
UNIT 1 INTRODUCTION TO HUMAN RESOURCE MANAGEMENT, PLANNING AND MANAGEMENT

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1.0 INTRODUCTION

In this unit we will be giving an introduction to human resource management and management as such what is and its importance etc. We start with human resource management within which we discuss building human organisations, essential functions of a HR manager and his roles in an organisation. This is followed by aims of human resource management within which we handle the need for human resource management, reservation about the HRM and the levers for change in human resource management. We then deal with the functions of HR management, its objectives and then go on to discuss human resource planning. Within this we differentiate between human resource planning and business planning and manpower planning etc. Then we take up the incidence and rationale for human resource planning and discuss under the title the organisational context, the labour market context and point out the aim of human resource planning and the process. Then we take up the definition and description of management and differentiate it from administration. Then we discuss the process of management followed by the common activities of management and principles of management. Then we put forth the problems of management in general.

1.1 OBJECTIVES

On completing this unit, you will be able to:

- Define HR management;
- Describe the aims of human resource management;
- Explain the functions of human resource management;
- Elucidate the development of human resource concept and the objectives of human resource management;
- Describe human resource planning;
- Elucidate the incidence and rationale for human resource planning;
- Define management;
- Differentiate between management and administration;
- Elucidate the process of management;
- Delineate the principles of management; and
- Analyse the problems of management.

1.2 HUMAN RESOURCE MANAGEMENT

Organisation require the following to be effective that is, the Physical resources, including the manufacturing facilities and equipment to produce a product or provide a service, Financial Resources including equity, leverage and retained earnings. Marketing capability to connect whatever products or services are created with customers and Human resources, including the experience, skills, knowledge, judgment and creativity belonging to the organisation along with the means of organising, structuring and rewarding these capabilities. Thus Human resource management involves all management decisions and practices that

directly affect or influence the people or the 'human resource' who works for the organisation and this resource in particular needs to be nurtured.

Human Resource planning on the other hand deals with determining how much human resources are required by the organisation to achieve its goals and objectives. It is concerned with the flow of people into, through and out of an organisation. Human resource planning involves anticipating the need for labour and the supply of labour and then planning the programmes necessary to ensure that the organisation will have the right mix of employees and skills when and where they are needed.

Once the human resource has been brought together by the organisation, it needs to manage them effectively. As you know, people are bundle of unconscious motives, feelings, thoughts and complexes. When two or more people come together to obtain a said objective, there are invariable problems. Thus managing human resource turns out to be highly challenging job for a manager. His/her effectiveness lies in how well he/she can take charge of people and realise the objectives and goals of the organisation more efficiently. Therefore with the process of planning, organising, directing and controlling the organisation's resources, the manager can achieve the organisation's goals and objectives.

Man is by far the most critical resource of an organisation. No amount of money, materials and machines can produce results by themselves. Men are needed to manage them. Machines can be programmed to take over routine, repetitive jobs, but only a human brain can design the machines.

1.2.1 Building Human Organisation

"Surround you with the best people you can find, delegate authority, and don't interfere" is the advice given by U.S. President, Ronald Reagan to practicing managers. Certainly useful advice except for the drawback that good people, leave alone the best, are so difficult to find "I just can't seem to find the right people" is an often heard lament from many a manager. It is indeed a paradoxical situation that we have so much unemployment on the one hand and on the other it is genuinely difficult to find the right sort of people. Therefore it is the people's dimension of the organisation that is taken into consideration, and we call it Human Resource Management (HRM).

The emphasis of HRM is on considering the following:

- Employees as assets rather than as costs.
- Adopting a strategic approach to invest in them to achieve higher value.
- To develop and manage the performance.
- Gaining their commitment to achieve the objectives of the organisation.

It is a psychological contract between management and employees. It should offer challenging and meaningful work in return for a loyal, committed and self motivated employee.

Thus, the attempt is to manage employees through proper strategy and develop a proper culture/climate in the organisation.

This only reinforces the fact that a good worker is a valuable asset to any company and, every manager must constantly be on the look out for people with potential and attract them to join his company.

An effective system of Human Resource Management (HRM) is the backbone of any efficient organisation. All business problems stem, directly or indirectly, from people problems. Unlike technology, which is to a very high degree controllable, unused or misused, human resources can turn out to be counterproductive to the organisation. Therefore, human resource functions have to be handled meticulously and efficiently to ensure the smooth working of any system.

The most important job of the HR Department is to create and maintain an atmosphere that facilitates performance and to develop an organisational culture that brings out the best in the people working in it.

When organisations are made up of people it is important

- To acquire their services,
- Develop their skills,
- Motivate them to high levels of performance and also
- To ensure their commitment to the organisation.

This will help in achieving the objectives of the organisation be it government, business, education, health, recreation or social activities.

Recruiting and keeping good people is very essential to the success of every organisation. The organisation which can acquire, develop, stimulate and keep outstanding workers will be both effective and efficient and do not face the risk of stagnating or going out of business.

Competent managers and workers are the basic requirements of any organisation so that they can co-ordinate their efforts toward an ultimate goal of the organisation; they both must work as a team because of the reasons given below:

- Human Resource is the most important asset and only an effective management can keep it successfully.
- The success can be achieved only if the personnel policies and the procedures of the organisation are closely linked to the corporate objectives and strategic plans.
- The corporate culture, the values, the organisation climate and the management behaviour will exert a major influence on the achievement of the excellence of the organisation functioning.
- HR must integrate all the members of the organisation to work with a sense of common purpose towards the organisation's goals.

Thus the HRM function is not restricted to the HR Department alone. It pervades all other functional areas as all the activities in the organisation are linked to people. This increases the responsibility of the HR managers. It is common to make the HR Department responsible for the organisation's failure and a higher degree of commitment are expected from the HR manager than from any other line manager.

1.2.2 The Essential Functions of a HR Manager

The essential features are:

- Human Resource Planning

- Human resource acquisition – recruitment, selection, induction
- Human resource utilisation – direction, leadership, placement, performance planning, performance appraisal.
- Human resource Maintenance/Sustenance – compensation, welfare, benefits.
- Human resource Exiting – Retrenchment, dismissal, retirement.

1.2.3 The Role of a HR Manager

In addition to the regular HR functions, HR manager has to perform the role of a counselor, guide and change agent. Maintaining the psychological balance of the employee by motivating and guiding him towards the goals in the best way possible is the responsibility of the HR manager. The role as a change agent is another sensitive function that the HR manager has to perform. Any change to be effected in the organisation has to be preceded by a change in the attitudes of the employees. The changes should first be made acceptable to the employees and they should be able to adjust to the new environment. The HR manager has to undertake this function to see that necessary help is available to the employees in the form of counselling, re-training, etc., to enable them to adjust to the changed situations.

Human Resource Management (HRM), more than any other area of management, is situational in nature. A lot hinges on the personal efficiency of the practitioner. The personal qualities of the manager play a more important role in HRM than in any other functional area. A HR manager is expected to possess such qualities as sensitivity, empathy, helpfulness, etc. A good understanding of people is essential to a HR person, as he has to deal with the behaviour of people, which has a direct bearing on organisational efficiency

Tom Peter (1985) says ‘that trust people, treat them like adults, enthuse them by lively and imaginative leadership, develop and demonstrate an obsession for quality, make them feel they own the business and your work force will respond with total commitment’. Douglas Mc Gregor also made a similar observation much earlier to this in 1960. He says that create the conditions such that the members of the organisation can achieve their own goals best by directing their efforts towards the success of the enterprise.

The roots of HRM can be traced to the work of Peter Ducker and Mc. Gregor 1950’s. Drucker was the person who invented Management by Objectives.

He wrote that an effective management must direct the vision and effort of all members towards a common goal. i.e., goal directed leadership. Drucker claimed that the personnel specialist tended to conceive his work as partly a file clerks job, partly a housekeeping job, partly a social worker and partly a person who can settle the union trouble. Actually to him, these are not the only role a HR manager should do. There is more to his role and if he perform it well the organisation can achieve great success.

Mc Gregor advocated “Management by integration and self control, partly as a form of management by objectives but more importantly as a strategy for managing people who affects the whole business.

He believes that management philosophy need to be built up based on attitudes and beliefs about people and the managerial role of achieving integration.

Therefore both Mc Gregor and Drucker paved the way to HRM philosophy that Human Resource policies and programmes must be built into the strategic objectives and plans of the business and must aim to get everyone involved in the achievement of these objectives and plans.

Self Assessment Questions

1) Define HR management.

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2) What are the functions of HR manager?

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3) What is the role of HR managers?

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4) What is management by integration and self control?

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1.3 AIMS OF HUMAN RESOURCE MANAGEMENT

- To utilise people to their full capacity and potentials.
- To integrate human resources policies with business plans and reinforce an appropriate culture and to reshape an inappropriate culture.
- Create an environment to release the latent talents (creativity and energy) of employees.

- Create conditions in which innovation, teamwork and total quality is fostered.
- To be flexible in pursuing excellence.

1.3.1 The Need for Human Resource Management

- Increasing international competition.
- Increasing complexities and size of the organisation need proper management of people.
- The technological revolution.
- To offer proper advancement and opportunities to highly potential employees.
- Address the values of workforce, which now wants to become more involved in the company's affairs.
- Meeting the career needs and life satisfaction of the employees
- Providing quality of work life.
- The changing demography of the work force (workforce diversity).

1.3.2 Reservations about Human Resource Management

How can Human power be treated as a Resource? Whether it is morally correct? It is felt that there is more manipulation of people in organisation and sometimes the organisation may be working against some values and interests of the employees' (maintenance of the machine, and adulteration in producing goods, etc.). How are these sort of ethical dilemmas addressed?

Opportunities and Threats: Human Resource Management is considered as an opportunity and not a threat.

Opportunity: Means to show one's expertise in furthering the business objectives and also meeting the needs, expectations and values of employees.

It provides an opportunity for HR Manager to be more involved in the formulation of business strategy. HR Managers are the actual organisation culture builders so they have to be creative and provide proper guidance and support to the workers.

Threat: It means that no manager should feel that he cannot handle the affairs of the organisation because of the various responsibilities he has to shoulder. He could consider these responsibilities as challenges and deal with them efficiently.

1.3.3 Levers for Change

With the help of this department a great amount of positive outcomes can be expected. That is an effective manager would attempt at bringing about change in the attitudes, behaviours, process, systems and structure. The personnel specialist along with the line management can make a major contribution to create and maintain an effective HR system. They have powerful levers on which change can be based.

1.3.4 HRM Strategy

This gives clear direction for long term Organisational development. To understand HRM strategy it is important to know some of the terms that we use in HRM.

- 1) **Organisation:** Restructuring the organisation and redesigning jobs to support strategic plans.
- 2) **Culture Management:** Practices, policies and styles of the management to develop and maintain the culture.
- 3) **Change Management:** Bringing in new ideas and devising programmes and methods of managing commitment, through training, counselling and guidance.
- 4) **Flexibility:** Adapting to new methods and enabling people to learn and use wide range of skills.
- 5) **Team Working:** Enhancing the ability of people to work with groups/teams by adjusting themselves and removing conflicts.
- 6) **Quality Management:** Managing the quality of the product through assessing the product frequently and improving the services.
- 7) **Resourcing:** Matching the human resources to the changing requirements.
- 8) **Human Resource Development:** Investing in developing the HR through proper training and development at all levels of the workforce.
- 9) **Performance Management:** This refers to evaluating the performance and checking the progress against the objectives of the organisation.
- 10) **Reward Management:** It is used to define performance expectation and to reward people for their contribution.
- 11) **Employee Relation:** to increase the co-operation between employees and to allow direct communication to employees.

Thus Management is a process of efficiently getting the jobs completed with and through other people.

The manager therefore has to plan, organise, lead and control the activities and accomplish the objectives. The efficiency of any manager would be determined by seeing as to how successful he/she is at completing the tasks given within the limited resources and people.

1.4 FUNCTIONS OF HRM

There are two major functions which the Human Resource Manager should perform.

Managerial Functions of HRM

- 1) **Planning:** Planning is the conscious determination of future course of action to achieve the desired results as to what one wants to achieve, when to achieve and how to achieve. Planning is related to objectives, setting of rules and procedures, determining the projects, setting policies, strategies and budgeting.
- 2) **Organising:** It is the process of dividing work into convenient tasks or duties. Grouping these to form the positions, then grouping of various positions into departments and sections, assigning duties to individual positions, and delegating authority to each position so that the work is carried out as planned.

- 3) **Staffing:** It involves manning the various positions created by the organising process. It includes preparing inventory of personnel available and identifying the gap between manpower required and available, sources from where people will be selected, selecting people, training and developing, fixing financial compensation, and appraising them periodically.
- 4) **Directing:** When people are available in the organisation, they must know what they are expected to do in the organisation. Directing includes communicating, motivating and leadership.
- 5) **Controlling:** It involves identification of actual results, comparison of actual results with expected results as set by planning process, identification of deviation between the two, if any, and taking of corrective action so that actual results match with expected results.
- 6) **Operative functions:** These are more specific activities like employment, development, compensation and maintaining relations.
- 7) **Employment:** It is securing and employing people. This is done with the help of the following:
- 8) **Job Analyses:** This is a process of analysing the needs of the job, who should be employed, with what qualification etc.
- 9) **HR Planning:** This process where, the management sees that required number of people and qualified people are available to the organisation whenever the need arises.
- 10) **Recruitment:** This is a process of attracting suitable candidates to apply for the jobs.
- 11) **Selection:** It refers to a process of selecting the right kind of people with right qualifications, experience, skill, according to the job demands.
- 12) **Placement:** In this, the selected candidates are assigned to the most suitable job.
- 13) **Induction and Orientation:** In this, the new employees are given an orientation on how the organisation functions where they fit in the organisation, the role they should play and they are also told about the practices policies and purposes of the organisation.

1.5 HUMAN RESOUCCE DEVELOPMENT

Here the main functions are performance appraisal, training and development, career planning, transfers, promotion etc. It is also a process of enhancing the skills, knowledge and aptitude, attitudes, values and commitment through training.

- 1) **Compensation:** The distribution of wages depending upon job evaluation, qualification etc.
- 2) **Human Relation:** This focuses on integrating people into work situation and to motivate them to work productively, co-operatively and with economic, psychological and social satisfaction.

1.6 THE OBJECTIVES OF HUMAN RESOURCE MANAGEMENT

In practice, human resource management achieves its purpose by meeting objectives. Objectives are benchmarks against which actions are evaluated. Sometimes these objectives are carefully thought out and expressed in writing. More often, objectives are not formally stated. In either case, objectives guide the human resources function in practice. To do this, objectives must recognise and balance the challenges presented by society, the organisation, the human resource function, and the people who are affected. Failure to address these challenges can harm the firm's performance, its profits, and even its survival. These challenges are identified in four objectives that are common to human resource management:

- 1) **Societal objectives:** To be ethically and socially responsible to the needs and challenges of the society, while minimising the negative impact of such demands upon the organisation. The failure of organisations to use their resources for society's benefit in ethical ways may result in restrictions. For example, society may limit human resource decisions through laws that address discrimination, safety, or other areas of societal concern.
- 2) **Organisational objectives:** To recognise that human resource management exists to contribute to organisational effectiveness. Human resource management is not an end in itself; it is only a means to assist the organisation with its primary objectives. Simply stated, the department exists to serve the rest of the organisation.
- 3) **Functional objectives:** To maintain the department's contribution at a level appropriate to the organisation's needs. Resources are wasted when human resource management is more or less sophisticated than the organisation demands. The department's level of service must be tailored to the organisation it serves.
- 4) **Personal objectives:** To assist employees in achieving their personal goals, at least insofar as these goals enhance the individual's contribution to the organisation. Personal objectives of employees must be met if workers are to be maintained, retained, and motivated. Otherwise, employee performance and satisfaction may decline, and employees may leave the organisation.

1.7 HUMAN RESOURCE PLANNING

When the strategic goals of an organisation have to be achieved, human resource planning helps in determining how much human resource is required to achieve them. Bulla & Scott(1994) have defined Human Resource as a process of ensuring that the human resource requirements of an organisation are identified and plans are made for satisfying those requirements. Organisations believe that their most strategic resource is 'people' and human resource planning activities is concerned with matching these resources to business needs in the longer term. Further it addresses the human resource needs in both quantitative and qualitative terms. Besides it also looks at broader issues relating to the ways in which people are employed and developed in order to improve organisational effectiveness. Thus it plays an important role in strategic human resource management.

1.7.1 Human Resource Planning and Business Planning

Generally, the human resource planning is an integral part of business planning i.e., The Strategic planning process should define projected changes in the scale and types of activities carried out by the organisation. The core competencies and skills needed by the organisation should also be identified.

However to make such kind of clear predictions for a long range plan is slightly difficult and these may restrict the feasibility of making such plan.

Besides, to a certain extent it is possible to predict the number of people required to achieve the strategic business plans, but it is difficult to interpret about the ways in which people could be developed and deployed more effectively to further the achievements of business goals. Moreover, focusing on any problems that might have to be resolved in order to ensure that the people required will be available and will be capable of making necessary contribution to the achievement of the goals is also difficult. According to Quinn Mills (1983) human resource planning is a “decision making process that combines three important activities.

- Identifying and organising the right number of people with proper skills.
- Motivating them to achieve high performance.
- Creating interactive links between business objectives and people planning activities.

Thus, in situations where a clear business strategy does not exist, human resource planning will have to rely more on making broad assumptions about the need for people in the future, or the planning process could focus on specific areas of activity within the organisation where it is possible to forecast likely future people requirement.

Hard and Soft Human Resource Planning: The former is based on quantitative analysis i.e., to see that the right number and sort of people are available whenever and wherever needed. Soft human resource planning is concerned with ensuring that people with right attitudes and motivation who are committed to the organisation and engaged in their work and behave accordingly are available when the organisation wants them. This planning is based on the assessments of the requirements for these qualities and also on the measurements of the extent to which they exist. Staff surveys, the analysis of the outcomes of performance, management reviews and opinions generated by the focus groups will help in obtaining these data.

The above information helps in planning for improving the work environment, providing opportunities to develop skills and careers and adopting a total reward approach which focuses on non-financial, ‘relational’ rewards as well as the financial ‘transactional’ rewards. They also lead to the creation of a high commitment management strategy which includes approaches such as creating functional flexibility, designing jobs to provide intrinsic motivation emphasising team work, doing away with hierarchies and status difference, increasing employment security, rewarding people on the basis of organisational performance and enacting organisational-specific values and a culture that bind the organisation together and gives it a focus. Soft human resource planning creates and shapes the culture, so that there is a clear integration between corporate goals and employee values, beliefs and behaviours.

1.7.2 Human Resource Planning and Man Power Planning

In comparison to the traditional quantitative approaches of manpower planning, human resource planning is concerned with broader issues about the employment of people. Such approaches derive from a rational top-down view of planning in which well tested quantitative techniques are applied to long term assessments of supply and demand. Today, there has been a shift from reconciling to the number of employees available with predictable stable jobs, towards a greater concern with skills, their development and deployment.

1.7.3 Limitations of Human Resource Planning

Human Resource Planning consists of three steps:

- Forecasting future people needs.
- Forecasting the future availability of people.
- Drawing up plans to match supply to demand.

Casson(1978) suggests that human resource planning should be regarded as firstly a regular monitoring activity through which human resource stocks and flows and their relationship to business needs can be understood, assessed and controlled, problems highlighted and a base established from which to respond to unforeseen events.

Secondly, it should be regarded as an investigatory activity by which the human resource implications of particular problems and change situations can be explored and the effects of alternative policies and actions investigated.

According to him, there is no great need for making estimations for the staff, because the ability to make these estimations become severely limited by the difficulty of predicting the influence of the external events.

Further Heller (1972) says that there is a risk in the estimation of the staff because sensible anticipation gets converted into foolish numbers, and their validity depends on large, loose assumption.

Thus Human Resource Planning should concentrate more on what skill will be needed in the future and provide a broad indication of the numbers required in the longer term, and sometimes it is also good to make short term forecasts keeping the activity level and skills requirements with a reasonable degree of accuracy. These kinds of predictions will generally be based on broad scenarios rather than on specific supply and demand forecasts.

Self Assessment Questions

- 1) Delineate the objectives of human resource planning.

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2) Discuss Human resource planning.

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3) Differentiate between human resource planning and business planning.

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4) What is meant by hard and soft human resource planning?

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5) What is the difference between Human Resource Planning and Man Power Planning?

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6) What are the limitations of Human Resource Planning?

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1.8 THE INCIDENCE AND RATIONALE FOR HUMAN RESOURCE PLANNING

Rothwell (1997) has pointed out that there is no research evidence which has pointed to the success of human resource planning, except in a few cases. She says that there is a gap between the theory and practice and this is because of the following reasons:

- The impact of change would make it difficult to predict the future – the need for planning may be in inverse proportion to its feasibility.
- The shifting of policy priorities and strategies within organisations.
- The distrust displayed by the managers – they prefer pragmatic adaptation to conceptualisation.
- The lack of evidence that human resource planning actually works.

Whatever may be the disagreements, it is not possible not to make some forecasts of human resource requirements as a basis for planning and action. A sensible anticipation can be made bearing in mind the major changes in the operation of an organisation because these can be usually foreseen. Thus, by keeping track of developments in the organisation, it is to some extent worthwhile to make Human Resource Planning, so that the organisation is in a better position to deal with resourcing problems in good time.

On the basis of research conducted by the Institute for Employment studies Reilly (1999) has suggested some reasons to why organisations should conduct some form of Human Resource Planning. They are categorised under three groups.

- Planning for Substantiative reasons:** The resource acquired earlier than needed can always be optimised by making them more flexible, by nurturing skills that take time to develop, identify potential problems and minimise the chance of making a bad decision.
- Planning because of the process benefits':** This involves understanding the present in order to confront the future, challenging assumptions and liberating thinking, making explicit decisions, which can be later challenged, and ensuring that long term thinking is not driven out by short term focus.
- Planning for Organisational reasons':** This is linking Human Resource Plans to business plans so as to influence the organisation, gain control over operating units and coordinating and integration organisational decision making and actions.

1.8.1 The Organisational Context of Human Resource Planning

The extent to which Human Resource Planning is used, and the approaches adopted, will be contingent on the extent to which the management recognises that success depends on forecasting future people requirements and implementing plans to satisfy those requirements. This will also be affected by the degree to which it is possible to make accurate forecasts. Thus organisations which work under turbulent conditions may rely on ad hoc and short term measures to recruit and keep people, but even here the organisation will benefit only when the Human Resource Planning policies are concerned with attracting and retaining the key staff.

1.8.2 The Labour Market Context

The markets in which the organisations are operating will be the actual internal labour market – the stocks and flows of people within the organisation who can be promoted, trained or redeployed to meet future needs – and then comes external labour markets. The external- local, regional, national and international markets from which different kinds of people can be recruited. There are usually a number of markets and the labour supply in these can vary considerably. Likely shortages will have to be identified so that steps can be taken to deal with them.

In these kinds of situations the organisations have to formulate ‘make or buy’ policy decisions.

- A ‘make’ policy means that the organisations prefers to recruit people at a junior level and train them to take promotions and meet the future needs.
- A ‘Buy’ policy means, the recruitment is done from outside – i.e., bring in fresh blood into the organisation.

However, the organisations tend to mix the two choices in varying degrees, depending upon the situation of the firm and the type of people involved. A highly entrepreneurial company operating in turbulent conditions, or one which has just started up, will rely totally on external recruitment. When dealing with knowledge workers, there will be a problem in obtaining them because they are highly mobile, and thus they are usually recruited from external source only. For example, Management consultants. Generally firms which can predict their people requirements accurately usually rely on developing their own staff once they have been recruited.

1.8.3 Aims of Human Resource Planning

The aims in any organisation will depend largely on the context. However, they will also be some typical aims for each organisation such as the following:

- Attract and retain the number of people required with the appropriate skills, expertise and competencies.
- Anticipate the problems of potential surpluses or deficits of people.
- Develop a well trained and flexible workforce, which contribute to the organisation’s ability to adapt to uncertain and changing environments.
- Reduces dependence on external recruitment particularly when there is shortage of key skills by formulating retention, as well as employee development strategies. Improve the utilisation of people by introducing more flexible systems of work.)

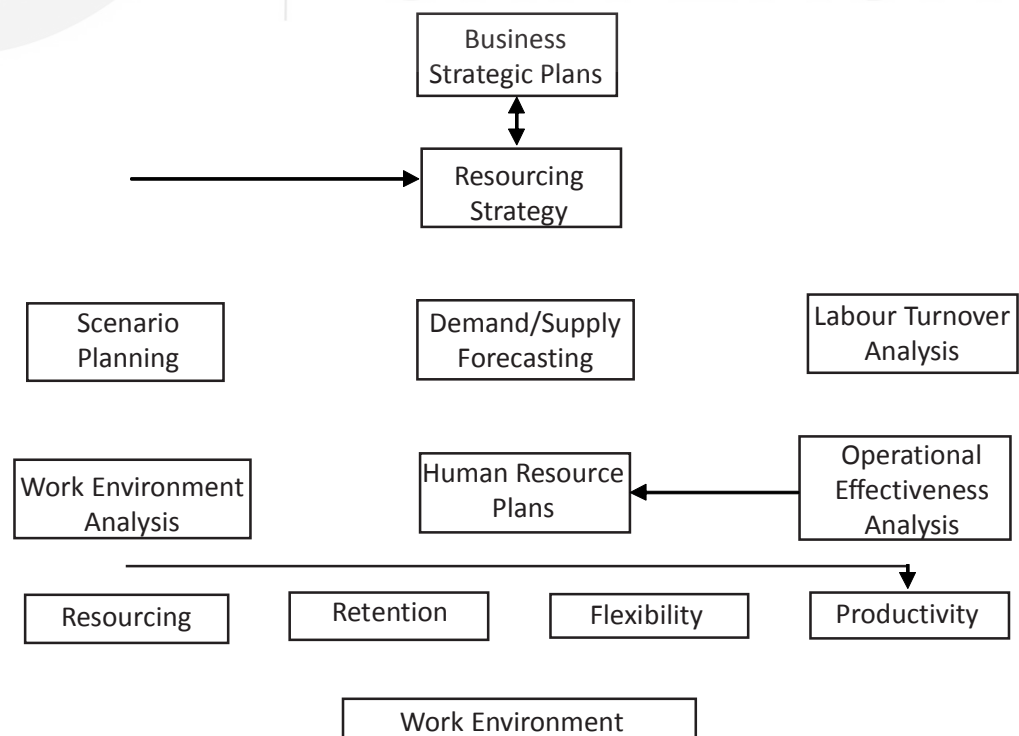
1.8.4 The Process of Human Resource Planning

The Process of Human Resource Planning need not necessarily be a linear one i.e starting from a business strategy and flowing logically through to resourcing flexibility and retention plans. It can be a circular one i.e. the process can start anywhere in the circle. For example, Scenario planning may impact on resource strategy which may in turn influence business strategy. Alternatively, the starting point would be demand and supply forecasts which form the basis for the resourcing strategy. The analysis of the labour turnover may feed into the supply forecast, but it could also lead directly to the development of retention plans.

Moreover, it cannot be always assumed that there will be a well articulated business plan as a basis of the Human Resource Plans. The Business strategy may be evolutionary more than deliberate; it may be fragmented, intuitive and sometimes incremental. So, resourcing decision may only be assumptions which may not be correct or cannot be tested, Further, there will also be certain reservations about the extent to which the process can be formalised. However, with the help of these assumptions certain broad statements of intent could emerge which may be sufficient to guide resourcing practice and would be better than nothing at all. The degree to which human resource planning can be carried out systematically will depend on the nature of the organisation i.e., If the future is predictably then, formal planning will be useful and if it is not then the organisation has to rely on broad scenarios rather than precise forecasts.

These processes are summarised below:

- i) **Business strategic plans:** This refers to defining future activity levels and initiatives demanding new skills.
- ii) **Resourcing strategy:** This refers to planning to achieve competitive advantage by developing intellectual capital - employing more capable people than rivals, ensuring that they develop organisation specific knowledge and skills, and taking steps to become an 'employer of choice'.
- iii) **Scenario planning:** This means assessing in broad terms where the organisation is going in its environment and the implications for human resource requirements.
- iv) **Demand/supply forecasting:** This means estimating the future demand for people (numbers and skills), and assessing the number of people likely to be available from within and outside the organisation.
- v) **Labour turnover analysis:** This refers to analysing actual labour turnover figures and trends as an input to supply forecasts.
- vi) **Work environment analysis:** analysing the environment in which people work in terms of the scope it provides for them to use and develop their skills and achieve job satisfaction.



Self Assessment Questions

1) What is the rationale for human resource planning?

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2) What is the organisational context of human resource planning?

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3) Discuss labour market context of Human Resource Planning.

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4) What are the aims of Human Resource Planning?

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5) Discuss resourcing practice.

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1.9 MANAGEMENT

Management is an integrating force in all organised activities. Whenever two or more people work together to attain a common objectives, they have to coordinate their activities. They also have to organise and utilise their resources in such a way as to optimise the results.

Thus management is a generic term and can be subjected to many definitions. However we are basically concerned with management as being responsible for the attainment of objectives taking place within a structural organisation and with prescribed roles. So this involves people working beyond themselves and exercising formal authority over the activities and performance of other people.

1.9.1 Management and Administration

There is often confusion over different interpretations of the two terms 'management' and 'administration'. One of the main reasons for this confusion is because of the translation taken from Fayol's book which was written in French. In the original book there was a direct English translation of administration but in later publications, the term management has been replaced with administration. Urwick says Fayol's meaning of the word 'administration' indicates a specific function which enters all tasks involving supervision of the work of others. It is not concerned with the status of those who exercise this function.

Dictionary definition also tends to see the two words as synonymous. Management is sometimes referred to as 'administration as business concerns' and administration as 'management of public affairs'. There is a clear overlap between the two terms and individual writers use these terms accordingly to their convenience.

Administration is skills used to refer to the highest level of management and to the functions of establishing the overall aims and formulating policy for the organisation as a whole particularly in public sectors. However for our purpose, administration is interpreted as part of the management process.

1.9.2 The Process of Management

Management is not a separate discrete function. It is undertaken at all levels of the organisation and relates to all the activities of the organisation. It is a process which is common to all other functions carried out within the organisation i.e. it is essentially an integrating activity. The overall responsibility of the management is to attain the given objectives of the organisation and within the framework of objectives; policy provides the guidelines for the operations and activities of the organisation.

Policy determines the manner in which the affairs of the organisation are to be conducted and it is the job of the Board of directors to establish the objectives and formulate the policy. It is their responsibility for determining the direction of the organisation as a whole and for its survival, development and profitability. Clarification of the objectives and policy is a prerequisite if the process of management is to be effective. Now we come to the point where we want to know what does the process of management actually involve and what activities does it encompass?

Management is a complex and discursive subject and it is not easy to find agreement on a simple yet comprehensive definition of management. Further, it is not homogeneous. It takes place in different ways and at different levels of the organisation. One approach favoured by classical writers is to analyse the nature of management and to search for common activities applicable to managers in all organisations.

1.9.3 Common Activities of Management

Fayol analysed the activities of industrial undertakings into six groups, “technical” (production manufacture and adaptation); “commercial”(buying, selling, exchange and market information); “financial” (obtaining capital and making optimum use of available funds); “security” (safeguarding property and persons); “accounting” (information on the economic position, stock taking, balance sheets, costs, statistics); and “managerial” (management as in administration)

The managerial activity is divided into five elements of management, which are defined as; to forecast and plan, to organise, to command, to coordinate and to control; Fayol’s description of these are:

- 1) **Planning:** To foresee; i.e., examining the future, deciding what needs to be achieved and developing a plan of action.
- 2) **Organising:** Providing the material and human resources and building the structure to carry out the activities of the organisation.
- 3) **Command:** Maintaining activity among personnel, getting the optimum return from all employees in the interests of the whole organisation.
- 4) **Coordination:** Unifying and harmonising all activities and effort of the organisation to facilitate its working and success.
- 5) **Control:** Verifying that everything occurs in accordance with plans, instructions, established principles and expressed command.

1.9.4 Principles of Management

Therefore Fayol suggests that a set of well established principles would help concentrate general discussion on management. He also emphasises that these principles must be flexible and adaptable to changing circumstances. Fayol has advocated fourteen principles of management though he feels that there is no limit to management principles. They are:

- 1) **Division of Work:** To produce more and better work from same efforts and also gain advantages of the specialisation, Fayol feels that there should be division of work. However there are certain limits one should not exceed in division of work which will be known to us when we obtain sufficient experience and a sense of proportion.
- 2) **Authority and Responsibility:** Responsibility invariably follows authority. The application of sanctions is essential to good management and is needed to encourage useful actions and to discourage their opposite. The best safeguard of abuse of authority is the personal integrity of the manager.
- 3) **Discipline:** This is essential for the efficient operation of the organisation. It is in essence the outward mark of respect for agreements between the organisation and its members. The manager must decide on the most appropriate form of sanction in cases of offences against discipline.

- 4) **Unity of Command:** In any action an employee should receive orders from one superior only, if not authority is undermined and discipline, order and stability are threatened. There would be perpetual conflict when there is dual command.
- 5) **Unity of Direction:** There should always be one head and one plan for any group of activities with the same objective, only then the organisation can provide unity of action, co-ordination and focusing of effort.
- 6) **Subordination of Individual interest to general interest:** The interest of the organisation should be the foremost, instead of the individual or group interest.
- 7) **Remuneration of Personnel:** The remuneration should as far as possible satisfy both employee and employer because methods of payment can influence organisational performance. Besides the method should be fair, encourage keenness by rewarding well directed effort, but not lead to over payment.
- 8) **Centralisation:** This is always present to some extent in any organisation. The degree of centralisation is question of proportion and will vary in particular organisations.
- 9) **Scalar Chain:** The chain of superior from the ultimate authority to the lowest ranks. Respect for line authority must be reconciled with activities which require urgent action and with the need to provide for some measure of initiative at all levels of authority.
- 10) **Order:** This includes material order and social order. The object of material order is avoidance of loss i.e., there should be an appointed place for each thing, and each thing in its appointed place, whereas social order involves an appointed place for each employee and each employee in his/her appointed place. Social order requires good organisation and good selection.
- 11) **Equity:** The desire for equity and for equality of treatment is aspirational to be taken into account in dealing with employees throughout all levels of scalar chain.
- 12) **Stability of tenure of personnel:** Generally, prosperous organisation has stable managerial personnel. But changes of personnel are inevitable and stability of tenure is a question of proportion.
- 13) **Initiative:** This represents a source of strength for the organisation and should be encouraged and developed. Tact and integrity are required to promote initiative and to retain respect for authority and discipline.
- 14) **Esprit-de-Corps:** This should be fostered as harmony and unity among members of the organisation is great strength in the organisation. The principle of unity of command should be observed. It is necessary to avoid the dangers of divide and rule of one's own team; and the abuse of written communication. Wherever possible verbal contacts should be used.

A number of these principles are directly influenced by the organisation structure in which process of management takes place.

1.9.5 Management as a Social Process

Brech was another person who defines management as: “A social process entailing responsibility for the effective and economical planning and regulation of the operations of an enterprise, in fulfillment of given purposes on tasks”. The responsibility involves:

- 1) Judgment and decision in determining plans and in using data to control performance and progress against plan;
- 2) The guidance, integration, motivation and supervision of the personnel composing the enterprise and carrying out its operations.

Thus Brech identifies *four main elements* of management:

- a) **Planning:** determining the broad lines for carrying out operations, preparing methods by which they are carried out and setting standards of performance.
- b) **Control:** checking actual performance against standards to ensure satisfactory progress and performance, and recording as a guide to possible future operations.
- c) **Co-ordination:** balancing and maintaining the team by ensuring a suitable division of work and seeing that tasks are performed in harmony.
- d) **Motivation or Inspiring Morale:** getting members of the team to work effectively, to give loyalty to the group and to the task, to carry out properly their tasks and to play an effective part in the activities of the organisation. Thus with this general inspiration, it is the process of supervision or leadership to ensure the teams are carrying out their activities properly.

Drucker's Definition

While describing management Drucker identified three tasks which are equally important but essentially different, but they have to be performed:

- Fulfilling the specific purpose and mission of the institution, whether business enterprise, hospital or university.
- Making work productive and the worker achieving.
- Managing social impact and social responsibilities.

Moreover, Drucker has also identified five basic operations in the work of the manager:

- 1) **Sets objectives:** determines objectives and the goals of each area of objectives and describes what needs to be done to achieve these objectives
- 2) **Organises:** analyses the activities, decision and relations required, classifies and divides work, creates organisation structure and selects staff.
- 3) **Motivates and communicates:** creates a team out of people responsible for various jobs
- 4) **Measures:** establishes targets and measurements of performance which focus on both the individual and the organisation as a whole.
- 5) **Develops people:** directs, encourages, and trains; how well subordinates develop themselves depends on the way a manager manages them.

These categories require a combination of analytical ability, synthesising ability, integrity, human perception and insight and social skills.

Drucker argues that the traditional definition of management based on the responsibility for the work of other people is unsatisfactory and too narrow, and emphasises a secondary rather than a primary characteristics. There are people, who are in responsible positions – who are clearly ‘management’ but do not have responsibility for the work of other people. According to Drucker who is a manager can be defined only by that person’s function and by the contribution he/she is expected to make. The one contribution a manager is expected to make is to give others vision and ability to perform; only if he/she can do this, we can call them managers.

Self Assessment Questions

1) Define management.

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2) Discuss the relationship between management and administration.

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3) Describe the process of management.

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4) Elucidate the common activities of management.

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5) What are the principles of management?

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6) Discuss management as a social process.

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7) Who according to Drucker is a manager?

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1.9.6 Other Definitions

There are numerous other definitions and most of them reflect the influence of a particular approach to management thinking. Simon for instance – sees management as synonymous with decision making, others feel that management is delegation or the tasks of management are to create teams out of individuals.

There as other definition such as the responsibility of management is to achieve results or management is the ordering and co-ordination of functions to achieve a given purpose. These definitions may all be correct as far as they go, but on their own they are too narrow or too vague to provide an adequate description of management.

1.9.7 A Popular view of Management

Whatever, Drucker expressed about management, one of the most popular ways of defining management is that it involves getting work done through the efforts of other people. Managers are judged, not just on their own performance but on the results achieved by subordinate staff. Therefore, there are many ways of looking at the meaning of management. The basic criteria established are by compromising between the ideas of some of the writers on the subject.

Steward attempts to integrate the various definition of management and summarises the manager's jobs, like the following definition.

“Deciding what should be done and then getting other people to do it”. A longer definition would be concerned with how these two tasks are to be accomplished.

The first task would be of setting objectives planning (including decision making) and setting up formal organisation.

The second consists of motivation, communication, control (including measurement) and the development of people.

So, the definition of management as “getting work done through the efforts of other people” may not perhaps meet all criteria, or satisfy everyone’s perception of the nature of management work. It does, however, have the advantage of simplicity and focuses on what is at the heart of management.

1.9.8 The Importance of ‘Management’

Drucker emphasises that “The responsibility of management in our society is decisive not only for the enterprise itself but for management’s public standing, its success and status, for the future of our economic and social system and the survival of the enterprise as an autonomous institution.

1.9.9 Management in Private Enterprise and Public Sector Organisations

There are differences between management in the private and public sectors. These differences arise due to particular features of the public sector organisation such as:

- The aims are concerned with providing a service for and for the well being of, the community rather than with just a commercial nature;
- The scale, variety and complexity of their operations;
- The political environment in which they operate and in the case of local government, the relationship between elected members and permanent officers.
- The high level involvement of the trade union.
- The difficulties in measuring standards of performance of services provided compared with profitability.
- The demand for uniformity of treatment and public accountability for their operations.
- The tendency of more rigid personnel policies.

A number of these features combine to result in increasing bureaucracy within public sector organisations.

Self Assessment Questions

- 1) Discuss the importance of management.

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2) What is the popular view of management?

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3) Differentiate between management in private and public sector organisations.

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1.10 GENERAL PROBLEM OF MANAGEMENT

Both private enterprise and public sector organisation face the same general problems like both are concerned with the efficiency and effectiveness of their operations, with clarification of aims and objectives, with the design of suitable structure, and with carrying out essential administrative functions. Basic principles of management apply in all activities of any organisation. However, the common activities apply to a greater or lesser extent in both private enterprise and public sector organisation.

Based on an analysis of management development in central and local government, Bourn suggests management as a set of interrelated activities:

- Forecasting, setting objectives and planning;
- The definition of problem that need to be solved to achieve these objectives;
- The search for various solutions that might be offered to these problems;
- The determination of the best or most acceptable solutions;
- The securing of agreement that such solution should be implemented;
- The preparation and issue of instructions for carrying out the agreed solutions;
- The execution of the solutions;
- The devising of an auditing process for checking whether such solutions are properly carried out and if they are, they should solve the problems for which they are devised;
- The design, introduction and maintenance of the organisational structures which are most appropriate for these activities;
- The selection, training, development and management of the appropriate staff.

These sets of activities are of equal relevance to management be it business sectors or government sectors. Although greater emphasis might be placed on certain activities this analysis helps to demonstrate that there is a greater degree of commonality between the basic process of management in both private and public sector organisations.

1.11 LET US SUM UP

Human Resource Management is defined as an activity of manager to see that the functions of the organisation are completed efficiently with and through other people, because when two or more people are involved, the management functions become more complicated because the organisation has to develop employees' skills, motivate them to high level of performance and ensure that they continue to serve the organisation with the same commitment to achieve the organisation's objectives. Thus to obtain such committed workers and attain the objectives of the organisation, human resource departments have to plan their resources. This can be done either by estimating the skill, knowledge, and experience of the internal resource or by checking out from where these virtues and qualities can be found in the external market. For this purpose the HR planners have to conduct extensive analysis and guide the organisation to procure the right kind and number of people to meet either the short term goals or the long term goals. Once they are procured, they must be managed. Thus let us examine what is management.

Management is a generic term and the subject to many interpretations. Our main concern is with management taking place within a structured organisation and with prescribed roles. It involves the exercise of formal authority over the work of other people. The nature of management is variable and is seen best as a process which permeates all other aspects of the organisation. Management can be distinguished from administration and it is not easy to find an agreement on the definition of management and since it is not homogeneous, it takes place in different ways in different levels of the organisations. One approach is to analyse the nature of management and to identity common activities. However the most popular definition of management is, getting work done through the efforts of other people. Although there are differences in management of the private & public sectors, both face the same general problems of management and apply the same basic principles.

1.12 UNIT END QUESTIONS

- 1) What is Human Resource Management?
- 2) What is the need for Human Resource Planning?
- 3) State the meanings of Management and delineate the principle of management.

1.13 GLOSSARY

Human Resource Management : This is the people dimension of the organisation which has to be properly nurtured if organisation wants to see success and survive in a turbulent environment.

- Human Resource Planning** : This is one activity of an organisation for procuring the right kind of people, in right numbers and at the right places so that the organisation can attain its objectives.
- Management** : An act of coordination between the different units and people in an organisation, so that the common objectives can be obtained.

1.14 SUGGESTED READINGS

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UNIT 2 TRAINING AND DEVELOPMENT

Structure

- 2.0 Introduction
- 2.1 Objectives
- 2.2 Meaning of Training and Development
 - 2.2.1 Training is Activity Leading to Skilled Behaviour
 - 2.2.2 Importance of Training and Development
- 2.3 Need for Training and Development
 - 2.3.1 Advantages of Training and Development
 - 2.3.2 Other Advantages of Training and Development
 - 2.3.3 Training, Development and Knowledge Acquisition
 - 2.3.4 Training and Development Promote Entrepreneurship
 - 2.3.5 Training, Development and Advanced Technology
- 2.4 Techniques and Methods of Training and Development
 - 2.4.1 Cognitive Methods
 - 2.4.2 Behavioural Methods
 - 2.4.3 Management Development Method
- 2.5 The Assessment of Training Needs
 - 2.5.1 Methods of Need Assessment
 - 2.5.2 Levels of Need Assessment
 - 2.5.3 The Basis for Needs Assessment
- 2.6 Training and Development Methods
- 2.7 Computer Based Training
- 2.8 Selection of a Technique
- 2.9 Evaluation of Training Programme
- 2.10 Let Us Sum Up
- 2.11 Unit End Questions
- 2.12 Suggested Readings

2.0 INTRODUCTION

Human resource and manpower is thought of as the total knowledge, skills, creative abilities, talents and aptitudes of an organisation's workforce, as well as the values, attitudes and benefits of an individual involved. An organisation's performance and productivity are directly related to the quality and quantity of its human resources.

To maintain the quality of human resource i.e. to perform its activities well, every organisation needs to have well trained and experienced people. As the employment in the fast growing present society becomes more complex the importance of training and development also increases. In this unit we will be dealing with training and development which are to enhance the skills and knowledge of the human resources in an organisation. In fact training and development will cover a large number of areas in terms of definitions, need for training and development and functions of such training and development. It also deals with types of training and techniques of training.

2.1 OBJECTIVES

After reading the lesson, you should be able to:

- Understand the importance of training and development in the organisations;
- Appreciate the assessment of training needs;
- Know the various methods of training; and
- Get an idea about training procedure in an organisation.

2.2 MEANING OF TRAINING AND DEVELOPMENT

Training is the act of increasing the knowledge and skills of an employee for performing the job assigned to him. It is a short-term process. After an employee is selected, placed and introduced in an organisation he must be provided with training facilities so that he can perform his job efficiently and effectively.

Development is a long-term educational process utilising an organised and systematic procedure by which managerial personnel learn conceptual and theoretical knowledge for general purpose. It covers not only those activities which improve job performance but also those activities which improve the personality of an employee.

Training is a learning process that involves the acquisition of knowledge, sharpening of skills, concepts, rules or changing of attitudes and behaviours to enhance the performance of employees.

2.2.1 Training is Activity Leading to Skilled Behaviour

Training knows how to reach what you want in life. It knows how to get where you want to go. Training is having the knowledge to do what you are dream of doing. It is a vision which one wants to achieve. Training is about knowing where you stand at present and where you will be after some point of time. Training is about the acquisition of knowledge, skills and abilities through professional development.

Training is a process of learning a sequence of programmed behaviour. It is the short term process which refers to instructions in technical and mechanical operations.

Development is a related process which covers not only those activities which improve job performance but also those which bring about personality development, progress and actualisation of their potential capacities. It is a long term educational process through which managerial personnel learn conceptual and theoretical knowledge for general purpose.

2.2.2 Importance of Training and Development

- 1) **It optimises human resource utilisation:** Training and development helps in optimising the utilisation of human resource that further helps the employee to achieve the organisational goals as well as their individual goals. It also helps to provide an opportunity and broad structure for the

development of human resources technical and behavioural skills in an organisation. It also helps employees attain their personal growth. It also helps in increasing the job knowledge and skills of employees at each level. It helps to expand the horizons of human intellect and an overall personality of the employees.

- 2) **Productivity:** Training and Development helps in increasing the productivity of the employees that helps the organisation further to achieve its long-term goal.
- 3) **Team spirit:** Training and Development helps in inculcating the sense of team work, team spirit, and inter-team collaborations. It helps in inculcating the zeal to learn within the employees.
- 4) **Organisation culture:** Training and Development helps to develop and improve the organisational health culture and effectiveness. It helps in creating the learning culture within the organisation.
- 5) **Organisation climate:** Training and Development helps building the positive perception and feeling about the organisation. The employees get these feelings from leaders, subordinates, and peers.
- 6) **Quality:** Training and Development helps in improving upon the quality of work and work-life.
- 7) **Healthy work environment:** Training and Development helps in creating the healthy working environment. It helps to build good employee, relationship so that individual goals aligns with organisational goal.
- 8) **Health and safety:** Training and Development helps in improving the health and safety of the organisation thus preventing obsolescence.
- 9) **Morale:** Training and Development helps in improving the morale of the work force.
- 10) **Image:** Training and Development helps in creating a better corporate image.
- 11) **Profitability:** Training and Development leads to improved profitability and more positive attitudes towards profit orientation.

Training and Development aids in organisational development i.e. Organisation gets more effective decision making and problem solving. It helps in understanding and carrying out organisational policies.

Training and development helps in developing leadership skills, motivation, loyalty, better attitudes and other aspects that successful workers and managers usually display.

2.3 NEED FOR TRAINING AND DEVELOPMENT

2.3.1 Advantages of Training and Development

- 1) **Optimum utilisation of human resources:** Training and Development helps in optimising the utilisation of human resource that further helps the employee to achieve the organisational goals as well as their individual goals.
- 2) **Development of human resources:** Training and Development helps to provide an opportunity and broad structure for the development of human

resources' technical and behavioural skills in an organisation. It also helps the employees in attaining personal growth.

- 3) **Development of skills of employees:** Training and Development helps in increasing the job knowledge and skills of employees at each level. It helps to expand the horizons of human intellect and an overall personality of the employees.
- 4) **Productivity:** Training and Development helps in increasing the productivity of the employees that helps the organisation further to achieve its long-term goal.
- 5) **Team spirit:** Training and Development helps in inculcating the sense of team work, team spirit, and inter-team collaborations. It helps in inculcating the zeal to learn within the employees.
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- 12) **Image:** Training and Development helps in creating a better corporate image.
- 13) **Profitability:** Training and Development leads to improved profitability and more positive attitudes towards profit orientation.

2.3.2 Other Advantages of Training and Development

Training and Development aids in organisational development i.e. Organisation gets more effective decision making and problem solving. It helps in understanding and carrying out organisational policies.

Training and Development helps in developing leadership skills, motivation, loyalty, better attitudes, and other aspects that successful workers and managers usually display.

Training and Development demonstrates a commitment to keeping employees on the cutting edge of knowledge and practice.

2.3.3 Training, Development and Knowledge Acquisition

Understanding the phenomenon of employee training and development requires understanding of all the changes that take place as a result of learning. As the

generator of new knowledge, employee training and development is placed within a broader strategic context of human resources management, i.e. global organisational management, as a planned staff education and development, both individual and group, with the goal to benefit both the organisation and employees.

Employee Training and Development and the Learning Organisation increase competitive advantage, the organisation needs to be able to create new knowledge, and not only to rely solely on utilisation of the existing. Thus, the continuous employee training and development has a significant role in the development of individual and organisational performance. The strategic procedure of employee training and development needs to encourage creativity, ensure inventiveness and shape the entire organisational knowledge that provides the organisation with uniqueness and differentiates it from the others.

Education is no longer the duty and privilege of those in higher positions and skilled labour, but it is becoming the duty and need of everyone. The larger the organisations, the more funds they spend on education and provide their employees with greater and diverse possibilities of education and development. Understanding the tremendous significance of education for the modern organisation and confident that it represents a good and remunerative investment, present day organisations set aside more and more resources for this activity. Most of the organisations invest 3 to 5% of their revenue into adult education. It is estimated that the organisations that desire to keep the pace with changes need to provide their employees with 2% of total annual fund of working hours for training and education. Thus, it is necessary to accept the model of permanent, continuous learning. That truth has been known for more than two centuries. Denis Diderot, a French philosopher and literate of the Age of Enlightenment, wrote the following:

‘Education shouldn’t be finished when an individual leaves school, it should encompass all the ages of life...to provide people in every moment of their life with a possibility to maintain their knowledge or to obtain new knowledge’.

The only way for present day organisations to survive is the imperative to innovate or perish. Since this depends on the knowledge the organisation possesses, this imperative could be read as: learn faster than competition. The logical sequence is: knowledge creation – innovation – competitive advantage. If knowledge is good, is it not true that the more knowledge we have, the better we are? Many organisations which consider knowledge as a good thing are trapped into the pitfall of gathering as much knowledge as possible.

Knowledge that is not necessary is exactly what it is: unnecessary. And the efforts to obtain it are wasted efforts. The only important knowledge is the knowledge with strategic importance to the company, knowledge that helps to increase the value of the company, knowledge with significance to the strategy of the company.

It is not about knowledge for the sake of knowledge, but rather knowledge according to the needs, applicable knowledge, knowledge to create innovation and competitive advantage.

Obtaining knowledge, learning, education, all could have a real effect on the quality of labour only if they are harmonised with the needs of a particular organisation, its goals and the goals of its employees. The further choice of

educational contents and educational methods, and the efficiency of educational effectiveness control depend on clearly defined educational goals and needs, answers to the questions of which knowledge is necessary to realise the strategy and the survival of the organisation in general, which employees need to possess this knowledge and will this knowledge solve certain problems.

2.3.4 Training and Development Promote Entrepreneurship

Employee training and development does not imply only obtaining new knowledge, abilities and skills, but also the possibility to promote entrepreneurship, introduce employees to changes, encourage the changes of their attitude, introduce the employees to important business decisions and involve them actively in the process of decision making. To precisely define expectations and attract skilled workforce, more and more employment advertisings offer a certain number of annual hours or days for education. The most wanted resources are the people with particular knowledge, skills and abilities. Managers must learn to manage them, and the organisations to employ and retain them. Knowledge based organisations must preserve their competitive advantage by retaining skilled workforce, workers of knowledge, strengthening their motivation and improving the reward and compensation systems according to the workers' performances.

Within the context of learning organisation, it is not sufficient for the worker only to add value to the organisation based on his knowledge, but he also has to receive knowledge. He gives as much knowledge as he receives. For the present day employees the wage by itself is not a sufficient incentive, but they also need investment into themselves in a sense of investing in their knowledge. Employees no longer do not work for money alone, nor can they be influenced by traditional attractive financial packages.

2.3.5 Training, Development and Advanced Technology

The need for training and development is because of the following reasons An increased use of new technology: in the present modern organisations advanced technology has come into use such as computers and equipment which need technological knowledge. To be familiar with this kind of advanced technology employees need to be trained.

- 1) **To give refresher training for old employees:** Employees are given refresher course which consists of issues of current scenario. By updating old employees about latest technology or present situations helps the organisations a great deal.
- 2) **To make the employees work in an effective way:** An employee can work effectively if his/her skills are matching with the requirements of the organisations. When a gap is found between employee skills and organisational needs training can help to remove it.
- 3) **Organisational viability and transformation process:** The capability of the organisation is influenced by the external pressures and the external environment is continuously changing. Therefore the organisation should train its employees to adapt to the changing external environment.
- 4) **To increase productivity and quality:** The productivity and quality of the organisation is increased when employees are up to date and skillful.

- 5) **To improve health and safety:** Most of the accidents in an organisation occur because of the deficient skills of the employee. When proper training is given to the employee to handle the equipment and machine in organisation accidents are reduced.

Self Assessment Questions

- 1) Define and elucidate the meaning of training and development.

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- 2) Elucidate the need for training and development.

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- 3) What are the advantages of training and development?

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- 4) How do training and development promote entrepreneurship?

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2.4 TECHNIQUES AND METHODS OF TRAINING AND DEVELOPMENT

There are various **methods of training**, which can be divided in to **cognitive and behavioural methods**. Trainers need to understand the pros and cons of each method, also its impact on trainees keeping their background and skills in mind before giving training.

Cognitive methods are more of giving theoretical training to the trainees. The various methods under Cognitive approach provide the rules for how to do something, written or verbal information, demonstrate relationships among concepts, etc. These methods are associated with changes in knowledge and attitude by stimulating learning.

The various methods that come under Cognitive Approach are:

- 1) **Lectures** : A lecture can be in printed or oral form. **Lecture** is telling someone about something. Lecture is given to enhance the knowledge of listener or to give him the theoretical aspect of a topic. Training is basically incomplete without lecture. When the trainer begins the training session by telling the aim, goal, agenda, processes, or methods that will be used in training that means the trainer is using the lecture method. It is difficult to imagine training without lecture format. There are some variations in Lecture method. The variation here means that some forms of lectures are interactive while some are not.

Straight Lecture: Straight lecture method consists of presenting information, which the trainee attempts to absorb. In this method, the trainer speaks to a group about a topic. However, it does not involve any kind of interaction between the **trainer and the trainees**. A lecture may also take the form of printed text, such as books, notes, etc. The difference between the straight lecture and the printed material is the trainer's intonation, control of speed, body language, and visual image of the trainer. The trainer in case of straight lecture can decide to vary from the training script, based on the signals from the trainees, whereas same material in print is restricted to what is printed.

A good lecture consists of introduction of the topic, purpose of the lecture, and priorities and preferences of the order in which the topic will be covered.

- 2) **Demonstration:** This method is a visual display of how something works or how to do something. As an example, trainer shows the trainees how to perform or how to do the tasks of the job. In order to be more effective, demonstration method should be accompanied by the discussion or lecture method.

To carry out an effective demonstration, a trainer first prepares the lesson plan by breaking the task to be performed into smaller modules, easily learned parts. Then, the trainer sequentially organises those modules and prepares an explanation for why that part is required. While performing the demonstration, trainer:

- Demonstrates the task by describing how to do, while doing
- Helps the focusing their attention on critical aspects of the task
- Tells the trainees what you will be doing so they understand what you will be showing them
- Explains why it should be carried out in that way
- The difference between the lecture method and the demonstration method is the level of involvement of the trainee. In the lecture method, the more the trainee is involved, the more learning will occur.

The financial costs that occur in the demonstration method are as follows:

- Cost of training facility for the program
- Cost of materials that facilitate training
- Food, travel, lodging for the trainees and the trainers
- Compensation of time spent in training to trainers and trainees
- Cost related to creating content, material
- Cost related to the organisation of the training.

After completing the demonstration the trainer provide feedback, both positive and or negative, give the trainee the opportunity to do the task and describe what he is doing.

- 3) **Discussions:** This method uses a lecturer to provide the learners with context that is supported, elaborated, explains, or expanded on through interactions both among the trainees and between the *trainer* and the trainees. The interaction and the communication between these two make it much more effective and powerful than the lecture method. If the Discussion method is used with proper sequence i.e. lectures, followed by discussion and questioning, can achieve higher level knowledge objectives, such as problem solving and principle learning.

The Discussion method consists a two-way flow of communication i.e. knowledge in the form of lecture is communicated to trainees, and then understanding is conveyed back by trainees to trainer.

Understanding is conveyed in the form of verbal and non-verbal feedback that enables the trainer to determine whether the material is understood. If yes, then definitely it would help out the trainees to implement it at their workplaces and if not, the trainer may need to spend more time on that particular area by presenting the information again in a different manner.

Questioning can be done by both ways i.e. the trainees and the trainer. When the trainees ask questions, they explain their thinking about the content of the lecture. A trainer who asks questions stimulates thinking about the content of the lecture. Asking and responding questions are beneficial to trainees because it enhance understanding and keep the trainees focused on the content. Besides that, discussions, and interactions allow the trainee to be actively engaged in the material of the trainer. This activity helps in improving recall.

- 4) **Computer Based Training (CBT):** With the worldwide expansion of companies and changing technologies, the demands for knowledge and skilled employees have increased more than ever, which in turn, is putting pressure on HR department to provide training at lower costs. Many organisations are now implementing CBT as an alternative to classroom based training to accomplish those goals.

Some of the benefits of Computer Based Training are:

- Provides instructional consistency
- Reduces trainee learning time

- Increases access to training
- Affords privacy of learning
- Allows learning at individual pace
- Allows the trainee to master the learning
- Reduces the cost of training

- 5) **Intelligent Tutorial System:** This Intelligent Tutorial system uses artificial intelligence to assist in training or tutoring the participants. This system learns through trainee responses.

Features of Intelligent Tutorial Systems (ITS)

- It selects the appropriate level of instructions for the participants
- It guides the trainees
- It is a text-based system
- It also evaluates the training program
- It also improves the methodology for teaching the trainee based on the information
- It is an interactive system
- It determines the trainee's level of understanding

Intelligent Tutorial System (ITS) comprises of five components:

- i) A domain expert also called the expert knowledge base
- ii) A trainee model – stores the information on how the trainee is performing during the training program
- iii) A scenario generator
- iv) A training session manager – interprets trainees responses and responds either with tutoring, more content or information
- v) A user interface – allows the trainee to communicate with the Intelligent tutorial System

- 6) **Programmed Instruction (PI):** Programmed instruction is a Computer-based training that comprises of graphics, multimedia, text that is connected to one another and is stored in memory.

Programmed instruction is the procedure of guiding the participants strategically through the information in a way that facilitates the most effective and efficient learning. It provides the participant with content, information, asks questions, and based on the answer goes to the next level of information i.e. if the trainee gives the correct answer; one branch moves the trainee forward to the new information. And if the trainee gives the wrong answer then different branch is activated, taking the trainee back to the review relevant information in more elaborate manner.

This method allows the trainees to go through the content according to the individual speed, and capability. Those trainees, who respond better, move through the content rapidly.

Programmed Instruction also comes in

- Printed form i.e. books
- Tape
- Interactive Video
- Other formats

In programmed instruction, trainees receive information in substantial amount and then tested on their retention of information. If the trainees are not able to retain the information, they are referred back to the original information. If the trainees retain the information, they are referred to the next log of information.

Some of the features of programmed instructions are:

- It provides immediate feedback to trainee response
- It frequently reviews the content
- It programs small learning steps that results in fewer response errors
- It allows trainees to move through the content at their own speed, or capability
- It requires frequent active responses by the trainees

- 7) **Virtual Reality** : Virtual Reality is a training method that puts the participant in 3-D environment. The three dimensional environment stimulates situations and events that are experienced in the job. The participant interacts with 3-D images to accomplish the training objectives. This type of environment is created to give trainee the impression of physical involvement in an environment. To experience virtual reality, the trainee wears devices, like headset, gloves, treadmills, etc.

Virtual Reality provides trainees with an understanding of the consequences of their actions in the work environment by interpreting and responding to the trainees' actions through its accessories:

Headset – provides audio and visual information

Gloves – provides tactile information

Treadmills – is used for creating the sense of movement

Sensory devices – transmits how the trainees are responding in the virtual workplace to the computer

This allows the virtual reality (VR) system to respond by changing the environment appropriately.

- 8) **Features of Virtual Reality (VR) System**

Some of the features of Virtual Reality System are:

- It is poorly understood – requires technical understanding
- It is expensive
- It is time consuming
- It is flexible in nature

- It does not incur traveling, lodging, or food cost
- It requires excellent infrastructure

2.4.2 Behavioural Methods

Behavioural methods are more of giving practical training to the trainees. The various methods under Behavioural approach allow the trainee to behave in a real fashion. These methods are best used for skill development.

The various methods that come under Behavioural Approach are:

- 1) **Games and Simulations:** Games and Simulations are structured and sometimes unstructured, that are usually played for enjoyment sometimes are used for training purposes as an educational tool. Training games and simulations are different from work as they are designed to reproduce or simulate events, circumstances, processes that take place in trainees' job.

A Training Game is defined as spirited activity or exercise in which trainees compete with each other according to the defined set of rules.

Simulation is creating computer versions of real-life games. Simulation is about imitating or making judgment or opining how events might occur in a real situation.

It can entail intricate numerical modeling, role playing without the support of technology, or combinations.

Training games and simulations are now seen as an effective tool for training because its key components are:

- Challenge
- Rules
- Interactivity

These three components are quite essential when it comes to learning.

Some of the examples of this technique are:

Business games, role plays, in basket technique, equipment stimulators and case studies.

Trainees can therefore experience these events, processes, games in a controlled setting where they can develop knowledge, skills, and attitudes or can find out concepts that will improve their performance.

The various methods that come under Games and Simulations are:

- 2) **Behaviour Modeling:** Behaviour Modeling uses the innate inclination for people to observe others to discover how to do something new. It is more often used in combination with some other techniques.

Procedure of Behaviour Modeling Technique

In this method, some kind of process or behaviour is videotaped and then is watched by the trainees. Games and simulation section is also included because once the trainees see the videotape, they practice the behaviour through role plays or other kind of simulation techniques. The trainee first

observes the behaviour modeled in the video and then reproduces the behaviour on the job.

The skills that are required to build up are defined:

- A brief overview of the theory is then provided to the trainers
- Then, trainees are given instructions that what specific learning points or critical behaviour they have to watch
- Then the expert is used to model the suitable behaviours
- Then, the trainees are encouraged to practice the suitable behaviour in a role play or through any other method of simulation
- Trainees are then provided with some opportunities to give reinforcement for appropriate imitation of the model's behaviour

In the end, trainer ensures that trainees appropriately reinforces the behaviour on the work place

Behaviour modeling focuses on developing behavioural and interpersonal skills. This type of method can be used for training in

- Sales training
- Interviewee training
- Interviewer training
- Safety training
- Interpersonal skills training

- 3) **Business Games:** With the increase in globalisation and changing technologies, many organisations are now moving from board games to computer based simulations, using interactive multimedia (IM) and virtual reality (VR).

Business games are the type of simulators that try to present the way an industry, company, organisation, consultancy, or subunit of a company functions. Basically, they are based on the set of rules, procedures, plans, relationships, principles derived from the research. In the business games, trainees are given some information that describes a particular situation and are then asked to make decisions that will best suit in the favour of the company. And then the system provides the feedback about the impact of their decisions.

Again, on the basis of the feedback they are asked to make the decisions again. This process continues until some meaningful results do not come out or some predefined state of the organisation exists or a specified number of trails are completed.

As an example, if the focus is on organisation's financial state, the game may end when the organisation reach at desirable or defined profitability level.

Some of the benefits of the business games are:

- It develops leadership skills
- It improves application of total quality principles

- It develops skills in using quality tools
- It strengthen management skills
- It demonstrates principles and concepts
- It explores and solves complex problem

Benefits of business games

- Leadership skills
- Management skills
- Quality tools
- Principles and concepts
- Total quality principles
- Solves complex problems

Many games and simulations examine the total organisation but only some focus on the functional responsibilities of specific positions in an organisation.

Business games simulate whole organisation and provide much better perspective than any other training methods. They allow trainees to see how their decisions and actions impact on the related areas.

- 4) **Case Studies:** Case Studies try to simulate decision making situation that trainees may find at their work place. It reflects the situations and complex problems faced by managers, staff, HR, CEO, etc. The objective of the case study method is to get trainees to apply known concepts and ideologies and ascertain new ones. The case study method emphasise on approach to see a particular problem rather than a solution. Their solutions are not as important as the understanding of advantages and disadvantages.

Procedure of the Case Study Method

The trainee is given with some written material, and the some complex situations of a real or imaginary organisation. A case study may range from 50 to 200 pages depending upon the problem of the organisation

Focus of case study method

Case Study method focuses on:

- Building decision making skills
 - Assessing and developing Knowledge, Skills and Attitudes (KSAs)
 - Developing communication and interpersonal skills
 - Developing management skills
 - Developing procedural and strategic knowledge
- 5) **In Basket Technique:** It provides trainees with a log of written text or information and requests, such as memos, messages, and reports, which would be handled by manger, engineer, reporting officer, or administrator. In this technique, trainee is given some information about the role to be played such as, description, responsibilities, general context about the role.

The trainee is then given the log of materials that make up the in-basket and asked to respond to materials within a particular time period.

After all the trainees complete in-basket, a discussion with the trainer takes place.

In this discussion the trainee describes the justification for the decisions.

The trainer then provides feedback, reinforcing decisions made suitably or encouraging the trainee to increase alternatives for those made unsuitably.

A variation on the technique is to run multiple, simultaneous in baskets in which each trainee receives a different but organised set of information. It is important that trainees must communicate with each other to accumulate the entire information required to make a suitable decision.

This technique focuses on:

- Building decision making skills
- Assess and develops Knowledge, Skills and Attitudes (KSAs)
- Develops of communication and interpersonal skills
- Develops procedural knowledge
- Develops strategic knowledge

Benefits of this In Basket Technique

- Decision making skills
- Knowledge, skills and Attitudes
- Communication and interpersonal
- Strategic knowledge
- Procedural knowledge

- 6) **Role Plays** : Role play is a simulation in which each participant is given a role to play. Trainees are given with some information related to description of the role, concerns, objectives, responsibilities, emotions, etc. Then, a general description of the situation, and the problem that each one of them faces, is given. For instance, situation could be strike in factory, managing conflict, two parties in conflict, scheduling vacation days, etc. Once the participants read their role descriptions, they act out their roles by interacting with one another.

Role Plays helps in

- Developing interpersonal skills and communication skills
- Conflict resolution
- Group decision making
- Developing insight into one's own behaviour and its impact on others

Benefits of Role Plays

- Interpersonal skills

- Communication skills
- Conflict resolution
- Developing insights
- Group decision making

There are various types of role plays, such as:

- Multiple Role Play:** In this type of role play, all trainees are in groups, with each group acting out the role play simultaneously. After the role play, each group analyses the interactions and identifies the learning points.
- Single Role Play:** One group of participants plays the role for the rest, providing demonstrations of situation. Other participants observe the role play, analyse their interactions with one another and learn from the play.
- Role Rotation:** It starts as a single role play. After the interaction of participants, the trainer will stop the role play and discuss what happened so far. Then the participants are asked to exchange characters. This method allows a variety of ways to approach the roles.
- Spontaneous Role Play:** In this kind of role play, one of the trainees plays herself while the other trainees play people with whom the first participant interacted before.

2.4.3 Management Development Method

The more future oriented method and more concerned with education of the employees. To become a better performer by education implies that management development activities attempt to instill sound reasoning processes.

Management development method is further divided into two parts:

- On the job training and
 - Off the job training.
- On the Job Training**

The development of a manager's abilities can take place on the job. The four techniques for on the job development are:

- Coaching
- Mentoring
- Job Rotation
- Job Instruction Technique (JIT)

- Off the Job Training**

There are many management development techniques that an employee can take in off the job. The few popular methods are:

- sensitivity training
- transactional analysis
- straight lectures/ lectures
- simulation exercises

Self Assessment Questions

- 1) Discuss the cognitive methods of training.

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- 2) Elucidate and describe the behavioural methods of training.

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- 3) What are the important characteristics of management method of training.

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2.5 THE ASSESSMENT OF TRAINING NEEDS

The success of training depends on the systematic needs assessment programme. Needs assessment finds out which employee needs to be trained and for what purpose they are trained. Therefore assessment phase sets the objectives for the purpose of training and the competencies required in trainees after completion of the training program.

2.5.1 Methods of Needs Assessment

The basis for needs assessment and source for gathering information and depend mainly on purpose of training.

- 1) **Performance deficiency:** When the purpose of training is to develop employees' performance in their present job, then the trainer looks at the present performance and identifies the performance deficiency or the areas where there can be a development. Sources of information here are supervisors, client's complaints, performance appraisal data objective measures of output or quality and special tests given to find out the present knowledge and skill of the employee.

- 2) **Individual or Group interviews:** These interviews are used to understand performance discrepancies and perceived training needs. They are helpful for anticipating future training needs, for prioritising training demands, or for ambiguous situations. The sources to gather information here includes supervisors, the trainees themselves and clients.
- 3) **Assessment centers:** This method is used when training is planned for current employees who are going for a promotion or transfer. The trainer will measure the demands of the future job and also assess if the ability of the employees to meet those demands. This is done by tests or supervisory ratings of relevant abilities.
- 4) **Trainings for new employees:** For new entrées training is designed based on analysis of job content and assumed characteristics of employees. The sources of collecting information here is scores on a job knowledge selection test given to applicants for the job.

2.5.2 Levels of Need Assessment

The success of training depends on the systematic needs assessment programme. Needs assessment finds out which employee needs to be trained and for what purpose they are trained. Therefore assessment phase sets the objectives for the purpose of training and the competencies required in trainees after completion of the training program.

2.5.3 The Basis for Needs Assessment

The basis and source for gathering information depend mainly on purpose of training.

- 1) **Performance deficiency:** When the purpose of training is to develop employees' performance in their present job, then the trainer looks at the present performance and identifies the performance deficiency or the areas where there can be a development. Sources of information here are supervisors, client's complaints, performance appraisal data objective measures of output or quality and special tests given to find out the present knowledge and skill of the employee.
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- 4) **Trainings for new employees:** For new entrées training is designed based on analysis of job content and assumed characteristics of employees. The sources of collecting information here is scores on a job knowledge selection test given to applicants for the job.

- 5) **Individual analysis:** The individual analysis attempts to determine which employees should receive training and what their current levels of skills and knowledge are. This can be done on an individual basis or on the entire work group with a specific job title. The trainer should keep in mind that that training should not be too simple or too complex. Attention must be focused on the prerequisites of basic skills as well as on existing job related skills and knowledge. Further, if individual analysis indicates a wide range of trainee skills and knowledge, the trainer can group employees into remedial groups and advanced groups and choose a training method that allows for self paced training or individualised instruction. This kind of variance should be recognised and planned before the training begins so that all trainees can have an appropriate and satisfying learning experience.

2.6 TRAINING AND DEVELOPMENT METHODS

Training and development techniques fall into three categories

- 1) **Content techniques:** to provide knowledge or information at cognitive level i.e. information processing techniques
- 2) **Process techniques:** to change attitudes, develop self-awareness and improve interpersonal skills. These are based on theoretical models of learning and behaviour change. e.g.; roles play behavioural modification and transactional analysis.
- 3) **Mixed techniques:** to provide both information-transmitting function and an attitude change function e.g.: conference, discussion, simulation and on the job training.

Another simple classification of training method is into two categories:

- i) On -the -job training methods and
 - ii) Off -the -job training methods
- i) **On- the–Job Training Methods**

These methods are more popular and most commonly used method used both in basic skills training and in management training and development. Under this method, the individual is placed on a regular job and taught the skills necessary for that job. The trainee learns under the supervision and guidance of a qualified worker or instructor. This method includes the following:

Job Rotation: In this type of training the trainees will shift from one job to another. It enables the employees to gain knowledge and experience from the trainers of the different job assignments. This method is common for training managers for general management positions. It facilitates the trainee to understand the problems of employees on the other jobs.

Coaching: The trainee employee will undergo training under a particular coach or supervisor. This coach provides feedback for the trainees on their performance and also gives suggestion for improvement. A major

disadvantage of this method is the trainee may not have the freedom or opportunity to express his own ideas.

Job instruction: This is also known as step by step. Here the trainer explains the trainee the way of doing the jobs and provides feedback to improve the performance of the trainee.

Team assignments: In this method a group of trainees are given and asked to solve an actual organisational problem. The problem is solved jointly by the team of trainees. This method helps to develop team work.

ii) **Off-the-Job Training Methods**

In this method trainee is separated from the job and is made to learn the information that is related to the job. Here the trainees are not disturbed by the job requirements as in on the job training methods. Therefore they can concentrate on the learning and get trained before starting the job. The following methods are part of off-the-job training:

Vestibule training: In this method the real work setting is simulated .the files and equipment used in actual work situation are also used here. Later the skills learned in the simulated setup are used in actual job.

The case method: Here the job situation is presented on the paper, and the group of trainees identifies the problems and offer solutions. Here trainees learn from each other and receive feedback on one another's performances.

The incident method: This is similar to the case method. In this method trainees only get know the outline of a particular incident. The trainees have an interaction with the trainer and seek information on the incident by asking questions. After seeking adequate information trainees attempt to solve the problem. Later at the end of the session the trainer gives all the information and trainees compare their solution based on the complete information.

Role playing: This method is the human interaction that involves realistic behaviour in imaginary situations. The members play a role of certain characters such as manager, supervisor, workers etc. this method is mostly used for developing inter-personal interactions and relations.

Experiential exercises: This technique incorporates elements of both case study and role playing. Trainees examine their responses first as individuals, then with the members of their own groups or teams, and finally with larger group and with the trainer.

Conference or Discussions: This involves a group of people who give ideas, examine and share information which help the trainee to improve his job performance.

Programmed Instruction: This is a popular method of recent times. In this the subject matter which has to be learned is presented in a series of carefully planned sequential units. These units are arranged from simple to complex levels of instruction. The trainee goes through these units by answering questions or filling the blanks.

Self Assessment Questions

- 1) Discuss on the job training methods.

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- 2) Describe the off the job training methods.

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- 3) How do we assess the training needs?

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2.7 COMPUTER BASED TRAINING

In the present advanced technological society the medium of training is shifting from classroom training towards learner centered, technology mediated training that is Computer Based Training.

Computer Based Training is presentation of text, graphics, video, audio via computer for the purpose of building job relevant knowledge and skill. Common forms of CBT includes multimedia learning environments, intranet and web-based instruction, e-learning, virtual reality training etc.

This method consists of two features: 1) Customisation: in which programs can be adapted based on characteristics of the learners, and 2) learner control: in which learners may modify the learning environment to suit their own purposes.

Therefore CBT represents adaptive learning, its flexibility, and its potential cost savings is making this method of training more popular.

2.8 SELECTION OF A TECHNIQUE

A training method is only successful if it is used suitably. For effectiveness of a method it should first define what trainees need to learn and then choose a

particular method that best fits these needs. If the trainers choose the method first and then try to fit in the needs of the employees it will result in wastage of time, money and human resources.

In order to select a particular training method or technique the following checklist can be useful. A technique is adequate to the extent that it provides the minimal conditions for effective learning to take place. To do this, a technique should

- Motivate a trainee to improve his or her performance.
- Clearly illustrate desired skills
- Provide for learner's active participation
- Provide an opportunity to practice
- Provide feedback on performance while the trainee learns
- Provide some means to reinforce the trainee while learning
- Be structured from simple to complex tasks
- Be adaptable to specific problems
- Enable the trainee to transfer what is learned in training to other situations.

The trainers can apply this checklist to all proposed training methods. After selecting the appropriate training method the prior planning, design and actual implementation is an important aspect for the success of the training technique.

After selection of technique the final step is to evaluate the training programme which is discussed in the next section.

2.9 EVALUATION OF TRAINING PROGRAMME

The basis of evaluation and the mode of collection of information necessary for evaluation should be determined at the planning stage. The process of training evaluation has been defined as "any attempt to obtain information on the effects of training performance and to assess the value of training in the light of that information.

The need for evaluation of training programme

There are *four reasons* to evaluate training

- To make decisions about the future use of a training program or technique(e.g.: continue, modify, eliminate)
- To make decisions about individual trainees(e.g.: certify as competent, provide additional training)
- To contribute to a scientific understanding of the training process, and
- To further political or public relations purposes (e.g.: to increase the credibility and visibility of the training function by documenting success)

The above reasons may be summarised as decision making, feedback and marketing, the need for evaluation is also important to know the efficiency or cost effectiveness of the training method.

2.10 LET US SUM UP

Training is a vital part of the organisation. With the changing technology and globalisation training has become imperative. This lesson explains the assessment of training needs. The various methods of training are also discussed and the method of evaluating the training is studied.

2.11 UNIT END QUESTIONS

- 1) What is the meaning of training and development?
- 2) How does training lead to skilled behaviour?
- 3) Elucidate the needs for training and development in an organisation
- 4) Describe the various methods of training and development.
- 5) What methods do we use to assess the training needs?
- 6) Describe computer based training.
- 7) What criteria will use for selection of a technique of training?
- 8) Discuss evaluation of a training programme.

2.12 SUGGESTED READINGS

Armstrong, M., (2006) *Human Resource Management Practice*. 10th edition, London, Kogan Page

Cascio. W,F.,and Agunis. H., (2008) *Applied Psychology in Human Resource Management*, 6th edition New Delhi, Prentice Hall.

UNIT 3 **WORKFORCE DIVERSITY AND MULTICULTURAL FACTORS**

Structure

- 3.0 Introduction
- 3.1 Objectives
- 3.2 Diversity in Organisations
 - 3.2.1 Nature and Definition of Diversity
 - 3.2.2 Reasons for the Emergence of Diversity
- 3.3 Specific Characteristics and Dimension of Diversity
 - 3.3.1 Age
 - 3.3.2 Gender
 - 3.3.3 Ethnicity
 - 3.3.4 Education
 - 3.3.5 Others
- 3.4 Secondary Dimension of Diversity
- 3.5 The Value of Diversity
- 3.6 Managing Diversity
 - 3.6.1 Individual Approaches to Managing Diversity
 - 3.6.2 Organisational Approach to Managing Diversity
 - 3.6.3 Identification of Skills, Interest and Aspiration of the Person
- 3.7 Multicultural Factors
 - 3.7.1 Creating a Multicultural Organisation
 - 3.7.2 Characteristics of Multicultural Organisation
- 3.8 Stages in the Creation of a Multicultural Organisation
 - 3.8.1 Exclusionary Organisation
 - 3.8.2 Club Organisation
 - 3.8.3 Compliance Organisation
 - 3.8.4 Affirmative Action Organisation
 - 3.8.5 Redefining Organisation
 - 3.8.6 Multicultural Organisation
- 3.9 Multicultural Organisation as a Competitive Advantage
- 3.10 Let Us Sum Up
- 3.11 Unit End Questions
- 3.12 Suggested Readings

3.0 INTRODUCTION

Organisations are becoming increasingly global and diverse, as a result of which the composition of the workforce is changing. It is the responsibility of the management to deal with the increasingly diverse workforce and develop ways to manage the issues that come with it. In this unit we will discuss the nature of diversity, the reasons for its emergence, the specific characteristics and dimensions of diversity and its value in organisations. We will also discuss the management of diversity in a multicultural organisation and how diversity can be used for competitive advantage in the business world.

3.1 OBJECTIVES

On completing this unit, you will be able to:

- Define and describe diversity in organisations;
- Explain the reasons for the emergence of diversity;
- Elucidate the specific characteristics and dimension of diversity;
- Explain secondary dimension of diversity;
- Analyse the value of diversity;
- Explain how to manage diversity;
- Define and describe multicultural factors;
- Delineate the stages in the creation of multicultural organisation; and
- Analyse multicultural organisations as a competitive advantage.

3.2 DIVERSITY IN ORGANISATIONS

3.2.1 Nature and Definition of Diversity

Workforce Diversity is defined as *“the similarities and differences in such characters as age, gender, ethnic heritage, physical abilities and disabilities, race and sexual orientation among the employees of organisations”*.

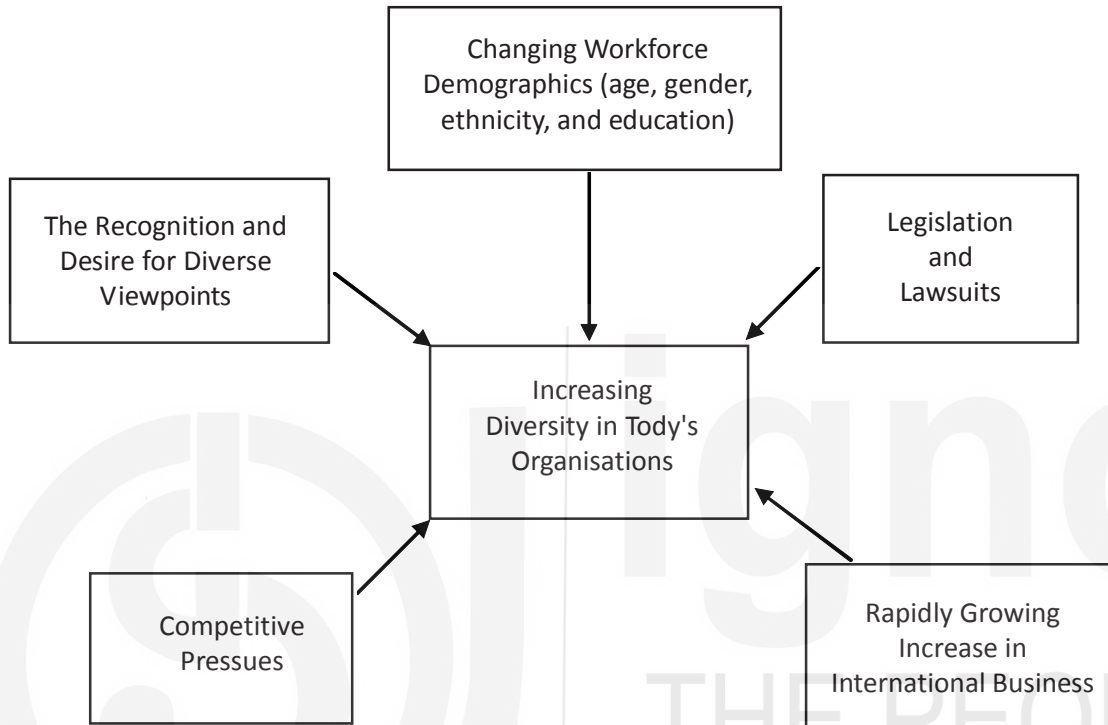
Workforce diversity is also known as ‘cultural diversity’ and ‘cultural variety’. Diversity in the organisational context refers to the differences in gender, race and ethnicity in the composition of the workforce. In a broader context, it refers to a mixture of items, objects or people that are characterised by differences and similarities i.e. diversity refers to the recognition of the fact that people are essentially different from each other. People may be similar but no two people are the *same*. Therefore, managers have to be able to deal with both similarities and differences among the employees. Diversity influences employees’ conceptions of work, expectations of rewards from the organisation and practices in relating to others in the organisation. One of the key challenges for managers in the 21st century will be to manage the opportunities and difficulties that form a part of multicultural organisation.

Two important concepts in the management of diversity in organisations are ‘stereotypes’ and ‘prejudices’. A stereotype is a generalisation about a person based on certain characteristics and traits. Managers could stereotype people on the basis of age, race, gender, ethnic origin, etc. and treat them accordingly. However, stereotyping is dangerous as it causes managers to ignore individual differences between people and to judge them without taking into consideration the current situation. Stereotyping can lead to prejudices, which can be explained as the judgments that people make about others that reinforce beliefs about inferiority and superiority. Prejudices cause managers to make assumptions about the nature of others that may or may not be true. It becomes even more dangerous when managers build job descriptions, reward systems and policies based on the stereotypes and prejudices. Therefore, it is very important to avoid stereotypes and prejudices in a diverse organisation for its effective functioning

3.2.2 Reasons for the Emergence of Diversity

There are broadly five main reasons for the emergence of organisational diversity in recent years.

These include changing workforce, legislation and lawsuits, rapidly growing increase in international business, The recognition and desire for diverse viewpoints, and competitive pressures. These are depicted in the diagram given below.



- 1) **Changing Demographics:** Over the years, the composition of the workforce has changed in the business world. Older workers, women and ethnic minorities have entered the workforce. This causes managers to have to deal with a workforce that is quite different from a traditional workforce of young, male employees. The needs of all these different categories of workers have to be kept in mind in developing policies as work.
- 2) **Legislation and Lawsuits:** Several laws have been passed in different countries to prevent discrimination between employees, and to provide equal opportunities to all without differentiating on the basis of age, gender or ethnicity. Therefore organisations are legally required to accommodate a diverse workforce.
- 3) **Growth of International Business:** More and more organisations are entering the international business arena. This results in greater cultural diversity because as companies expand, they have to become accustomed to working with different cultures, customs and social norms.
- 4) **Competitive Pressures:** Diversity places an important role in giving companies competitive advantage in the market. Companies that hire and work with a diverse workforce have a greater chance of understanding their

markets better because of the availability of diverse view points and therefore, are able to develop products and services that meet market requirements.

- 5) **Desire for Diverse Viewpoints:** As described in the previous point, companies that actively try to develop a diverse work force gain a competitive advantage in terms of being able to develop better products and services for the market. In addition to this, organisations that have a reputation for ‘celebrating diversity’ attract better quality of workers. Diverse organisations show that they desire and value of diverse points of view, which allows them to not only develop better products and services but also to develop a richer work culture.

3.3 SPECIFIC CHARACTERISTICS AND DIMENSIONS OF DIVERSITY

Diversity is composed of a number of demographic characteristics, of which the most commonly recognised primary dimensions are age, gender, ethnicity and education. An understanding of these characteristics is necessary for a complete understanding of the nature of diversity.

3.3.1 Age

Workers in organisations have a wide age range. We find workers as young as in their early 20s and also people nearing 60. In private organisations, there may be people working even after they have crossed 60, as many private organisations do not have a mandatory retirement age. This results in a diverse workforce with diverse needs. The way young workers perceive their jobs and rewards is quite different from the way older workers perceive them. Therefore, organisations and managers have to make an effort to ensure that they do not discriminate on the basis of age.

3.3.2 Gender

Gender roles have been changing in society and a large number of women, who as educated as men have entered the workforce. By a general estimate, women make up about half of the workforce in organisations. Organisations therefore must guard against discriminating on the basis of gender. Two important concepts in gender diversity are Equal Pay for Equal Work and the Glass Ceiling effect. The Equal Pay for Equal Work concept indicates that men and women who do the same work should also be paid the same salary. There should not be a discrimination against women because of their gender. Many developed countries have passed laws to enforce the equal pay for equal work concept. The Glass Ceiling effect is a term used in reference to women’s being prevented from receiving promotions into top management positions. Although this is not done openly, it is seen in some sectors that women cannot progress beyond a certain level of seniority within organisations.

3.3.3 Ethnicity

As organisations become more global in nature, there is bound to be a greater mix of people from different races in the workforce. Changing racial patterns of the workforce indicate greater diversity. Managers are challenged to deal with ethnic factors in terms of policies and practices concerning pay and promotions

and ensure that people of given equal opportunities, regardless of their ethnic origin. Managers must also try to create a culture of inclusiveness where people of all races feel supported and comfortable.

3.3.4 Education

The workforce in an organisation consists of people of different qualities and qualifications. On one side are the employees who are highly educated and on the other are the lower rung or blue collared workers. But regardless of the level of education, it is responsibility of organisations to keep all their workers abreast of the latest technology and knowledge requirements. Managers need to identify the skill and competence level of each employee in order to design programmes for the development.

3.3.5 Others

In addition to the basic aspects like age, gender, ethnicity and education, there are other factors associated with diversity. Some of the other factors are language, sexuality and disabilities. An inclusive organisation is one which recognises these differences in people and creates a culture which embraces and promotes diversity to the advantage of all.

3.4 SECONDARY DIMENSIONS OF DIVERSITY

In addition to the above described primary dimensions, there are secondary dimensions. Secondary factors are those aspects that matter to employees as individuals, and to some extent define them to others but which are less permanent than the primary dimensions and can be changed or adapted. These include factors like marital status, geographic location, socio-economic status, religious beliefs, military experience, etc. The impact of secondary experiences varies at various times of our lives. For example, a married person with children may find it difficult to travel frequently on work, while a single person may find the travel exciting. Managers need to keep all these differences between employees in view in trying to design jobs and managerial policies.

Self Assessment Questions

- 1) Elucidate nature and definition of diversity in organisations

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- 2) Discuss the reasons for emergence of diversity.

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3) What are the specific characteristics and dimensions of diversity?

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4) What is secondary dimension of diversity?

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3.5 THE VALUE OF DIVERSITY

For several years in the past, organisations have had a fixed culture, and expected all their employees to conform to the existing culture and value system. Uniformity in the workforce was given importance and employees who were different from the majority were expected to change to fit in with the organisational requirements. This is known as 'assimilation'. Assimilation can be defined as a process through which members of a minority group are forced to learn the ways of the dominant group. Within the organisational context, assimilation happens when people of different types and backgrounds are hired and then made to mold themselves into the existing organisational culture. For example, an organisation may enforce an English-only policy, where all employees are expected to speak and use only English in the workplace, regardless of their background.

Many organisations develop performance evaluation and incentive programmes that reinforce the values of the dominant group. The dominant group generally reflects the majority composition of the workforce. For instance, for an organisation in Germany, the dominant group is likely to be composed of Germans. Over time, the dominant group could become representative of the workforce and the needs of the other employees are ignored.

However, since the late 1970s, organisations have been becoming more diverse as different kinds of people from different kinds of backgrounds have started entering the workforce. Organisations also realised that expecting all employees to commit to a set of predetermined systems was impractical, as people are essentially different, and what works for one person may not work for another. Besides, employees were usually slow to change and showed a certain amount of resistance to change. Therefore, it became necessary for organisations to not only accept diversity but also to embrace it as a positive factor.

Today, organisations have come to realise that the composition of the workforce affects organisational productivity. Managers can try to improve organisational

performance by taking advantage of the variety of talents, perspectives and backgrounds of their employees. In other words, organisations have started valuing diversity.

Valuing diversity means putting an end to the belief that any person who is not a member of the dominant group must assimilate. Organisations that truly value diversity, not only tolerate differences in the composition of the workforce, but also encourage it. Valuing diversity is an opportunity for an organisation to develop and utilise all the human resources available to the organisation in the best possible way. Valuing diversity allows the organisation to benefit from the richness of ideas and perspectives that give it an advantage over competitors. Fresh perspectives can result in the development of a new product, opening of new markets or improving service to existing customers. Another advantage in valuing diversity is that there is less interpersonal conflict between the employees of the organisation as all employees feel valued and needed. This creates better teamwork and a greater commitment to organisational goals.

3.6 MANAGING DIVERSITY

There are a number of approaches that organisations can take to manage diversity. These can be divided into individual approaches and organisational approaches.

3.6.1 Individual Approaches to Managing Diversity

There are two main aspects that come under the individual approaches to managing diversity. These are 'learning' and 'empathy'.

- 1) **Learning:** Learning involves gaining real or simulated experience in situations that involve dealing with diversity. Many managers are unprepared to deal with diversity, either because they have had no experience in managing diversity or because they are unsure of how to respond to a situation. In order to meet this challenge managers must make a conscious effort to learn and experience as much as they can about developing appropriate behaviour.
- 2) **Communication:** One very important factor, which helps managers learn how to deal with diversity, is *communication*. Managers must continuously communicate with people of different ages, racial backgrounds and those with disabilities in order to understand them better. This way they can gain valuable insights into the different personal values of people and thereby understand how different people like to be treated. For example, it has been observed that people with disabilities usually do not like to be treated differently from other employees. They only want to be given equal opportunities as other employees. Communication can help managers understand this better. Another important part of the learning process is *feedback*. Managers should be open to feedback from employees and take the feedback in a positive way. This can go a long way in helping managers learn how to deal with diversity.
- 3) **Empathy:** Empathy is the ability to put oneself in another person's place and see things from that person's point of view. Empathy goes hand in hand with learning in helping managers deal with diversity. This is all the more important as members of different groups feel that only they can truly understand the problems and challenges they face. Empathy places an

important role in understanding problems that are of a more subtle nature. For example, women in offices often resent being asked to make or fetch coffee for their male colleagues. They say that they do not mind doing it once in a while as long as the male employees also do it for them in equal part. However, just because they are women, they should not be expected to do such things. Similarly, certain minorities may have strong feelings about certain aspects of work, which they may not be comfortable with (like Jews are forbidden to work on Sundays). Managers should be able to understand such problems which may not be obvious at first glance, but could potentially become serious.

3.6.2 Organisational Approaches to Managing Diversity

A variety of techniques form a part of the organisational approaches to managing diversity. The most common ones are testing, training, mentoring and programmes designed to promote work-life balance.

- 1) **Testing:** Organisations often use tests for selecting and evaluating people during the recruitment process. However, it has been observed that most of the tests used were designed keeping in mind the dominant group (for example, white males). As a result, women and minorities who may be as capable as white males of doing that particular job get low scores on the test, which eliminates their chance of getting the job. Most of the traditionally used evaluation tests are not suited to a diverse workforce. Therefore in recent years a deal of attention has been given to developing tests valid for diverse employees. One way in which tests can be made more relevant to a diverse workforce is to use job specific tests rather than general aptitude or knowledge tests. For example to hire a computer programmer, the company should give a test which tests only programming knowledge. General aptitude tests need not be included. However, if they are included, the management must make sure that they are culturally unbiased and that all types of people will be able to handle them. Another way in which the problem of tests can be dealt with is to give more weightage to personal interviews and role play. This way each candidate can be evaluated individually to determine his/her capabilities. However, if pencil and paper tests are used, then scientific norming should be done. Scientific norming is a process that ensures that tests are equivalent across cultures. This way, all the test questions will have the same meaning regardless of a person's cultural background.
- 2) **Training:** Many companies now include diversity training as a part of their regular training programmes. There are two parts to diversity training. The first one concerns providing training to employees from diverse backgrounds to help them perform better at their existing jobs or for promotion. The other part of diversity training concerns training managers or employees who deal with other employees from diverse backgrounds to handle diversity more effectively.

Most of the diversity programmes get employees directly involved in the training. One popular method used in diversity training is to divide people into groups based on certain common factors. Then each group is asked to describe other groups and also to listen to other groups describe them. The purpose of this method is to help people of one group gains insights into how they are perceived by other groups. The groups are also asked to describe

the difficulties they face in working with other groups and to identify the reason for these problems. This helps the groups develop a better rapport.

Trainers also use diversity board games in diversity training. The players of diversity board games have to answer a series of questions related to areas such as gender, race, age, sexual orientation, etc. On the basis of the response, the players are either able to advance in the game or forced to backup. Mostly diversity related games are used as supplements to other forms of diversity training. They are used especially during the ice-breaking sessions of training programmes.

One important condition for the success of diversity training programmes is the support of the top management. It is also important to make attendance of diversity training programmes compulsory for all managers and to include suitable organisational rewards for promoting diversity in the organisation.

A major problem with diversity training programmes is the transfer problem. That is to say, during the training programme employees see the value of diversity training, but once the programme has ended they find it difficult to transfer the knowledge gained during the training back to the job. This problem needs to be addressed before diversity training programmes can become truly successful.

- 3) **Mentoring:** Mentoring is another organisational level diversity initiative, and many companies today use mentoring to meet the challenges of a diverse workforce. A mentor is a trusted counselor, coach or advisor who guides an employee at the workplace. The main purpose of a mentor is to support members of a diverse group in their jobs, socialise them in the cultural values of the organisation and help their chances for development and advancement. Some of the main functions of a mentor are listed below:

3.6.3 Identification of Skills, Interests and Aspirations of the Person

Instruct the person in the specific skills and knowledge critical to job performance

Help the person understand the unwritten rules of the organisation and guide him or how to avoid saying or doing the wrong things.

Answer questions and provide important insights into the working of the organisation

Offer emotional support

Serve as a role model

Create an environment in which the person can make mistakes and learn from them without losing self confidence.

There are several steps to be followed in establishing a mentoring programme. These are as follows:

- Secure the support of the top management
- Identify the mentors and their protégées. Care should be taken at this step to pair people who will benefit in the best possible way through their association with each other

- Provide orientation to both the mentor and the protégée. Mentors should be training in how to conduct themselves and protégées should be given guidance on the types of questions they can ask their mentors in order to benefit from the experience
 - Throughout the duration of the mentoring programme, which usually lasts about a year, the mentors and the protégées should meet regularly with the support staff of the programme (diversity trainers and experts) to evaluate their progress.
 - At the end of the programme, both mentors and protégées should give their feedback on how the programme went, so as to identify any shortcomings and improve the programmes for the future.
- 1) **Work/Family Programmes:** Today as a large number of women have entered the workforce, both men and women feel the need to achieve work life balance. With the growth of nuclear families, and families where both parents work, it has become necessary for organisations to implement programmes that support work life balance. Some of the important work life balance initiatives are flextime, the compressed workweek, job sharing and telecommuting.
 - 2) **Flexi time:** This is a system which allows employees greater autonomy by permitting them to choose their daily start and finishing time within a given period. Organisations that follow flexible working hours define the earliest possible starting time and the latest possible quitting time i.e. no one may work before 7 am and in the same way, no one can work beyond 5 pm. This is called 'band-width'. Within the band-width, time is divided into 'core hours' and flexi-hours. Everyone must be at work during the core hours so that the activities which are of an interdependent nature do not get disrupted. The flexi-hours on the other hand give the employee the freedom to choose to be at work or not.
 - 3) **Compressed workweek:** The *compressed work week* is a system where the work week is compressed into a fewer number of working days per week. For example, organisations could choose to have four working days per week instead of five, while keeping the total number of working hours per week constant. This effectively means that people will have to work for fewer days in the week but for longer hours each week. This gives employees more free days with their families.
 - 4) **Job sharing:** This is the splitting of a full time position between two people, each of whom works part-time. The salary is also divided proportionately. This system is generally useful for people who want to work, but need time to fulfill other family obligations (like women with very young children).
 - 5) **Telecommuting:** This involves working partly from home and partly from office. This system works on the premise that what is important is that the job gets done. It does not matter whether the employee works in the office or from home. Sometimes, companies adopt a system where employees come to office certain days of the week (for instance on Monday and Tuesday) and telecommute the rest of the days. However, this cannot be practically applied for all kinds of jobs.

Research has found that work life balance programmes help decrease family conflict, job dissatisfaction and stress-related problems. In addition to alternative work schedules, many companies have initiated other family friendly programmes. The table below gives the details.

Table 3.4: Innovative Work Family Programme

1. Child or elder care benefits	These may include child care facilities at the work site and transportation of aging parents to a senior citizens center
2. Adoption benefits	These include leave policies and reimbursement for legal fees, medical expenses, agency or placement fees, temporary foster care and or travel expenses.
3. Convenience benefits	This refers to onsite services such as dry cleaning, ATM machines, [postal services and video rentals]
4. Life cycle accounts	These are savings accounts designed to pay for specific life events such as a college education. Often employers will match employee contribution.
5. Health promotion benefits	These include such things as fitness centers, health screenings, flu shots and stress management clinics.
6. Education assistance benefits	Examples include tutoring programmes, tuition reimbursement and scholarships
7. Housing assistance	This refers to such items as relocation assistance, seminars and preferred mortgage arrangements
8. Group purchase programme	These include legal and financial planning and discounts with local merchants, group auto and home owners insurance and fleet arrangements for auto purchase
9. Casual day programme	This would be dress down days to have everyone relaxed in an on the job family atmosphere.

(Source: Adapted from Carol Sladek,(1995). A guide to offering work / life benefits. . Compensation and Benefits Review. Jan-Feb PP 43-44.

3.7 MULTICULTURAL FACTORS

3.7.1 Creating a Multicultural Organisation

The creation of a multicultural organisation is essential for the effective management of diversity. A multicultural organisation is one where employees of mixed backgrounds, experiences and cultures can contribute and achieve their fullest potential to benefit both themselves and the organisation. A multicultural organisation is one which:

- Reflects the contributions and interests of diverse cultural and social groups in its mission, operations and product or service
- Acts on a commitment to eradicate social oppression in all forms within the organisation
- Includes the members of diverse cultural and social groups as full participants especially in decisions that shape the organisation.
- Follows through on broader external social responsibilities including support of other institutional efforts to eliminate all forms of social oppression.

3.7.2 Characteristics of a Multicultural Organisation

There are six main characteristics of a multicultural organisation and these are given below:

- 1) **Pluralism:** A pluralistic organisation is one that has a mixed membership and takes steps to fully involve all people who differ from the dominant group. Creating pluralism involves developing training and orientation programmes to promote diversity, ensuring minority group input in all general organisational decisions and including diversity in the organisation's mission statement.
- 2) **Full Structural Integration:** When an organisation has minority group members serving at all levels, performing all functions and participating in all work groups, an organisation can be said to have achieved full structural integration. In order to achieve this, the organisation must ensure an equal distribution of educational specialties and skill differences equally across the organisation. Performance appraisal, rewards systems, benefits and work schedules must also be equally distributed.
- 3) **Integration of Informal Networks:** Mentoring programmes, conducting special social events and support groups for minorities can foster integration in informal networks. These events give minority group members an opportunity to express themselves and interact with dominant group members with a view to achieving better understanding.
- 4) **Absence of Prejudice:** In a multicultural organisation, all organisation members work in harmony without prejudices. There is a distinct absence of stereotyping and biases. The organisation promotes this through the conduct of Equal Opportunity Seminars, having in-house focus groups to examine attitudes and biases related to diversity and having a task force to monitor organisational policies and practices for evidence of discrimination
- 5) **Equal Identification with Goals:** Employees across the organisation develop a sense of identity with the organisation's goals and objectives. Members of different groups share equally in taking ownership of the achievement of organisational goals. This is achieved by taking the input of minority group members in formulating and defining organisational goals, so that all groups of employees can identify with them.
- 6) **Minimal Intergroup Conflict:** In a multicultural organisation, there is no conflict based on cultural differences. Employees are provided with training in developing positive attitudes as well as given the tools for effective conflict resolution. Managers are also trained in mediation and listening which play an important role in conflict resolution

3.8 STAGES IN THE CREATION OF A MULTICULTURAL ORGANISATION

Several stages have been identified in leading up to the creation of a multicultural organisation and these are presented below.

3.8.1 Exclusionary Organisation

This type of organisation is almost the opposite of a multicultural organisation. In an exclusionary organisation, the dominance of one group (usually the majority) is clearly seen. The organisation also follows exclusionary hiring practices and other forms of discrimination.

3.8.2 Club Organisation

In this type of organisation, the few who have traditionally held power, retain most of the privileges. They may put up an appearance of hiring women and minorities, but they only hire people who are deemed to have the 'right' kind of credentials.

3.8.3 Compliance Organisation

A compliance organisation is better than the exclusionary and club organisations as it hires people from diverse backgrounds. However, the commitment to diversity is not proactive. In other words, diversity exists in these organisations only because it is required by law to hire people without discriminating on the basis of background.

3.8.4 Affirmative Action Organisation

This type of organisation is proactively committed to eliminating discriminatory practices and promoting diversity. The organisation actively supports and is committed to hiring women, minorities, older employees and those challenged by a disability. However, there is a perception that employees who benefit from affirmative action are less competent in some way. This can lead to a form of discrimination against affirmative action hires within the organisation. Thus, this organisation falls short of the ideal of a multicultural organisation.

3.8.5 Redefining Organisation

A redefining organisation is characterised by an examination of all activities for the purpose of evaluating their impact on all employees' opportunities for growth and success within the organisation. This organisation goes beyond being just anti-racist and anti-sexist. It questions the core values that form the culture of the organisation. It not only deals effectively with diversity, but understands the value of diversity and takes steps to tap the potential advantages accruing from having a diverse workforce.

3.8.6 Multicultural Organisation

A true multicultural organisation is one which has core cultural values committed to diversity and where there is an ongoing commitment to eliminate all forms of discrimination throughout the organisation. All members of the organisation, regardless of their background, are involved in the decisions that shape the mission, structure and culture of the organisation and are fully committed to organisational goals.

3.9 MULTICULTURAL ORGANISATION AS A COMPETITIVE ADVANTAGE

There are a few general reasons for the emergence and growth of multicultural organisations:

- Some organisations grow very rapidly and hence, are required to hire more and more people, which make it obligatory for them to hire people from different backgrounds and learn to manage them better.
- Some organisations want to recruit the best talent from the market regardless of background or age to give the best quality employees.
- Some organisations need to develop and sell products in diverse markets. In this situation, it makes more sense for them to recruit and manage employees who represent their different markets in order to obtain a better understanding of the market.
- There are six main ways in which a diverse workforce can bestow competitive advantage on an organisation. This is shown in the following table:

Advantage	Contribution
1. Cost	Managing diversity well can trim the costs of integrating diverse workers
2. Resource Acquisition	Companies that have the best reputation for diversity will have the best chance of hiring the most talented workers from the market
3. Marketing	Diverse organisations gain a better insight into their markets and cultural sensitivity will improve the development and marketing of products and services to different segments of the population
4. Creativity	Diversity of perspectives will improve levels of creativity throughout the organisation
5. Problem Solving	Problem solving and decision making will improve through groups with more diverse perspectives
6. System Flexibility	Tolerance and valuing of diverse perspectives throughout the organisation will make the organisation more fluid, flexible and more responsive to environmental changes.

Therefore, developing multicultural organisational practices is essential for any organisation for its long term benefit

3.10 LET US SUM UP

In this chapter we have dealt with the nature and meaning of diversity, the reasons for the emergence of diversity and the specific characteristics of diversity. We have also understood the value of diversity to organisations and the ways in

which organisations manage diversity at an individual and organisational level. In the second part of the chapter we have dealt with the multicultural organisation, its creation and the stages of its development. We have also discussed the competitive advantages of a multicultural organisation.

3.11 UNIT END QUESTIONS

- 1) What is diversity in organisation context?
- 2) What are the organisational approaches to managing diversity?
- 3) What are the competitive advantages with multicultural organisations?

3.12 SUGGESTED READINGS

Luthans. F., *Organisation Behaviour*, 10th edition New Dehli, McGraw-Hill, Inc.

Moorhead, G. & Griffin, R. W (2004) *Organisational Behaviour*, 7th edition New York, Houghton Mifflin Company.



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UNIT 4 GLOBALISATION AND CHANGING ECONOMY AND THEIR EFFECTS ON HRM

Structure

- 4.0 Introduction
- 4.1 Objectives
- 4.2 Globalisation
- 4.3 Driving Factors
 - 4.3.1 Impact of Globalisation on the Functions
- 4.4 HRM: Role in Changing Environment
- 4.5 Competence of HR Managers
- 4.6 Dilemmas Faced By HR Head
 - 4.6.1 Align HR to Business (Recruitment etc.)
 - 4.6.2 Training and Development
 - 4.6.3 Factors Affecting HRM in Global Market
 - 4.6.4 HR Functions in International Firms
 - 4.6.5 International HRM and Global HRM
 - 4.6.6 New Trends in International HRM
 - 4.6.7 Steps to be Taken By HR Managers
- 4.7 Future Role of HR Professionals
 - 4.7.1 HR Manager as Strategic Partner
 - 4.7.2 HR Manager as Employee Advocate
 - 4.7.3 HR Manager as Change Champion
- 4.8 Let Us Sum Up
- 4.9 Unit End Questions
- 4.10 Suggested Readings

4.0 INTRODUCTION

In this unit we are going to deal with globalisation and changing economics. We start with the definition and meaning of globalisation and discuss how it came about and its importance. This is followed by driving factors in human resource which includes cost drivers, competitive drivers and government drivers. This is followed by a discussion of the impact of globalisation on the functions of human resource manager. Then we present how the HR manager's role has been changing due to the changed environment. Then we discuss the competence required of HR managers. We point out the various dilemmas faced by HR managers especially interims of how to align HR to business and how to make the training and development lead to success of Human resource management. Then we discuss all about the factors that are affecting HRM in global market. Then we elucidate the HR function in the international firms and point out the role of HR professionals in the future.

4.1 OBJECTIVES

After completing this unit, you will be able to:

- Define globalisation;
- Describe globalisation and elucidate its characteristics;
- Delineate the driving factors of HR;
- Explain the impact of globalisation on the functions of HR;
- Describe HRM in the context of changing environment;
- Elucidate the competence required of HR managers;
- Analyse the challenges faced by HR manager;
- Elucidate the HR functions in the international firms;
- Explain the new trends in international HRM; and
- Delineate the future roles of HR Managers.

4.2 GLOBALISATION

When foreign markets are entering the Indian territories and posing a challenge before the domestic firms, many Indian firms are compelled to think globally. Managers who have been all along working in a sheltered markets with minimum or no competition at all either from domestic or foreign firms have to suddenly become alert and address issues such as new methods in hiring practices, training, compensation packages, motivational practices etc. The composition of workforce also changed and managers are expected to address, the different needs of these diversified workforce. Besides these Indian nationals are also going abroad to work with foreign collaborations. Training needs are to be taken care off.

Thus the HR executives need to develop an international orientation. Discharging these and other functions effectively and by helping the best qualified people execute the company's strategy on a global scale the managers can gain a competitive advantage which will have an impact upon our economy.

Managing in a global economy poses many different challenge and opportunities as there is a wild demand for property ownership arrangements and also the availability of natural resources. Besides the components of infrastructure, the role of the government in business also varies. But for our purpose, the very important considerations are how behaviour processes vary widely across cultural and national boundaries and how values, symbols and beliefs differ sharply among cultures. Different work norms and the roles work plays in a person's life influence patterns of both work related behaviour and attitudes towards work. They also affect the nature of supervision relationships, decision-making styles and processes and organisation configuration, group and inter-group processes, responses to stress and the nature of political behaviours also differ from culture to culture.

The term globalisation means integration of business activities across geographical and organisational boundaries. In broader perspective it can also be defined as doing business with a worldwide focus rather than doing business in an

international market with the focus from a home-country viewpoint. Globalisation symbolises the structural making of the world characterised by the free flow of technology and human resources across national boundaries presenting an ever-changing and competitive business environment.

A vital aspect of globalisation is the way diverse challenges are being faced by nations in an increasingly inter dependent world. No country can meaningfully progress today without efficiently responding to demands and pressures generated by international organisations and processes.

Globalisation is not just a recent phenomenon. Some analysts have argued that the world economy was just as globalised 100 years ago as it is today. Yet the term is used since the 1980's, reflecting technological advances that have made it easier and quicker to complete international transactions, both trade and financial flows. The most striking aspect of this has been the integration of financial markets which is made possible by modern electronic communication. At a political and economic level, globalisation is the process of denationalisation of markets, politics and legal systems i.e. the use of the so-called global economy. Globalisation refers to an extension beyond national borders of the same market forces that have operated for centuries at all levels of human economic activity (village markets, urban industries, or financial centers). It means that world trade and financial markets are becoming more integrated.

At a business level, globalisation is when organisation decides to take part in the emerging global economy and establish themselves in foreign markets. First they will adapt their products or services to the customer's linguistic and cultural requirements. Then, they might take advantage of the internet revolution and establish a virtual presence on the international market place with a multilingual corporate website or even as an e-business. When going global, an organisation has to reconsider the following factors:

- Employment Laws
- Culture
- Terminology
- Corporate Social Responsibility
- It is also said that Globalisation is associated with four major aspects. They are:
 - Trade
 - Capital movements
 - Movement of people
 - Spread of knowledge

Self Assessment Questions

1) Define globalisation.

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2) What factors should one consider when going global?

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3) What is the meaning of globalisation at business level?

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4.3 DRIVING FACTORS

Researchers believe that there are few driving factors of globalisation. These Driving factors can be divided into four groups:

1) **Market Drivers**

- Convergence of per capita income
- Convergence of life styles
- Organisations behaviour as global customers

2) **Cost Drivers**

- Push for economics of scale
- Advances in transportation
- Emergence of newly industrialised countries with productive capability and low labour costs

3) **Competitive Drivers**

- Growth of global networks making countries interdependent
- Rise of new competitors intent on becoming global competitors
- Increased formation of global strategies alliances

4) **Government Drivers**

- Reduction on tariffs and other trade barriers
- Privatisation of industry in many parts of the world
- Creation of trading blocks (i.e. EU)

4.3.1 Impact of Globalisation on the Functions

Globalisation has elevated the importance of HRM development in organisation. These changes have led to the notion of the HR system as a strategic asset. Many

of the arguments about processes of globalisation within the HR function rest on the assumption that there has and continues to be longitudinal change in the conduct of HR. In the intervening few years a wide range of contextual changes have led to significant globalisation of activity, including: the transfer of work abroad, either to outsourced providers or on a global in-sourcing basis; the enablement of many HR process; greater sophistication in the HR information technology, new structures for international HR functions; greater competition for talented staff at all levels of organisation; more protracted and strategic talent pipelines. In particular, there has been a very strong marketing, corporate communication and IT influence on the HR function. The HR function is realigning itself in response to this process of cross-function globalisation (building new alliances with these functions) creating new activity streams and new roles and skills required of the HR function (Sparrow, Brewster and Harris, 2004).

4.4 HRM: ROLE IN CHANGING ENVIRONMENT

With the advent of globalisation, the face of HRM is expected to transform drastically, like for instance: Workplace flexibility is expected to be on the rise as the future workplace, the 'virtual office' is characterised by creative and flexible work arrangements. As more employees work off-site there will be an increase in emphasis on performance and results as opposed to the number of hours worked. In addition, off-site employees can expect to attend fewer meetings. Specified work will become much more collaborative and management will spend nearly all its time managing cross-functional work teams who enjoy a lot of autonomy. In essence, there will be a movement, a trend towards a decentralised model of HR. HR managers will have to accommodate employees in their virtual work locations and find ways to manage corporate culture, socialisation and employee orientation. In order to obtain and maintain a competent workforce, they must act as organisational performance experts and shape employees behaviour without face to face meetings.

Another expected change in HR is the 'Global Business'. Organisations will be required to develop and manage an international workforce, maintain written and unwritten corporate policies for transportability to other cultures, keep top management informed of the costs of not paying attention to the transnational issues and provide their services to a variety of locations worldwide. Concerning the recruitment in the above mentioned 'global business' it will be important which strategy will be adopted by the management. Globalisation will make HR managers adopt new skills such as language capabilities, tolerance towards other cultures etc. For example, in order to recruit employees from other cultures, HR managers will either have to learn new languages or else they will certainly have to have foreign language speakers on staff. However in order to facilitate communication among people coming from a wide range of language backgrounds, in most multinationals, it is preferred to speak English. Organisation must take into account cultural differences that shape managerial attitudes, when developing multinational management programs. For e.g., British managers value individual achievement and autonomy, whereas French managers appreciate competent supervision, fringe benefits, able to access the information on the security and comfortable conditions, while Indian managers give more importance of their culture and tradition.

HR managers must therefore be familiar with and understand other cultural norms to promote organisation diversity. An organisation that recognises and promotes cultural diversity will benefit because it will be employing the market that it serves. With increasing globalisation and competition within the market, a diverse workforce is conducive to attracting and retaining a strong client base. While competing in an international market, employees from diverse national backgrounds provide language skills and understanding of other cultures. HR professionals will also be responsible for providing cultural sensitivity training for the organisation's employees and for managers throughout the entire organisation. (Czebter, Anamaria, 2002)

4.5 COMPETENCE OF HR MANAGERS

In order to effectively deal with all the changes, HR professionals must develop competencies that will allow them to carry out their roles, competences like:

- Flexibility
- Team work
- Communication
- Decisiveness
- Leadership
- Strategic planning
- Network building
- Client service orientation
- Organisational awareness
- Self confidence
- Sharing of expertise
- Global and cultural understanding
- Multiple language competencies

In addition to increasing and sustaining technological skills relating to communication developments, HR professionals will also be required to increase their numerical and data compilations skills. In addition to delivering specific measurable developments, managers will also need to know what contributed to the results declared. This may mean that HR professionals will be required to be familiar with and administer employee survey and provide for accurate data compilation and regression analysis.

As a result of the increase in technology, innovation and globalisation over the last 20 years, HR professionals around the world are forced to be more efficient, more effective and more competitive. They need to respond to the demands of global competitiveness by becoming more familiar with language skills, cultural awareness and diversity promotion. Additionally, HR professionals must be committed to continuous learning, being familiar with cutting edge communication. If HR managers won't pay enough attention to their changing role, serious consequences could result, including the deterioration or even perhaps the elimination of the HR department. (Halcrow A, 1998).

Self Assessment Questions

- 1) What are the driving factors? Elucidate the same

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- 2) Discuss the impact of globalisation on the functions of HRM.

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- 3) Discuss the role of HRM in changing environment.

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- 4) What are the expected changes in HRM?

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- 5) What competences are required for HR Managers?

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4.6 DILEMMAS FACED BY HR HEAD

The coming of the 21st century, globalisation poses distinctive HRM challenges to businesses especially those operating across national boundaries as multinational or global enterprises. Global business is characterised by the free flow of human and financial resources especially in the developed economies of European Union (EU), the North American Free Trade Agreement (NAFTA), other regional groupings such as the Association of South East Asian Nations (ASEAN), the Economic Community of West African States (ECOWAS), the Southern African Development Community, etc. These developments are opening up new markets in a way that has never been seen before. Unlike the other industries where HR is considered as a functional need, there is a need to view HR as a partner or a business enabler in the perspective of globalisation.

4.6.1 Align HR to Business (Recruitment etc.)

One of the constant challenges faced in this area is to align HR to business. The five R's therefore, assume utmost significance in HR strategy. The HR team needs to get in right from the stage of defining the business strategy to Resourcing, Recruiting the right talent, Retaining the talent, Retraining and Restructuring.

However, flexibility appears to be the key for success and survival as many companies have become dynamic field due to the constant developments and up gradation in the area of technology and changing customer requirements. Topping all these reasons is also the trend of globalisation, which tries the HR test of endurance. The ability and the willingness to modify job structure, job classification and the organisational structure as often and as quickly as necessary are important elements in a successful recruitment and retention strategy for workforce. This challenges of managing expectations and change puts constant pressure on the professionals.

The challenge does not stop with recruiting the right person but with how they are going to manage the performance of the employees. The challenge would be to create a performance culture where in opportunities are provided for enhanced performance and where giving out optimum performance becomes a way of life.

The HR Strategy aligned with the business strategy is about the growth of the business, increasing the performance of the employees and keeping the costs under a control. The HR Strategy aligned with the business strategy is not much about the employee satisfaction and benefits provided to the population as they are not the strategic goals, but they are tools to reach the goals important for the whole organisation.

The process of the alignment of the HR Strategy with the business strategy is about going deeper and finding the real root components of the successful human capital management in the organisation. The HR Managers have to identify the real goals of the business, the business way how to reach the goals and the real needs of the business from Human Resources. The HR tends to take care of employees, but it is not what the business asks for usually.

The HR Strategy alignment with the business strategy needs many discussions inside Human Resources about the real goals of the organisation and how the

organisation will utilise its human capital to reach the goals. It is not about the employee satisfaction, it is a side effect. The HR Management has to understand, how the business wants to reach the goals and then the HR Strategy can be developed and fully aligned with the business strategy.

The aligned HR Strategy misses the nice words about the retention, the employee satisfaction and other nice HR initiatives. These are the tools, the real business goals are different. The HR Strategy has to respect it.

4.6.2 Training and Development

Nature of Training and Development

In simple terms, training and development refers to the imparting of specific skills, abilities and knowledge to an employee. A formal definition of training and development is... it is any attempt to improve current or future employee performance by increasing an employee's ability to perform through learning, usually by changing the employee's attitude or increasing his or her skills and knowledge.

The need for training and development is determined by the employee's performance deficiency, computed as follows:

$$\text{Training and Development Need} = \text{Standard Performance} - \text{Actual Performance.}$$

We can make a distinction among training, education and development. Such distinction enables us to acquire a better perspective about the meaning of the terms. Training, as was stated earlier, refers to the process of imparting specific skills. Education, on the other hand, is confined to theoretical learning in classrooms.

Table 4.2: Difference between Training and Education

Training	Education
Job experience	Classroom learning
Specific tasks	General concepts
Narrow perspective	Broad perspective
Process of imparting specific skills	Theoretical learning in the classroom
Application	Theoretical orientation

Though training and education differ in nature and orientation, they are complementary. An employee, for example, who undergoes training is presumed to have had some formal education. Furthermore, no training programme is complete without an element of education. In fact, the distinction between training and education is getting increasingly blurred nowadays. As more and more employees are called upon to exercise judgments and to choose alternative solutions to the job problems, training programmes seek to broaden and develop the individual through education. For instance, employees in well paid jobs and/or employees in the service industry may be required to make independent decision regarding their work and their relationship with clients. Hence, organisation must consider elements of both education and training while planning their training programmes.

Development refers to those learning opportunities designed to help employees grow. Development is not primarily skill-oriented. Instead, it provides general knowledge and attitudes which will be helpful to employees in higher positions. Efforts towards development often depend on personal drive and ambition. Development activities, such as those supplied by management developmental programmes, are generally voluntary.

This is another area. In any organisation currently training takes on a new connotation. It is not just about identifying training needs and giving the required training. It is foreseeing and anticipating the requirements and developing suitable training so that the employees are well-equipped to handle the challenges.

Another major challenge is how managers are able to incorporate all the sub-systems in HR and help them in achieving the ultimate goal – exceptional performance. People have to be groomed to get in tune with the performance culture. Creating an environment that stimulates the creation of knowledge and its sustenance throughout the organisation is big challenge. No longer can the HR department carry on with its traditional functions.

However, Human Resource Information Systems (HRIS) is to be put in place – to build and sustain a performance driven culture. The role will shift to that of facilitator. HR will have to involve the whole organisation in this process and act as a counselor and facilitator and that is the most gigantic challenge the HR of any organisation faces.

4.6.3 Factors Affecting HRM in Global Market

A number of factors have been found to affect HRM in global markets. They are identified as:

- 1) Culture
- 2) Economic System
- 3) Political System – the legal framework and
- 4) Human capital (Noe, et al, 2000: 536). In the case of developing countries, globalisation poses distinct challenges to governments, the private sector and organised labour.

These challenges, which must be addressed through a strategic approach to human resource management, include

- 1) Partnership in economic recovery especially in South East Asia
- 2) Dealing with the “big boys”, the fund managers
- 3) Concerns over possibility of fraud in E-commerce (such as issues of confidence and trust) and
- 4) Implementing prescriptions for recovery and growth taking in to consideration the development agenda and unique circumstances of individual country.

4.6.4 HR Functions in International Firms

Three key conclusions about the role of HR professionals working in the field of international recruitment selection and assessment can be drawn:

The added value of the HR function in an international firm lies in its ability to manage the delicate balance between globally coordinated systems and sensitivity to local needs, including cultural differences, in a way that aligns with both business needs and senior management philosophy.

4.6.5 International HRM and Global HRM

There appears to be a classification made between international HRM and global HRM.

In this transition, the old functional divides, between international recruitment, international management development and international reward management, have become increasingly weak.

Human resource management is a process of bringing people and organisations together so that the goals of each other are met. The role of HR manager is shifting from that of a protector and screener to the role of a planner and change agent. Personnel directors are the new corporate heroes. The name of the game today in business is personnel. Nowadays it is not possible to show a good financial or operating report unless your personnel relations are in order.

Over the years, highly skilled and knowledge based jobs are increasing while low skilled jobs are decreasing. This calls for future skill mapping through proper HRM initiatives.

Indian organisations are also witnessing a change in systems, management cultures and philosophy due to the global alignment of Indian organisations. There is a need for multi skill development. Role of HRM is becoming all the more important.

Some of the recent trends that are being observed are as follows:

- The recent quality management standards **ISO 9001** and **ISO 9004** of 2000 focus more on people centric organisations. Organisations now need to prepare themselves in order to address people centered issues with commitment from the top management, with renewed thrust on HR issues, more particularly on training.
- Charles Handy also advocated future organisational models like **Shamrock**, **Federal** and **Triple I**. Such organisational models also refocus on people centric issues and call for redefining the future role of HR professionals.
- To leapfrog ahead of competition in this world of uncertainty, organisations have introduced **six- sigma practices**. Six- sigma uses rigorous analytical tools with leadership from the top and develops a method for sustainable improvement. These practices improve organisational values and helps in creating defect free product or services at minimum cost.
- **Human resource outsourcing** is a new accession that makes a traditional HR department redundant in an organisation. Exult, the international pioneer in HR BPO already roped in Bank of America, international players BP Amoco & over the years plan to spread their business to most of the Fortune 500 companies.

- With the increase of global job mobility, recruiting competent people is also increasingly becoming difficult, especially in India. Therefore by creating an **enabling culture**, organisations are also required to work out a **retention strategy** for the existing skilled manpower.

4.6.6 New Trends in International HRM

International HRM places greater emphasis on a number of responsibilities and functions such as relocation, orientation and translation services to help employees adapt to a new and different environment outside their own country.

- Selection of employees requires careful evaluation of the personal characteristics of the candidate and his/her spouse.
- Training and development extends beyond information and orientation training to include sensitivity training and field experiences that will enable the manager to understand cultural differences better. Managers need to be protected from career development risks, re-entry problems and culture shock.
- To balance the pros and cons of home country and host country evaluations, performance evaluations should combine the two sources of appraisal information.
- Compensation systems should support the overall strategic intent of the organisation but should be customised for local conditions.
- In many European countries - Germany for one, law establishes representation. Organisations typically negotiate the agreement with the unions at a national level. In Europe it is more likely for salaried employees and managers to be unionised.

4.6.7 Steps to Be Taken By HR Managers

Managers should do the following things to ensure success.

- Use workforce skills and abilities in order to exploit environmental opportunities and neutralise threats.
- Employ innovative reward plans that recognise employee contributions and grant enhancements.
- Indulge in continuous quality improvement through TQM and HR contributions like training, development, counseling, etc.
- Utilise people with distinctive capabilities to create unsurpassed competence in an area, e.g. Xerox in photocopiers, 3M in adhesives, Telco in trucks etc.
- Decentralise operations and rely on self-managed teams to deliver goods in difficult times e.g. Motorola is famous for short product development cycles. It has quickly commercialised ideas from its research labs.
- Lay off workers in a smooth way explaining facts to unions, workers and other affected groups e.g. IBM , Kodak, Xerox, etc.

HR Managers today are focusing attention on the following:

- i) **Policies:** HR policies based on trust, openness, equity and consensus.
- ii) **Motivation:** Create conditions in which people are willing to work with zeal, initiative and enthusiasm; make people feel like winners.

- iii) **Relations:** Fair treatment of people and prompt redress of grievances would pave the way for healthy work-place relations.
- iv) **Change agent:** Prepare workers to accept technological changes by clarifying doubts.
- v) **Quality Consciousness:** Commitment to quality in all aspects of personnel administration will ensure success.

Due to the new trends in HR, in a nutshell the HR manager should treat people as resources, reward them equitably, and integrate their aspirations with corporate goals through suitable HR policies.

The next decade will bring even greater change, impacting all facets of the workplace, including major changes for the HR department and HR managers requiring them to be strategic business partner, supportive of the overall corporate strategy.

4.7 FUTURE ROLE OF HR PROFESSIONALS

The future role of HR professional will change from a less administrative role to more of a strategic role. HR managers will continually be required to prove their effectiveness and their existence. They will be expected to understand international business practices and promote cultural diversity within the organisation. They will need to understand the core business of the organisation and become partners with line managers. They will need to prove that their initiatives and programs are result-oriented, providing specific measurable results in terms of business competitiveness that contribute positively to the bottom-line of the organisation. They will be required to stay current with leading edge as more and more organisations are faced with the demands of globalisation and strategic alliances with other organisations around the world.

Traditionally, the role of the Human Resource professional in many organisations has been to serve as the systematising, policing arm of executive management. In this role, the HR professional served executive agendas well, but was frequently viewed as a road block by much of the rest of the organisation. While some need for this role occasionally remains one does not want every manager to put his own spin on an issue where automatically things are taken care of because HR itself is changing. As for example, sexual harassment policy, much of the HR role is transforming itself.

The role of the HR manager must parallel the needs of his or her changing organisation. Successful organisations are becoming more adaptive, resilient, quick to change direction and customer-centered. Within this environment, the HR professional, who is considered necessary by line managers, is a strategic partner, an employee sponsor or advocate and a change mentor.

4.7.1 HR Manager as Strategic Partner

In today's organisations, to guarantee their viability and ability to contribute, HR managers need to think of themselves as strategic partners. In this role, the HR person contributes to the development of and the accomplishment of the organisation-wide business plan and objectives.

The HR business objectives are established to support the attainment of the overall strategic business plan and objectives. The tactical HR representative is deeply knowledgeable about the design of work systems in which people succeed and contribute. This strategic partnership impacts HR services such as the design of work positions; hiring; reward, recognition and strategic pay; performance development and appraisal systems; career and succession planning; and employee development.

4.7.2 HR Manager as Employee Advocate

As an employee sponsor or advocate, the HR manager plays an integral role in organisational success via his knowledge about and advocacy of people. This advocacy includes expertise in how to create a work environment in which people will choose to be motivated, contributing, and happy.

HR Manager through fostering effective methods of goal setting, communication and empowerment, builds employee ownership of the organisation. The HR professional helps establish the organisational culture and climate in which people have the competency, concern and commitment to serve customers well.

In this role, the HR manager provides employee development opportunities, employee assistance programs, gain sharing and profit-sharing strategies, organisation development interventions, due process approaches to problem solving and regularly scheduled communication opportunities.

4.7.3 HR Manager as Change Champion

The constant evaluation of the effectiveness of the organisation results in the need for the HR professional to frequently champion change. Both knowledge about and the ability to execute successful change strategies make the HR professional exceptionally valued. Knowing how to link change to the strategic needs of the organisation will minimise employee dissatisfaction and resistance to change.

The HR professional contributes to the organisation by constantly assessing the effectiveness of the HR function. He also sponsors change in other departments and in work practices. To promote the overall success of his organisation, he champions the identification of the organisational mission, vision, values, goals and action plans. Finally, he helps determine the measures that will tell his organisation how well it is succeeding in all of this.

Self Assessment Questions

- 1) Discuss the dilemmas faced by HR manager.

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2) How do we align HR to business?

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3) What is the role of Training and development in HR challenges?

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4) What factors affect HRM in global market?

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5) What kind of a role would the HR manager play in future due to globalisation?

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4.8 LET US SUM UP

Communication and transportation have advanced dramatically over the past few decades, telephone services have improved the communication network span of the globe and can interact via satellite and once-remote areas have become accessible. Telephone services in some developing countries are now entirely by cellular phone technology, fax machines and electronic mail and allow managers to send documents around the world in seconds. In short it is easy to conduct international business today.

Thus globalisation started after world war-II. In spite of the war the US economics were strong and intact, only the Europe and Far East were the ones who suffered

the most. However, they hopped back into business very soon and the business was the major source of economic security for most of the citizens of these countries. So these economies grew in strength and each developed competitive advantage and threw themselves open to the world. When business expands internally, they have to understand the many different ways, various countries conduct business, i.e., differences in laws, local customs, tariffs and exchange rates, etc.

The role of the HR manager also changes with the effect of globalisation i.e. he/she now needs to address not only the different type of people but also learn new language, culture, and legal aspect and management skills. The competency levels of the HR managers should go beyond the boundaries of the country and should develop innovative methods of dealing with business and people. However, they are bound to face some dilemmas, which they have to address depending upon the situations that arise at the moment.

4.9 UNIT END QUESTIONS

- 1) What are the dilemmas faced by HR manager?
- 2) What is the role of manager in the changing environment?
- 3) What are the challenges that the HR manager faces due to globalisation?
- 4) What is the future role of HR professional?
- 5) What factors affect HRM in global market?

4.10 SUGGESTED READINGS

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