relations.

In order to avoid overstaffing and understaffing, an optimum manpower planning method must be adopted. It aims at

(a) avoiding imbalances in distribution or allocation of HR
(b) Controlling the cost aspect of HR
(c) Optimum utilisation of HR
(d) Implementing best methods of training and development.
(e) Establishing a reliable system for Performance appraisals and
(f) Maintaining good employer-employee relations.

HR planning not only requires a simple assessment of the number of men required but also their categories and skills as well as their balanced allocation. Right pattern of plans will help the HR system to follow right kind of practices, contributing towards enhanced productivity and competency of the firm as a whole.

**Definition**

Like any other functional areas in management like marketing, production or finance, HRM activities are also based on plans. The HR planning is concerned with Acquisition, Development, Motivation, and Maintenance of the workforce.

**Eric W. Vetter** defines manpower as the process by which management determines how the organisation should move from its current manpower position to its desired manpower position. Through planning, management strives to have the right number and the right kinds of people, at the right places, at the right time, doing things which result in both the organisation and the individual receiving maximum long-run benefit.

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

Eventhough, the cardinal goals of HR planning is to identify the HR needs of an organisation and an estimation of their acquisition, development, motivation and maintenance, it confers some additional merits to it. Firstly, forecasting of long term HR requirements helps a firm also to forecast the compensation cost involved. Then, by anticipating the HR needs the existing manpower can be developed to fill the future vacancies through promotion, thereby enhancing the morale of the existing work force.

Steps in HR Planning

Planning is the driving force of an HRM mechanism. The quality of all other functions of an HR system, depends greatly on the quality of plans it has formulated. So a systematic HR planning will be a top concern for the top management. The HR planning activities encompasses through the following three steps 10;

Step 1 - Determination of the period for forecasting requirements of manpower in the future (ie, requirements at the end of the first year, second year, third year, fourth year etc) and forecast the manpower required at the end of the period.

Step II - From the number available at the commencement of the period, deduct the expected wastage through deaths, resignations, retirements and discharges. This would give the manpower available from existing staff at the end of the period concerned. A comparison of the figures arrived at in steps first and second would indicate shortages or surpluses in manpower requirements.

Step III- (a) in case of shortages, decide how such shortages are to be met (ie, whether through fresh recruitment and / or promotions from within) and whether any training or developmental facilities would be required for this purpose (b) If surpluses will be dealt with like through early retirements, discharges or layoffs.

An effective HR planning process ensures fair HRM practices in the organisation. It helps for a balanced HR arrangements and an optimum utilisation of them for easily achieving the fixed targets. Well designed HR plans, acts as a useful tool in framing the policies regarding recruitment & selection, training & development, motivation, performance appraisal etc. of the workforce. Defect free HR plans and sound HR planning procedures are the indispensable elements needed for a vigorous work environment.

Recruitment, Selection & Placement

The efficient use of an organisation's HR begins with selection or choosing the right person for the job. One must attract as many candidates as possible from inside and outside the organisation so that an objective selection of the most competent persons can be done. Recruitment is concerned with identification of sources from where the personnel can be employed and motivating them to offer for the employment.

Edwin Flippo defines Recruitment “as the process of searching for prospective employees and stimulating them to apply for jobs in the organisation!". Selection is the process of testing the ability, skill and aptitude of the candidates. It is done to find out those candidates who are best suited to specific jobs. Placement is the process of assigning job to a selected individual for which he is best suited. Selection and placement may or may not occur simultaneously. When candidates are chosen for specific jobs, selection and placement go together. But when a large number of candidates are selected for a variety of jobs, placement is done only after imparting training. So recruitment ie., the identification of sources of HR supply is the first step in the process of Recruitment, Selection and Placement.

Sources of HR supply

Before identifying the available sources of a particular job, a company is needed to conduct a study on its job requirements, to ascertain the knowledge, experience and skills required to perform it effectively. So a detailed job study must be properly executed for selecting appropriate persons for filling the jobs evolved. The process of studying or analysing jobs for the purpose of recruitment and selection is termed as Job study or Job analysis. When the job study is completed, the next step is inquisition of the sources from where the specified manpower can be selected. Basically these sources can be divided into two (a) Internal sources and (b) External sources.

(a) Internal sources

There are the sources of HR available within the company. Usually an existing organisation can fill up its vacancies through promotion of people within the organisation. Suitable employees in the lower cadres can be promoted to higher posts. While promoting so, seniority merits, initiative, accuracy of work, job knowledge and personnel record etc. are taken into consideration. Many organisations are using internal HR sources to fill their vacancies as far as possible. Filling vacancies with internal sources are generally accepted as a tool to motivate the people working in an organisation. The vacancies arrived can be informed to the employees through circulars, bulletin boards, employee newspapers and other methods of internal advertising. But, inorder to make best use of internal HR sources, companies must maintain a good communication system and an effective HR information system.

(b) External sources

The external sources of HR recruitment include the following:

1) Advertisement in journals, newspapers, bulletins, televisions etc.

2) Reference to Employment Exchanges

3) Recruitment from educational institutions through campus announcements

4) Recruitment techniques through website.
5) Recruitment through call-in & walk in interviews.

6) Deputation - Hiring people from other organisations. Such people are given choice either to return to their original organisation after a specified period or to opt for the present organisation.

7) Labour Unions - Many organisations asks their labour unions to make recommendations for employment of people, when vacancies arises.

Selection Process

Selection is a complicated process of choosing eligible candidates from a large number of applicants. Identification of the required manpower, locating their sources and inviting them for jobs are considered as the base for selection. When an organisation receives applications from a large number of candidates than it is actually required, then it has to exercise the selection process to select the best suited and to reject the unsuited. This process is also known as the process of 'rejection'. Steps involved in a selection process are as follows;

(a) Screening of Applications

When an advertisement is issued by the company regarding vacancies, the eligible candidates, who are interested for the proposed job, needs to file an application to the company, specifying the bio data, achievements, experience etc. While receiving these applications the company will verify and select some for final selection or for further process of selection like interview etc. This process of scrutiny of application forms are called screening of applications.

(b) Selection Tests

Usually selection tests are conducted to filter, eligible candidates from large population of applicants. Companies resorting to selection tests, firstly invites applications for appearing the test. Then the performance of the candidates in the test will be evaluated on the basis of marks obtained and final selection is made accordingly or will be called for further process of selection.
(c) Interview

Interviews are normally made after the selection tests. Candidates who have achieved remarkable position in the selection test will be called for an interview and their personality, intelligence, mode of communications etc. are evaluated.

(d) Checking of Reference

Many organisations ask the candidates to provide the names of referees who can give more information about them. This measure is usually adopted to collect information regarding the character and caliber of the candidates.

(e) Physical Examination

Physical examination is carried out to ascertain the physical standards and fitness of the potential employees. This test is usually resorted to know the health condition of the candidates to make sure that they are physically fit to discharge their duties as employees of the company.

(f) Approval by Appropriate Authority

By following one or more of the above mentioned steps, suitable candidates are recommended for final selection by the HR Department.

(g) Placement

Final step is placement of the selected employees. After having satisfied with all the formalities of Recruitment and Selection, candidates who were finally selected will be placed on their respective jobs initially on probation basis. The probation period may range from three months to a maximum of two years. During this period, they will be keenly observed. At the end of which they will have to be either a regular employee or discharged as an unsatisfactory probationer.

If organisations wants to produce best results, they have to focus seriously on selecting the best talent and retaining the best talent. In order to attract the best talent, HRM
system has to adopt innovative processes of Recruitment & selection. To retain people, organisations need to maintain an employee friendly work atmosphere. “Best selection gives best people and best people produces best results.”

Training and Development

Every organisation need to have well trained people to perform the activities that have to be done by specialists alone. In order to increase job performance, raise productivity, enhance innovation, improve product and service quality and to meet the intense level of international competition, it is necessary to boost up the skill levels, versatality and adaptability of the people employed. All these factors insisted organisations to establish an effective training and development mechanism.

The terms ‘training and development’ are used interchangeably by ordinary people. But experts have distinguished the two terms and treated them seperately. Training is the creation of an environment where employees obtain or learn specific job-related behaviours, knowledge, skills abilities and attitudes. It aims at helping employees to perform better on their current jobs. Development on the other hand, is a future oriented task, deals with training employees by familiarising them with new knowledge and improving their skills and abilities to perform well in the succession of positions in their career and prepares them to take up new responsibilities and challenges.

At present, the concepts and practices of management training and development are replaced by a comprehensive perspective known as Human Resources Development (Simply refered as ‘HRD’). Training and Development are now the two sides of HRD. The term HRD was evolved in the early 90’s. The aim of HRD is to transfer the organisation into a human system. The HRD practioners are developing commitment and integrity among the employees to achieve the corporate goals of the organisation. The approach of HRD is result oriented and employee centred. HRD is a process of reviewing work, performance and behaviour of the employees and attempts to bring about changes by developing their strengths to help them to bring out their best in performance. HR Development in all aspects
is one of the primary functions of HRD. It intends to develop effective elasticity of HR potentials at the disposal of the company to meet the organisation’s requirements.

Mr. I.K. Saha\textsuperscript{12}, President of HRD, Birla corporation Ltd., states that HRD is a combined process of 3Hs. the first ‘H’ relates ‘HEAD’ meaning the brain power. The HRD workshops processes these brain power for creativity and innovation. The second ‘H’ relates to ‘Heart’. By emphasising on Heart, HRD integrates different individuals working in different departments of the organisation. It builds a constructive relationship among the people of different departments based on mutuality, understanding and acceptance. The third ‘H’ relates to two ‘Hands’ of the employees. By this Approach, it is meant that the HRD enhances the performance of the people working in an organisation. Thus this 3H approach of HRD, details that, HRD as a subsystem of HRM builds a spirit of enthusiasm to use all the 3H’s together and simultaneously without which no organisation can be effective.

**Needs For Training**

The main purpose of training is to do away with performance deficiencies. It is a sequential activity. It includes several components like organisational objectives, training needs, trainee, trainer, course content and material, instructional strategies and aids and evaluation instruments. Below mentioned are some of the Needs for training.

(a) **To increase Productivity**

Training helps employees to increase their level of productivity. It helps employees to understand the most efficient way of performing the job.

(b) **To improve the quality**

Better trained workers are less likely to make operational mistakes. When the operational mistakes are low, quality of the products will be high.

(c) Prevention of obsolescence

T&D programmes foster the initiative and creativity of employees and helps to prevent manpower obsolescence which may be due to age, temperament or inability to adapt to technological changes.

(d) To improve organisational climate

If the workers are properly trained to perform their jobs, production and product quality can be enhanced, which in turn reduces the cost of production. As a result, financial incentives can be increased and internal promotions can be stressed, which helps to maintain a sound organisational climate.

(e) To improve Health and safety

Proper training helps to prevent industrial accidents. It helps to perform jobs in a safe and health friendly manner.

Steps in Training Programme

Training is a costly and time consuming affair. Therefore it need to be drafted carefully. Following are some of the important steps involved in an effective training programme:

(1) Identifying the training needs and objectives
(2) Preparing the trainees for training
(3) Presentation of operations and knowledge to the learners
(4) Try out of performance by the learners.
(5) Evaluating the results of training (feedback)
(6) Follow-up actions (keeping the existing level / modification / changes)

The basic aim of training is to rectify the identified problems and defects in the operational segment of an organisation. Training enables an organisation to keep the speed, quality and overall performance of its employees in tact.
Methods of Training

An effective training method helps trainees to improve their job performance, develops their willingness to change, ensures trainees’ active participation in the training process and permits practice where necessary. The methods of training followed may be on the job or off the job.

(a) **On the job training**

In this method employees are allowed to learn while they are working. It is learning by doing and is most useful for job that are difficult to simulate. There are several ways in which on the job learning can be made.

(1) **On specific job**

In this method, a person is put on a specific job, for training him. He can utilise his skills for doing the job and can develop more skills by doing it. There are different types of on specific job training, such as coaching, understudy etc. In coaching the learner will be given the guidance of an experienced person to direct him at the needed times. But in the understudy method, the trainee works under the direction and supervision of a person/trainer.

(2) **Job Rotation**

In job rotation an individual is indicated to various jobs in different departments. Through this method, a person can familiarise with all the jobs in an organisation. He gets a broader functional know how about his organisation by this method.

(3) **Special Assignments / Special Projects / Task forces**

People are given special job assignments, projects, tasks etc. to learn how to perform the delegated jobs. Through this method, they also learns, how to work with different type of persons.
(4) Apprenticeship

In this method of training, a learner is put under the supervision of an experienced person in the field.

(5) Vestibule Training

This method attempts to duplicate on the job-situations in a company classroom. Trainees will be given job like situations to make them learn about the conditions they have to face on the actual job. This is one of the popular methods of training.

(6) Job Instruction Training (JIT)

The JIT is known as step by step training. It involves listing all steps in the job in the proper sequence. Following steps are involved in JIT;

(i) Preparing trainee for instruction

(ii) Presentation of the instruction

(iii) Allowing trainee to try out the job

(iv) Encouraging questions

(b) Off the job training

This type of training is not offered in a work place. For getting acquainted with the technical know how about the job, the trainees have to leave the workplace and spent their entire time for training. This type of training are also known as class room training. Usually the training programmes are conducted in a place away from workplace in the organisation or the trainees may be sent to some other distant places from the organisation for training. Many organisations maintains training institutes of their own, in order to train their work force. These institutes are offering training programmes for various levels of people in an organisation. Various methods of off-the job training are as follows:
1) Special courses and Lectures

These are knowledge based training methods followed to confer the concepts, basic principles and pure and applied knowledge in any subject area. The main objective of this method is to present an overview about a topic under study. It illustrates the application of rules and principles in that area.

2) Conference Method

It is a two way training method which seeks oral participation of trainees in the teaching and learning process. This method is adopted to overcome the limitations of lecture method which emphasis on one way communication. Both the trainer and the trainees are equally involved in the functioning of a conference method.

3) Case studies

In this method, learners are given a written description about the organisation like its history, operations, financial structure etc. The informations contained will be limited and they were asked to take decisions regarding any particular aspect with this limited knowledge. The main aim of this method is train people to make decisions on the basis of incomplete informations. This method is adopted to familiarise learners with the principles of decision making process in uncertainty. This is one of the most commonly used training method for business executives.

4) Role Play

In this method of training, trainees assumes roles of various persons in an organisation to acquire the calibre to confront problems in the real work situations. It is a dramatic performance of realistic situations in an organisation. Acting and dialogues are spontaneous. At the end of the role playing, there will be an appraisal session to discuss the performance of the role players. This helps the trainees to create an ability to view an issue in different angles and taking right decisions. It also helps in developing the interactive skills of the trainees, resulting in better human relations.
5) Programmed instructions

This method of training is performed on an electronic basis, with the help of a computer. Programmes will be made in connection with the mode of operation, performance levels, desired results etc of a job and the trainees will be visualised with each of these aspects in a sequential basis through the computer.

6) Sensitivity Training / T-Group Training

In this method, the trainees are put in different groups, each group constituting 10-20 members, discussions and interactions between the group members, without any formal agenda. They can talk and discuss any matter of their interest. The trainer will observe the discussion procedures and participation of each of the members in the deliberations, and their performance will be evaluated for suggesting improvements, if needed. This method, develops one's listening skills and the quality to tolerate other's view and ideas.

7) Management Games

Management Games are simple techniques practiced to present the complex operational aspects of an organisation before the trainees. It creates a mind of oneness and team spirit among the trainees. The pattern of management games are just same as that of an ordinary game. It involves participation of two or more teams and each participant tries for the victory of his/her team. While playing the game, different teams have to take decisions may be regarding with level of production, inventory, advertisement etc. The trainer makes an appraisal of every team for a specified period and gives the feedback. On the basis of the feedback, each team can evaluate their decisions and may modify their performance for better results.

8) Brainstorming

Is a training technique followed to develop skills among trainees to evolve new ideas in performing a task or for finding solutions for a specific problem. It persuades trainees to use their brains to storm the problem. For conducting this technique a syndicate
of 10-15 persons are constituted and they will be given a problem to solve. Then each member can contribute ideas for problem solutions. An evaluation of all these ideas will be made by the trainer. This method develops a creative mind among the trainees.

9) **In-basket Exercise**

Under this method, a trainee is presented with a variety of potential situations that would be faced by a manager in his typical working day and his reactions, behavioural pattern and approach to these situations are closely observed and reviewed for suggesting modifications and corrections in their attitudes, if needed.

10) **Transactional Analysis (TA)**

Evaluation of a person, when he is interacting with others is termed as Transactional Analysis or simply ‘TA’. It is a method of analysing and understanding interpersonal behaviour. Through this method of training, the behavioural pattern and communicative skills of an individual can be identified for effectively handling them in the organisation. TA was originally developed by a psychotherapist in 1950.

The instruments of training and development are many. But whatever be the tools are used for training, if it is not trainee centered it could not produce fruitful results, i.e., well trained and adaptable people contributing to the growth of the organisation. A proper training and development strategy aims at the integration of HR with work and work atmosphere and a complete enhancement of the skills possessed by them for an excellent performance. A typical training and development strategy will be formulated by consolidating the notions taken from Behavioural Science, Management Science, Psychology, Sociology, Anthropology, Education, Counselling and Economics. It maintains a close relationship with all these disciplines. The HRD process is nothing but a **Man Making Mechanism** which adds the knowledge, skills, creative abilities, talents, aptitude, values, beliefs and of commitment of in an organisation’s workforce for performing their jobs in a magnificent manner.
Career Planning

The HRM process works not only for the fullest utilisation of human resources, but also for an effective retention of these resources for the future needs. A sound HRM system ensures growth of its people with growth of the organisation. Growth of the people in an organisation refers to the growth in terms of their career. An expedient career planning technique can assist organisations in spotting the career development potentials of its HR.

Career planning is concerned with identifying individuals today who can fill planned future posts. It measures the growth of the organisation and provides the manpower for its future needs. This enables organisations to meet most of its HR needs from internal sources and the external sources were resorted, only if, there is a deficiency. So career planning reduces the HR turnover and ensures the retention of good people. It anticipates the future manpower requirements, forecasts the position of HR on a future date, predicts the HR dislocations likely to occur and helps in framing the motivation policy of an organisation.

Job Enlargement and Job Enrichment

Job enlargement is implemented for preparing people for increased work load and technological changes that may be happened in future. This technique is tried out for improving the competency of the employees for comfortably discharging their duties in higher positions that may be attained by them in future through promotions and transfers. The enlargement of job may be effected horizontally or vertically. Horizontal enlargement combines jobs at the same level of responsibility and it increases the work load of the employees.

In vertical enlargement, it combines jobs at different levels. It increases the area of accountability and reduces the control over employees. They will enjoy greater freedom for action. Job enlargement, thus provides an excellent training for future promotions.

Job enrichment is also applied as a tool to motivate the manpower in an organisation. In this technique, the employees are granted with some intelligent and responsible jobs, so that, they can harness their full capacities and skills in performing their jobs. It also takes
into account the interests of the employees, while delegating responsibilities to them. Following are some of the job enrichment methods;

1) Extending the boundaries of an individual responsibility by adding more duties which are closely related to one he is currently performing.

2) Basing the principles of MBO, an employee can be given more freedom in fixing his own targets and his commitment towards such targets must be enhanced.

3) Reducing the extent of supervision over an individual

4) Enhancing the intricacies of the present job or allotting more difficult jobs to employees. But before that he must be given proper training.

Job enlargement and enrichment are the two reliable techniques usually applied by the organisations to improve the competency of their employees for higher positions and to save them from routine work. But both of these techniques results in an extension of the work load of the employees without appropriate compensation. So utmost care must be observed while redesigning jobs to avoid the frustration of employees.

Promotion

Promotion is the process of upgrading an employee from a lower cadre to an higher cadre. For this purpose, organisations usually maintains a portfolio of manpower which are having promotional eligibilities spread over the different departments. But identifying the potential people for promotion is not an easy task. It require a systematic and scientific approach to identify the best possible talents for promotion. Job description is one of the major steps involved in this process. Through this step the duties and responsibilities of the incumbent and the educational qualification required for him can be located. This criteria is basically used to identify the apt person for promotion. Promotion is viewed as a recruitment source for higher positions. Also it creates vacancies in the lower cadres for eligible persons outside the organisation. Promotion encourages the existing manpower by providing them with motivation.
Seniority and merit are the two crucial elements to be weighed while formulating a promotion policy. Seniority means the length of service of an employee and is counted from the date of his joining service. Merit refers to the competency and skills possessed by the employee in performing his job. A seniority based promotion is easy to understand and execute. It admires the senior members of the organisation by promoting them to higher positions. On the other hand, a merit based promotion policy evaluates the performance of the employees before executing promotions. It recognises and assigns high value for knowledge, competence and skills possessed by the employees than their seniority. So the comparison between these two factors usually puts managers in a dilemma while exercising promotion.

**Benefits of Promotion**

Promotions are generally conceived as a recognition or the contributions made by an employee to its organisation. Following are some of the benefits of promotions;

1) It inspires employees to perform their jobs more effectively.
2) It develops the morale and loyalty of the employees.
3) It increases job satisfaction
4) It attracts more competent and talented people to the organisation.
5) It increases the overall effectiveness of the organisation.

**Demotions**

Demotions are just reverse of promotions. It is the process of downgrading an employee from a higher cadre to a lower cadre. It is usually followed as a penal action against an employee for any misconduct and malpractices committed by him.

**Transfer**

The physical movement of an employee from one post to another not involving promotion or demotion is termed as a transfer. A transfer does not involve a material
change in responsibility or compensation. Transfers are usually adopted for admitting right employees in the right jobs after evaluating their performance in different jobs. Personal interests of each of the employees will also be considered before putting them on a particular job. So transfers are usually executed for motivating the workforce and to improve the competency of the organisation.

**Benefits of Transfer**

Following are the benefits of a good transfer policy;

1) It increases productivity and efficiency of the organisation
2) It provides greater job satisfaction to employees
3) It helps to correct faulty placements.
4) It improves supervisor employee relationship.
5) It improves the skills of the existing employees.

A systematic promotion and transfer policy is a must to retain competent and talented manpower with the organisation. An explicit succession planning will help organisation to build up a defect free promotion and transfer policy for preserving highly productive and highly satisfied human assets.

**Supervision and leadership**

Human mind always seeks the guidance and leadership of others for their survival. An effective supervision, guidance and leadership is an important function of HRM to direct its people to the desired goals of the organisation. In an organisational hierarchy the authorities will be decentralised and there are many levels of management to supervise its people to check whether they are in the right performance or not. Efficient supervision is an important task and immediate supervisors of the workforce are the key area of an organisation. A typical supervisor must possess the following features:-
1) He delegates authority as and when needed
2) He rises to occasion, when the situation demands
3) He concerns himself with what is right and good for his men.
4) He gives specific tasks and attainable challenges to his workers.
5) He checks performance daily or at the end of the work programme
6) He shows how to handle difficult situations. Knowledge of work is extremely important to the immediate supervisor of a group of workers.
7) He corrects his men, when they are wrong and also admits his mistakes when he has faltered.

A good supervisor should act like a good leader. He must always keep in touch with his workforce and must lead them properly. For an optimum utilisation of the people employed, an expertise leadership is necessary. Their jobs, performance, targets, compensation etc. must be precisely specified and properly leded for making best organisational results. The effectiveness of an organisational performance is highly influenced by the pattern of leadership it follows.

Keith Davis defines Leadership “as the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals”13. Thus Leadership is the ability of a person to influence the activities of others for accomplishing his objectives. It is this quality which integrates people together and motivates them for achieving the specified goals. Leader and the followers are the two important elements in a Leadership process.

Importance of Leadership

Leadership is the magnetic force possessed by the managers of an enterprise to induce people for achieving its targeted results. The success or failure of an organisation depends on the effectiveness of the leadership style adopted by its managers. A good leader

captures the minds of his followers by his interactive skills and commanding power. The importance of good leadership are as follows;

1) Motivating Employees

A good leader by his specialised personal traits motivates the employees for best results. There is a direct relationship between motivation and performance. Higher the motivation, better will be the performance.

2) Creating Confidence

Leadership build confidence among workers by advising and directing them at the needed times and correcting them when they are making mistakes. A good leader always tries to make aware of employees about their skills and abilities.

3) Building Morale

A good leadership helps to maintain good employer-employee realtions and an increase in the morale of the employees. High morale leads to high productivity and organisational efficency.

A leaderly approach by the managers is necessary to ensure an effective functioning of the organisation. It can enhance job satisfaction and efficency of the workforce. A powerful leadership will facilitate a congenial work environment with minimum conflicts and disputes and will activate people for a successful organisation.

Leadership Theories

Management researchers and Behavioural scientists have expanded many theories and approaches on leadership. Trait theory behavioural theory and situational theory are the noticeable leadership theories. Each theory has its own contributions, limitations, assumptions and analysis. These theories helps one in understanding the features and behaviour of a leader.
1) Trait Approach

This theory identifies and interprets certain distinguishing qualities possessed by a successful leader. This theory was developed after making several studies on different leadership behaviour and on that basis it has classified the leadership qualities into innate and acquirable. Innate qualities are those which are possessed by individuals since their birth. These are natural and god gifted qualities. These qualities could not be acquired by training or practice. Following are the innate qualities possessed by a successful leader.

(a) Physical features

Physical features such as the height, weight, wealth and appearance of a leader were identified as the factors influencing their followers. These factors are hereditary factors transmitted from an ancestor to descendant.

(b) Intelligence

It is the mental ability possessed by a leader. The brilliance, memory and talent of an individual attracts people to him. To become a good leader, higher level of intelligence is needed. It is a natural quality that could not be achieved by any other process initiated by men.

Acquirable qualities of leadership are those which can be acquired and increased through various processes. Following are some of the acquirable qualities of a leader;

(a) Emotional Stability

A leader should be a man free from all personal feelings like anger, fear, bias, depression etc. He must be consistent in his actions and should possess self-confidence.

(b) Human Relations

He must have the skill to maintain good relations with the people under him. The important job of a leader is to develop people for achieving the goals of the organisation.
(c) Empathy

He must view situations in different angles. Observing things objectively and understanding the feeling of others are important aspects of a good leadership.

(d) Objectivity

A leader should closely review all the aspects of an issue without any bias or prejudice to arrive at a conclusion and in taking decisions. He must be objective and does not permit himself to get emotionally involved in any problem.

(e) Motivating skills

Though there are many external factors to motivate people, internal factors also assumes importance. A good leader can motivate his people through his specialised features and behaviour for high performance.

(f) Technical skills

A leader must possess the technical competence to organise, direct motivate and control his people for the overall effectiveness of the organisation. His technical know how and proficiency can win support from his followers.

(g) Communicative skills

Better communicative and interactive skills are the peculiar features of a good leader. He will be well aware of the communication techniques and procedures and knows the right way to communicate with his people.

(h) Social skills

A good leader will have a precise idea about the merits and weaknesses of his people. He enjoys the ability to work with his people to develop their skills and correct their mistakes for best performance. His sociable attitude can establish productive work atmosphere.

These are some of the traits located by the founders of Trait Approach on the basis of studies conducted by them on different patterns of leadership. But it is not necessary that
a successful leader must possess all these qualities in an equal degree. It is very much difficult to measure the quantity of traits possessed by a particular leader. People may possess different traits with different degrees. Also, there could not be generalisation of traits possessed by a successful leader. Hence, the Trait Theory is only suggestive and not comprehensive.

2) Behavioural Approach

This theory emphasis that a strong leadership depends on the actions of an individual than their qualities. As per this theory, the behaviour or actions of a leader is determined by four basic elements such as leader by himself, followers, goals and environment. This theory distinguishes the actions of a leader as functional or favourable acts and dysfunctional or unfavourable acts. Functional actions aims at motivating and encouraging employees. It depicts the ability and skills of the leader to organise and direct his followers for best results. While dysfunctional or unfavourable actions demotivate and discourage employees from their work. It shows the inability of a leader to accept subordinates, their skills, poor human relations and poor communication.

The exponents of this theory, cites that a leader uses three skills to lead his followers such as technical, human and conceptual. Technical skills means a person’s expertise know-how in any type of process and branch of study. Human skills are personal qualities of a leader to interact with people and conceptual skills deals with the ideas possessed by a manager to formulate business plans and models to work for their accomplishment. This theory is built on the ground that effective leadership is the result of effective behaviour.

The basic area of difference between trait theory and behavioural theory is that, while the former points out the significance of a distinguishing qualities possessed by a leader, the later interprets the importance of behaviour of a leader on leadership. But this theory failed to explain the appropriate pattern of behaviour at different times. A particular behaviour at a time may be effective, while at other, it may not be effective. So there exists some kind of relation with time and behaviour. A leader has to consider the properties of time while designing his actions.
3) Situational Approach

This approach is based on the assumption that situations are the most important factor that determines the pattern of leadership. A leader may be successful in one situation and may not be in another. For this reason, a leadership pattern is devised on the basis of situations they are facing.

The founders of this theory have identified that a leadership pattern depends on 4 situational variables such as; (a) Cultural environment, (b) Difference between individuals, (c) Difference between jobs and (d) Difference between organisations.

(a) Cultural environment

The faith belief and value fabric of the society in which an individual works or lives is an important element which influences the behaviour of a leader. The approach of leader must be framed by considering the background of the workforce.

(b) Differences between individuals

The human behaviour is highly heterogeneous in nature. The features and behaviour of a person will be entirely different from others. So a leader has to develop the skills to manage people with different aptitudes tastes, interests, educational qualifications, age and sex.

(c) Difference between jobs

Different jobs in an organisation expects different types of attitudes from a leader. So he must be acquainted with the skills to satisfy the needs of each of the job conditions prevailing in an organisation

(d) Differences between organisation

Different organisations follow different pattern of leadership. Organisations differ in their size, ownership products and services, objectives etc. A leadership pattern is formulated by considering all these organisational wise factors.
This theory views leadership on the basis of some situations. It does not try for an overall analysis of the concept of leadership. The expounders of this theory was silent about the personal qualities and behaviour of a leader in different situations. Hence this theory also lacks perfection.

Leadership styles

Every person will have both leader and follower in this mind. When situation arises, any of this element will come out of him and activate. But as far as a manager of an organisation is concerned, he must make use of all the possible ways to sharpen the leadership skills in him to influence his people. Every manager need to adopt his own leadership style that is best suited for his organisation. Leadership styles are the behavioural pattern of leaders while managing his followers. By closely following and evaluating the behaviour of managers in different organisations, several types of leadership styles can be identified. But leadership styles are not a stable thing, it changes in accordance with the nature of organisations, leaders, followers, situations etc. So a perfect grading of leadership styles is a difficult task. But basically all types of leadership styles can be classified under three heads;

1) Autocratic Leadership

2) Participative Leadership

3) Free-rein Leadership

1) Autocratic Leadership

An autocratic leader will be authoritative or directive in his behaviour. He keeps all authorities with himself and the workers are given no participation in the management and decision making. There are 3 catagories of autocratic leaders;

(a) Strict Autocrat - He behaves like a dictator in the organisation. He will be very strict in his management and operations. He influences his people through negative motivation, that is by criticising and imposing penalty on them.
(b) **Benevolent Autocrat** - Even though, this type leader, centralises the authority with him, his motivation style is positive.

(c) **Incompetent Autocrat** - This type of leaders follows autocracy just to hide their incompetency and lack of expertise in organisational matters.

2) **Participative Leadership**

It is a more democratic form of leadership style followed by the managers. In this the authority will be decentralised and the employees will also be given participation in the management process. These leaders positively motivates their subordinates by advices, consultations etc. and the decisions will be taken on the basis of consensus. It is a highly motivating technique and it enhances productivity of the employees. It provides organisational stability by raising morale of the employees.

3) **Free-rein leadership**

Free-rein or Laissez-faire style of leadership gives complete freedom to subordinates. In this the manager's job will be completed after determining the policy and programmes of a project.

The task of the project will be entirely conducted by the subordinates. They takes decisions and they perform the actions. Leader facilitates the informations, resources and materials for his groupmembers. In this the contributions of a leader is almost nil. This leadership style is very rarely practiced in business organisations.

There are so many leadership styles and models are identified and developed by the different management experts. But inorder to follow a particular leadership style depends on the factors influencing a particular organisation. So it is up to the managers to select the type of style he must follow. Before that, a detailed analysis of his organisation, followers and all the more a self introspection is necessary.
Wages, Incentives and Fringe Benefits

The monetary compensation received, by the workforce for their physical or mental effort or for both in producing goods and services is termed as wages. In Economics wages is considered as one of the factors of production. Economists have contributed so many theories in wages and wage related aspects. Even though there are so many matters of concerns for an employee, financial aspect of his work bothers him deeply.

Wage Vs. Salary

Payment made to labour is generally referred as wages. Money paid periodically to persons whose output cannot be easily measured, such as clerical staff as well as supervisory and managerial staff is generally referred to as salary.

Systems of Wage Payment

Wages can be paid to labour in two ways;

(a) Time wage system,

In this system, wage is calculated on the basis of the working time. The workers are paid a certain sum for a fixed period of time that is per hour, or day or month. It is also known as Day wage system.

(b) Piece-wage system

when a worker is paid on the basis of output produced by him, it is termed as piece wage system. In that system, he gets a fixed rate per unit produced or job completed. The rate is normally developed on the basis of analysis of previous performance and establishment of average performance of a particular standard of workmanship.

Methods of Wage Payment

In India, the payment of wages are made in three parts; (i) Minimum Basic Wage, (ii) Dearness Allowance, and (iii) Profit Bonus. workers have to bargain for each one of these seperately to ensure a proper standard of living. Dearness allowance is provided as a
percentage of the wages paid to compensate employees for an increase in cost of living from time to time.

The Concepts of Wages

The three remarkable concepts that affects the fixation of wages are:

(a) The concept of Minimum Wage

This concept suggests that an employee must be paid wages that is needed to maintain a minimum standard of living and to preserve his health and well being.

(b) The concept of living wage

The concept of living wage is defined differently by different people in different countries. But practically, it is an extension of minimum wage concept. This concept argues that a worker should be paid wages that is enough to provide him a minimum standard of living plus certain amenities for his well being.

(c) The concept of fair wage

Nobody has given a precise definition for the fair wage. As per the Fair Wage Committee Report in 1949, appointed by the Central Government to study on the fair wages to labour, the lower limit of a fair wage will be the minimum wage and the upper limit is set by concerned industry. Between these two limits, the actual wage will depend on: (i) the productivity of labour (ii) the prevailing rates of wages (iii) the level of the national income and its distribution and (iv) the place of the industry in the economy of the country.

Incentives

Incentive is an additional compensation for better performance. Different organisations will have different incentive system for encouraging the performance of their workers. Commonly followed individual incentive schemes are;
1) **Price rate system:**

In this, wage is determined by multiplying the number of units produced by the worker.

2) **Differential Price rate:**

In this, the standard output is pre determined and those produces more than the standard output get wages at a higher rate and those produces less than the fixed standard gets wages at a lower rate.

3) **Gantt Bonus Plan:**

In this time is a major factor of concern. workers who have completed their work earlier than the time allotted gets standard wages plus a bonus which may range from 20 to 50% of the time saved.

4) **Halsey Plan**

In this the worker gets bonus for 50% of the time saved. The benefit of other 50% goes to the company.

5) **Emerson Efficiency Plan**

Bonus is payable only for a fairly higher level of performance. Average employees are not entitled to get the bonus.

6) **Commission**

It is a widely used incentive system in marketing jobs. Marketing personnels gets wages or salary plus a commission at a fixed percentage of the sales.

7) **Special Incentives**

Under this, the company will offer several schemes to motivate their employees for improving sales and productivity. Sales contests, productivity contest, cash your idea schemes etc. are some of the instances.
The incentives are also applied to group workers to induce them. Following are some of the group incentive schemes;

1) **Collective task wage**

In this system, a group of workmen will be given a set of work which is to be finished by the prescribed time period. If they complete the work in the prescribed time period, they are paid the wage agreed upon. On the other hand, if they fail to complete it, their wage is proportionately reduced. Also, extra payment is not given for the excess production.

2) **Collective piece wage**

In this a group of persons are given a set of work and they are entitled to get a specified rate of amount per the piece produced. The entitled amount will be divided among the group members in proportions as fixed before hand.

3) **Collective progressive piece wage**

In this a group of workers will be employed to perform a specified set of work at fixed wages and their production targets also will be fixed. If they exceeds this target, they are eligible to get a premium proportionate to such excess. This premium is divided among the group members according to their recognised merits.

4) **Collective cost premium bonus scheme**

In this the cost of production is estimated before production. If the actual cost of production is less than the budgeted cost, a proportion of this savings will be distributed among the workers.

5) **Towne gain-sharing system**

In this system half of the labour cost saved on production, calculated on the basis of previous results is distributed by way of bonus among the workers including foreman.
Fringe Benefits

Extra benefits paid to the employees in addition to the normal wage or salary is termed as fringe benefits. Objectives behind the offering of fringe benefits are:

a) To induce happier employer-employee relations
b) To generate good morale in the employees
c) To provide psychologically satisfactory work environment
d) To provide good health and safety of the employees.
e) To promote employee welfare
f) To induce loyalty to the company and
g) To meet the legal requirements

Some of the commonly offered fringe benefits are payment without work, retirement benefits such as provident fund, pension and gratuity, safety and health facilities such as accident prevention measures, medical benefits, clean sanitation, lighting, drinking water and canteens and recreation facilities such as rest rooms, clubs, games, arts, music and other enjoyments for employees.

Motivation of HR

Acquisition, development and compensation of people are not enough to ensure good performance. Performance is determined by two factors, viz., (i) level of ability to do certain work and (ii) level of motivation. So performance is a multiplicative function of ability and motivation (Performance = Ability x Motivation). Ability is the skill possessed by a worker to perform a task, whereas, motivation refers to the willingness and eagerness to perform that task. Both these elements must be maintained at a higher level to facilitate an outstanding performance. Ability can be enhanced by education and training. But to improve the motivation of people, several other factors affecting human behaviour in the organisation must be considered. Motivation plays a key role in energising and activating personnel to put in their best effort for the accomplishment of the organisation’s goals.
Definition.

Human assets in an organisation are felt with so many psychological needs other than the monetary requirements. These psychological needs must be identified and satisfied for improving the efficiency of the organisation. The process of identifying and satisfying the psychological needs of the people in an organisation is termed as motivation. Various persons have defined motivation to express their views on it. Some of the prominent definitions on motivation are;

William G Scott defined motivation "as a process of stimulating people to action to accomplish desired goals". As per Mc Farland, “Motivation refers to the way in which urges, drives, desires, aspirations, striving, needs direct, control or explain the behaviour of human beings”. Luthans a behavioural scientist, defines motivation as a “process of identifying the needs that create drives in the people to engage in work and deciding on the incentives and rewards that would give them the highest satisfaction and fulfillment.”

Motivation is an internal feeling that affects the behaviour of human beings. Hence diagnosing human behaviour and analysing as to why people behave in a particular way are the basic components of a motivation programme. People anticipates some benefits or values from an action and assumes that these benefits or values will be achieved by the action. The anticipated value is refered as ‘Valence’ and the perceived probability of the achievement of the anticipated value is refered as ‘Expectency’. Thus motivational relationship is represented as Motivation = Valence x Expectency.

Theories of Motivation

Motivation is an important aspect that determines the efficiency of an organisation. It is an essential factor to maintain high performance level of the employees. Motivated

employees stay in the organisation and thereby reduces absenteeism and high turnover of the employees. If the employees are properly motivated, organisations can introduce and implement timely changes without any resistance from them. Realising the vitality of motivation, various management researchers and experts have attempted to study the behaviour of people in an organisation to ascertain their needs. This resulted in the emergence of so many theories concerning motivation. A brief view of some of the prominent theories on motivation are as follows;

a) **Maslow’s Need Hierarchy**

A.H. Maslow has identified and ranked certain needs of human beings at work. He observed that the behaviour of an individual at a particular moment is usually determined by his strongest need. He classified needs of people in the order; (1) Physiological needs (2) safety or security needs (3) social needs (4) Esteem needs and (5) self actualisation needs. Figure (2.3) depicts Maslow’s Need Hierarchy.

![Maslow's Need Hierarchy](image_url)

**Figure (2.3)**

Maslow’s Need Hierarchy

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1) **Physiological Needs**

The physiological needs rank the top of all needs. These are the most fundamental needs and more powerful needs in the need hierarchy. Until these needs are not satisfied properly, it will affect the performance level of the workforce. These needs are concerned with the primary needs of people such as need for food, shelter, water, air etc.

2) **Safety Needs**

If physiological needs are properly met, then the next priority is for safety needs. It is concerned with the needs of self preservation. People need a danger free and secured work atmosphere. Organisations can meet these safety needs of its employees by implementing effective accident prevention measures, medical benefits, effective insurance plan, pension plan etc.

3) **Social Needs**

These are needs for social attention and respect. For this people have to be given chances for meaningful relations with each other in the organisation.

4) **Esteem Needs**

Esteem Needs are desire for self respect, strength, achievement, mastery and competence, prestige, reputation, respect and esteem from others. Satisfaction of these needs produces feelings of self confidence among workers.

5) **Self-Actualisation Needs**

These are desires for achieving the heights and realisation of one’s own potentialities and continued self development. Managers need to inspire and develop their work force to bring out the best in them for satisfying these needs.
b) Herzberg’s Motivation (Hygiene Theory)

According to Herzberg, there are ten maintenance or hygiene factors and six motivational factors that affect the behaviour of the employees. The ten maintenance or hygiene factors include: company policy and administration, technical supervision, interpersonal relationship with supervisors, interpersonal relationship with peers, interpersonal relationship with subordinates, salary, job security, personal life, working conditions and status. These factors are to be maintained at a reasonable level to uphold the satisfaction of employees. He states that any increase beyond this level will not provide any additional satisfaction to employees but any reduction from this level will definitely dissatisfy them. Motivational factors are achievement, recognition, advancement, work itself, possibility of growth and responsibility. Herzberg noticed that an increase in the level of these factors positively affects the satisfaction of workers, but a decrease does not make any change in the level of satisfaction. So he suggests organisations to use motivational factors for motivating their employees.

Herzberg also interprets that before selecting any one of two factors the nature of the employees also must be analysed. On the basis of personality characteristics, he classifies individuals into two parts motivation seekers and maintenance seekers. Motivation seekers must be satisfied with motivational factors and the maintenance seekers need to be satisfied with maintenance factors.

c) McClelland’s Needs Theory

McClelland has identified three types of needs that drive the workforce: these are;
(i) Need for Power
(ii) Need for Affiliation
(iii) Need for Achievement

(i) Need for Power/Power Motive

Power Motive people are concerned with exercising influence and control over others. They always seek positions of leadership and tries to establish superiority over other people.

(ii) Need for Affiliation/Affiliation Motive

Affiliation motive people desires love and affection from others. They always like to maintain pleasant and social relationship with others. They enjoys a sense of intimacy and expects others to understand their pains and feelings.

(iii) Need for Achievement/Achievement Motive

Achievement motive people will have an intense desire to attain certain goals. These people more likes mental satisfaction from the accomplishment of goals than the material rewards produced by it. They desires moderate risks while undertaking a task. But mostly they have to bear high risk, since high achievements are usually attached with high risks. Another peculiar feature of a high achievers is that the completely involves in their task and will be free only after its successful fulfilment.

As per the findings of the research conducted by McClelland, organisations provides high importance on achievement and power and low on affiliation. He implies for an equal treatment of the three aspects. He suggests for an identification of the three needs of the workforce and motivate people accordingly.

d) Vroom’s Valence Expectancy Theory

Vroom has developed a model of motivation with the concepts of value, expectance and force. According to him, valence or value is the strength of an individual’s preference to a particular outcome valence in other theories means incentives, attitude and expected utility. Valence is positive when the individual prefers to attending the outcome for not attending it, a valence is zero, when the individual is indifferent towards the outcome and is

negative when he prefers not attaining the outcome for attaining it. Expectancy is the probability that a particular action will lead to a particular outcome. Force is basically equivalent to motivation. Thus the theory is expressed in the formula.

**Motivation (force) = Valence x Expectancy**

Eventhough Vroom’s theory of motivation has a well designed theoretical framework, it is difficult to practice in real motivational situations. In research also, it is less used. There have been only a few research studies designed specifically to test the Vroom theory.

e) Porter and Lawler Model of Motivation

This model is an extended version of expectancy theory and substantially a more complete model of motivation. This model assumes that managers operate on the basis of some sort of expectancies based on the previous experience\(^2\) the various elements of this model are;

1) Effort

Two factors assumed to affect the amount of effort, a worker will put into his task. The first is the value a person places on reward that he hopes to receive as a result of putting first effort in his work. The second is the probability that he will in fact receive the reward for his effort. These two factors - value of reward and the perception of effort-reward probability determine the amount of effort that the employee will put in.

2) Performance

Effort leads to performance. Performance is determined by the amount of effort, ability and role perception of the individual. If an individual has little ability and or inaccurate role perception, his performance may be ineffective.

3) Rewards

Performance leads to both intrinsic and extrinsic rewards. Intrinsic rewards are sense of accomplishment and actualisation. Extrinsic rewards are working conditions and status. These two rewards affect the satisfaction of workers.

4) Satisfaction

If the actual rewards meet or exceed the perceived equitable rewards, the individual will feel satisfied. If these are less than the equitable rewards, he will be dissatisfied. Satisfaction is more dependent on performance than performance on satisfaction.

This model unveils some different variables on motivation as compared to other theories. A systematic and careful management needs to ascertain the motivating factors which would satisfy its people. It suggests organisations to consider the four elements, effort-performance - reward - satisfaction for motivating their work force.
Carrot and stick Approach

This approach was derived from the old story that the best way to make a donkey move is to show a carrot in front of him and strike him with a stick from back. The carrot is the reward for moving and stick is the punishment for not moving. Taking the same view, by using rewards and punishments in the place of carrot and stick, the workforce can be motivated. Rewards includes money, promotion and other financial and non-financial factors. Punishments are penal actions such as curtail in wages or salary, demotions, dismissals etc. for not achieving the desired results.

Rewards are given for positive aspects of behaviour form an employee. Punishments are imposed to correct the negative behaviour or to push people to engage in positive behaviour. But punishments could not be easily adopted in an organisation. It is highly sensitive and may result in serious labour problems if not properly applied.

Contingency Approach of Motivation

Contingency Approach states that, what motivates people is purely situational. Human behaviour is unpredictable and people could not be motivated by adopting methods suggested by any of the theories. No body can formulate a universal strategy for motivating people. However, there are three elements that an organisation need to be considered, while formulating its motivational strategy. These elements are Individual personality, Organisational climate and Availability of the incentives.

1) Individual personality.

The personal qualities and characteristics of human beings are not alike. Their tastes and preferences differ. Different individuals will have different need pattern. So these features of people must be reviewed before adopting a motivational technique.

2) Organisational Climate

As per this approach, organisational climate influences an individuals needs. An individual develops and modifies his needs through the interaction with his organisation. So organisational climate is also a major factor of concern in motivating the manpower.
3) **Availability of Incentives**

Organisations may have to consider several factors while deciding and distributing incentives for motivating its people. Availability and applicability of incentives are determined by both internal and external factors. So these factors also affects motivation.

Thus instead of searching for a universally accepted framework for motivation, managers need to make a detailed review of their organisational situation for motivating the work force.

**Morale**

Morale can be termed as the attitude of an individual or group towards work. It is the degree of satisfaction that an individual expects from his total job situation. Most of the management researchers and experts views morale as a group phenomenon. It is the concept that describes the level of favourable or unfavourable attitudes of the employees collectively to all aspects of their work. It is generally believed that there exists a positive relationship between morale and productivity. when the morale of the people are high, productivity also will be high and vice versa. But the relations between morale and productivity is not proportional.

Morale building is an important function of HR Management to maintain confidence among its people for a smooth organisational climate. Effective motivational techniques enhances morale and offer opportunities for need satisfaction of the manpower. A sound system of HRM can improve the morale of the work force by way of its better human relations, effective communication process, systematic resolution of organisational conflicts and by providing them with opportunities for participation in the management.

**Communication**

An effective communication intends for an effective human relations in the organisation. Communication can be termed as an exchange of thoughts, informations facts, ideas, opinions or emotions between two or more persons with the objective of bringing about mutual understanding, confidence or good human relations.
It strengthens creation and dissemination of informations and knowledge within an organisation. It is a very powerful media to convey important messages and intention of the management to the workforce regularly. Communication makes people aware about the future direction of the company. It is an instrument to integrate the manpower in an organisation for achieving the desired goals.

**Communication process**

There are several elements involved in a process of communication. Following are some of the elements involved in a typical communication process;

a) **Sender** - The person who conveys messages or ideas.

b) **Ideas** - This is the subject matter of a communication process

c) **Encoding** - Usually the subject matter of a communication process are transmitted briefly. Hence the transmission requires the use of certain symbols such as words, pictures etc. This process of converting the subject matter into symbols is known as encoding.

d) **Channel** - It is the media for communication such as, letters, circulars, seminars, conferences, telephone, telex, fax, computers etc.

e) **Receiver** - The person who receives the message.

f) **Decoding** - It is the process of converting the message from its symbol form to its original form for getting the meaning of the message.

g) **Feedback** - It is the acknowledgement received by the sender of communication from the receiver that he has received the message. It also gives sender, the suggestion for any modification or change in the prevailing pattern of communication process.
Formal Vs. Informal Communications

Formal communication is only transmitted through the officially prescribed path for the flow of communication between various positions in the organisation. It is conveyed through the proper channel of communication established in the organisation. It is a narrow channel of communication, which filters ideas and allow only the essential information to the people concerned. Some of the major drawbacks of formal communication is the, increase in the organisational distance, greater possibilities of transmission errors, screening at various filtering points etc. Formal communication includes departmental meetings, conferences, telephone calls, company news bulletins, special interviews, and special purpose publications and messages.

Informal communication refers to the exchange of informations through some other ways other than the officially established organisational channels. It is also referred as ‘Grape wine communication’. It has a broader perspective compared to formal communication, and is multiple in nature. This communication method is adopted by people to carry on social non-programmed activities within the formal boundaries of the system.

Oral Vs Written communication

In oral communication the sender and receiver communicates through words. It can be done either in face-to-face communication or through any mechanical or electronic devices. Whereas, written communication will be in written words, graphs, diagrams, pictures etc., many take the form of letter, circular, notes, manuals etc. A major advantage of written communication is that it can be stored for future reference.

Eventhough the two different media has got their own strengths and weaknesses, both are equally used and equally important in an organisation’s communication process.

Direction of communication

The flow of communication in an organisation can be either inter-scalar or intra-scalar. Communication between two parties at the different managerial levels in an
organisation is inter-scalar and communication between two parties in the same hierarchial level is intra-scalar or horizontal communication. Inter scalar communication can be downward or upward.

**Downward communication**

It is the transmission of message from superior either in the same line of command or in the different line to the subordinates. This includes, (a) orders and instructions about job, (b) directions about understanding of job and its relationship with other jobs, (c) organisational policies and procedures (d) feed back of subordinate's performance, (e) reprimands, criticism etc. and (f) questions inviting upward communication

**Upward communication**

It is communication from subordinates to supervisors. It includes information about (a) subordinate’s work performance (b) problems relating to work, (c) performance appraisal of their subordinates, (d) feed back of understanding of orders, instructions etc., (e) classification of orders, (f) opinion, attitude, feelings etc. (g) procedures, methods, practices followed in doing the work (h) criticism (i) new ideas and suggestions and (j) Personal and family problems.

**Horizontal communication**

It is the communication between persons in the same hierarchial level of an organisation. It is usually the consultation of work and work atmosphere between peers.

**Barriers in communication**

A communication process may be obstructed with several hindrances. Some of the major obstacles in a communication process are as follows;

1) **Lack of clarity in the message**

Poorly expressed ideas, inadequate vocabulary, awkward sentences etc. disturbs a communication process.
2) Faulty Translation
Lack of linguistic capacity of the managers (supervisors) may result in faulty translation of the messages to their subordinates.

3) Premature Evaluation
Eventhough, a message is properly communicated, if it is not properly evaluated by the receiver, it makes the communication meaningless.

4) Inattention
If a receiver of communication is inattentive or in different towards the conveyed messages, then there is no use in communicating the ideas.

5) Organisational Rules and Regulations
Some organisations may have a rigid communication process, whereby it restricts the communication channels and censors certain messages. This prevents a free and fair communication process.

6) Complexity in the organisational structure.
If an organisation is too large and has a number of managerial levels to communicate, there is the possibility of delays in communications.

7) Attitude of superiors
If the superiors attitude towards communication is not favourable, then a smooth flow of communication is not possible in the organisation.

8) Insistence on Proper channel
If the superiors strictly adheres to the formal channels for communication. It may reduce the flow of informations and ideas to the organisation.

9) Lack of Time.
Lack of time is also a factor of hindrance in communication. Sometimes, superiors may not have enough time to interact with his people.
10) Lack of Awareness.

Lack of adequate knowledge of superiors about the significance and usefulness of communication also interrupts a smooth flow of communication.

Essentials of Effective communication.

Even though, it is not possible to eliminate the communication barriers completely, it is possible to minimise the effect of these barriers. Below mentioned are some guidelines for an effective communication process.

1) Precise objective

The communicator must have a precise and clear view about the objective of communication. He must clearly know the answers to, what to communicate? Whom to be communicated? How to communicate? and What he wants to accomplish from the communication?

2) Precise Language

Suitable language must be adopted in a communication process. The language used must be clear and understandable to the receiver. Right language must be used for right persons. For that superior must be familiarised with the language patterns of the different types of people in the organisation.

3) Adequate quantity of communication.

The quantity of message conveyed must be adequate (sufficient) to avoid gaps in communication. The subject matter of communications must be exchanged in the right quantity to save receivers from confusion.

4) Right Medium

Right medium is an essential thing in an effective communication process. The medium can be either Oral, Written, Audile or Visual. Whatever be the medium selected, it must be one that is highly influencing the receiver.
5) **Attentive Listeners**

Attentive listlessness are the assets of a communication process. The receivers of the communication need to be carefully listen the subject matter of communication for understanding it.

6) **Sound inter-personal relationship**

The development of inter personal relationships based on mutual respect, trust and confidence among the people in an organisation is essential for a perfect communication process.

7) **Supportive organisational policy**

The organisational policy must be favourable and encouraging towards the flow of communication.

8) **Evaluation**

There should be continuous programme of evaluating the flow of communication in different directions. This would trace out the problems in each areas, identify their causes and thereby enable the adoption of suitable corrective actions.

9) **Communications Training**

To improve communication, adequate training facilities can be provided to develop skills in oral and written communications like effective speaking and report writing. A right kind of training makes communication more effective.

An effective communication process help management in better utilisation of human potential by keeping people informed. To make plans into reality, the proposed plans must be effectively conveyed to the people for its execution. Knowledge alone could not do anything, knowledge plus effective communication skills can produce tremendous results.
Performance Appraisal

Improvement of productivity is the major concern of all organisations. What employees do or do not do, influences productivity and needs to be measured and evaluated. “Performance Appraisal, variously known as Performance Evaluation, Merit Rating, Efficiency Audit, Ability Record, Annual Confidential Report etc. is basically an annual excercise commissioned by the management to get to know how an employee has performed on the job during the reporting year”\(^\text{22}\). It is a systematic assessment of performance of the people working in an organisation by superiors or others familiar with their performance.

Effecient performance evaluation process is an excellent cost optimisation tool for any organisation. It distinguishes performers and non performers. This will help to sort out “wheat from the chaff” instead of carrying excess baggage and helps to retain best people with the organisation. A good Performance Appraisal System (PAS) serves an organisation in many ways, it identifies areas for further training, helps to determine promotions, transfers and placement, improves productivity and job performances, reduces grievances of employees and acts as a Feedback mechanism.

Methods of Performance Appraisal

Evaluation techniques vary with organisations. Every organisation will have its own unique system and method of appraisal. Some of the commonly used appraisal techniques are as follows;

1) Graphic Rating Scale

Here individuals are evaluated on the basis of quality or quantity of their work. In this, a graphic scale is used to mark the performance of the worker. The rater may note the performance of the employee as outstanding, above average, average, satisfactory etc.

2) Forced-choice Rating

This method contains a group of statement, from that the rater has to select

\(^{22}\) NIPM Personnel Update-December 1989, P.1
one which best fits the individual who is being rated. Thereafter the statements marked are weighted or scored. People who gets higher scores are considered better performers.

3) Group Rating

In this rater's in each supervisory unit will be assisted by a member of the HR Department in the rating process. The group discusses the rating procedures to be followed and arrives at a consensus. This method helps to adopt similar standards of performance evaluation in the organisation.

4) Ranking

Ranking is the oldest and simplest method of performance evaluation. In this a person is ranked against others on the basis of certain traits and characteristics.

5) Work-Standards Approach

In this method, management fixes targets or work standards that are to be accomplished by the employees. This result in an accurate appraisal of the work.

6) Critical Incidents Appraisal

In this method, behaviour of the people in different situations during the course of work will be recorded by the superiors in a book kept by them for this purpose. The actual incidents of negative or positive behaviour will be entered and the workers will be shown their faults at work for correction.

7) The Essay Appraisal

In this method, the rater prepares an essay on the subordinates' strengths weaknesses and so on. In case of selection, this sort of appraisal is sought from the previous employer.

8) Management By Objectives (MBO)

As against the work standards method, where the targets are fixed by the management, in the MBO method, the employees have to set their targets or arrive at...
consensus regarding the standards with their superiors. A major plus point of MBO is that it converts the organisational targets into individual targets and envisages a better achievement of these targets. MBO permits a manager or an employee to control his own performance standards. Self control enables a higher degree of motivation, a desire to do better rather than just to get by.

Whatever be the methods of performance appraisal selected, it must be properly implemented and monitored by the management for ensuring an effective performance appraisal system. An appraisal system is said to be effective when it contribute to management an information base regarding the overall assessment of its human power.

**Industrial Relations**

Industrial Relations refers to the nature of relationship between the employer and employee in an industry or in an organisation. The simple and direct relationships between employers and employees were aptly defined by Dale yoder as "Industrial relations are relationships between management and employees in among employees and their organisations that grow out of employment" the foremost objective of an Industrial Relations System (IRS) is to resolve the industrial conflicts that otherwise would jeopardise its development. It aims at maintaining industrial peace.

The concept of industrial relations was emerged as a result of industrial revolution. Prior to this there exists a master-servant relationship which was simple and personal in nature. With the advent of industrial revolution, the nature and techniques of production got completely transformed from small business units to that of large undertakings, whose operations required huge resources in money, men, technical skill, machinery, equipments and raw materials. This made the human relations aspect more complex and impersonal and widened the gap between employer and employees. Trade unionism emerged as a representing system of the employees. Trade unions plays a vital role in industrial relations. In view of self protection, self help and bargaining power, people organised under the banner of employee associations and trade unions. Governments also established many Rules and Regulations for safeguarding the interests of the working class. These four
parties, (1) Employer, (2) Employees, (3) Trade unions and (4) Government, pull a system of industrial relations.

**Importance of Good Industrial Relations**

Every organisation needs to maintain good industrial relations for ensuring industrial peace and avoiding labour unrest such as strikes, work stoppages, demonstrations, Gheraos and slogan shouting. Following points reveal the significance of good industrial relations in an organisation;

1) It improves efficiency and productivity of the organisation.

2) It helps in an optimum utilisation of organisational resources, including manpower.

3) It improves the quality of goods and services and reduces wastage.

4) Better relations promotes teamwork among the employees.

5) Through good relations, people can be made adaptable to the changing work conditions and technological developments.

6) Complexity in managing the workforce can be reduced.

7) Training and Development, Performance appraisal and all other HR related activities can be implemented with maximum cooperation from the employees.

8) Loyalty of the employees towards the organisation can be enhanced.

**Causes of Poor Industrial Relations**

Poor industrial relations produce negative results such as inefficiency, poor performance, conflicts, strikes, lockouts etc. So the management must be careful against these problems and must adopt suitable measures to maintain good human relations in the organisation. Following are some of the reasons behind poor industrial relations;

1) Unfavourable attitude of the management towards the workforce.

2) Inadequate fixation of wages.
3) Unhealthy working conditions
4) Lack of human relations skill on the part of supervisors and managers.
5) Heavy work load
6) Inadequate Welfare facilities
7) Introduction of technological and other changes without consulting the workforce.
8) Unfair HR practices.
9) Multiplicity of trade unions and fights between them.
10) Lack of workers participation in management
11) Dispute on sharing the gains of productivity.

**Essentials of good Industrial Relations**

In order to maintain good human relations, a favourable attitude from all the concerned parties is necessary. This is applicable in the case of industrial relations too. A poor industrial relation may be caused by the indifferent attitude of the employer or employees or both the parties. But it does more harm to the employer than to the employees. So the employer need to take initiative in maintaining good relations. Below mentioned are some of the conditions necessary for good industrial relations;

1) Employer must consider workers as a part of the organisation working for achieving its objectives
2) Workers must be given an equitable share of the gains of increased productivity.
3) Introduction of a suitable system of employees education at all levels as well as providing them with appropriate equipment where necessary.
4) Fair redressal of the employees' grievances such as matters regarding work conditions, facilities, attitude of the supervisors, wages, incentives etc.
5) Sufficient communication to keep the employees informed about decisions which affect their interests.

6) Providing employees with the opportunities to participate in the management.

7) Payment of fair wages and maintaining satisfactory working conditions and

8) Sufficient training must be given to the workers for better industrial and human relations.

A conflict free and harmonious work environment is an asset to any organisation. But these can be effected only through good human relations. For maintaining good human relations, an efficient system of communication is necessary. So a perfect IR activity should focus on integrating management and workforce and ensure that there is complete, open and trust building communication between them.

**HRM in the New Millennium**

Drastic changes are occurring in the business scenario in the world over due to globalisation and technological advances. These accelerated the intensity of competition among the business units and transformed the whole world into borderless market with diverse cultures and varying needs. Increasing knowledge accessibility due to augmented growth of I.T., made the customers well aware of the conditions of global market place and resulted in the empowerment of people within an enterprise- thus creating an increasing consciousness of quality of goods and services among consumers in one hand and consciousness of qualitative leadership in organisations on the other.

The rapid pace of changes happening in the business world made its management more complex. The two major issues before the business community are, (1) Total Quality Management (TQM) and (2) Total Cost Reduction (TCR). For effectively handling these two issues, it needs the service of highly competitive people. But best people are not abundant in supply. Hence for attracting and retaining best people, organisations, need to adopt innovative HR practices. Automation and other forms of modernisation are also required to assist the HR functions.
In order to face the challenges posed by globalisation and technological innovations, organisations will have to work hard to improve the performance of employees to ensure modern and qualitative products. If the products have to be modern and qualitative, people who design, manufacture and market have to be modern. HR managers must adopt modern processes in upgrading the knowledge base of their people. Employees must be trained, retrained and developed continuously to avoid incompetence and obsolescence. HR Managers must take adequate steps to encourage team work among the employees. Quick and efficient communication process must be established between all levels of management, workers and supervisors. People must be made flexible, adaptable and motivated for best results.

Today, the traditional HRM functions has been undergoing several changes in the wake of globalisation and I.T. revolution. Now many organisations are utilising modern sources of recruitment methods such as on-line recruitment, walk-in-interview, selection through job-website etc., in the place of traditional recruitment methods. Internet based training and on-line chat with management experts etc. were adopted against the traditional class room based training. Periodical training programmes were replaced by continuous learning process with the help of computers. Highly sophisticated techniques for performance appraisals, communication etc. were also developed for the empowerment of people in the organisation.

Human Resources Information System (HRIS) is an I.T. based storage and retrieval system developed and designed to assist the HR functions. HRIS is the first step towards every manager’s dream of “paperless office”. It is a powerful approach to simplify the work within HR functions. It collects, processes, stores and disseminate HR related informations such as individual requirements, payroll, benefits, compensation, appraisals etc. HRIS reduces the cost of managing HR by eliminating paper work and redundant data. It provides management with knowledge and intelligence about workforce that is current and accurate. This data base is also capable to assist management in the decision making process. All HR related computations and analysis can be performed readily and easily through HRIS.

Number of Indian companies have adopted the Human Resources Information System (HRIS) for their HR related activities.

The new environment at the work place is positive, open and democratic. It has conferred the workforce more freedom and opportunities for development. They are better informed and knowledgeable than before. The new generation managers are well aware of the merits of consensus in the management process. The progressive changes in the organisational atmosphere has accelerated the satisfaction of consumers by improved quality of goods and services.
CHAPTER III

Prospects of Public Sector Undertakings