

**SELF LEARNING MATERIAL**

**MASTER OF COMMERCE**

**COURSE: COM: 404 (A)**

**HUMAN RESOURCE DEVELOPMENT**

**BLOCK: 1,2,3,4&5**

**DIRECTORATE OF OPEN AND DISTANCE LEARNING**

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## **CONTENTS**

### **BLOCK 1: INTRODUCTION TO HUMAN RESOURCE DEVELOPMENT**

**Unit I: Human Resource Development**

**Unit II: HRD Structure**

**Unit III: HRD as a System**

**Unit IV: HRD and Organizational Effectiveness**

### **BLOCK 2: STRATEGIC HRD**

**Unit I: Strategic HRD**

**Unit II: Quality of Work Life (QWL)**

**Unit III: Job enrichment**

**Unit IV: Quality Circles**

### **BLOCK 3: CHANGE MANAGEMENT**

### **BLOCK 4: INTERNATIONAL HRM**

### **BLOCK 5: RECENT TRENDS IN HRM**

## **BLOCK 1**

### **INTRODUCTION TO HUMAN RESOURCE DEVELOPMENT**

#### **UNIT-I**

##### **1.1 INTRODUCTION**

Since the time the human factor in organisations have been recognised as resources, the need to develop and upgrade their capacities for enhancing productivity have also been felt. They were no longer considered cost-centres but investment-centres that hold promises of higher future returns if the management identifies, nurtures and uses their knowledge, abilities and skills properly.

##### **1.2 CONCEPTS, BENEFITS & PRE-REQUISITE OF HRD**

The essence of Human Resource Development as a subject of study as well as practice lies in the integrated use of training, organization, performance management, coaching and monitoring, success planning and career development efforts to improve individual, group, and organizational effectiveness. It is a process of developing skills, competencies, knowledge, and attitudes of people in an organization. The people tend to become human resource only when they are competent to perform organizational activities. Apart from working on the up gradation of the human force, human resource development also calls for proactive efforts towards creation of a very congenial work culture and climate vis-à-vis work systems and processes.

###### **1.2.1 Benefits of Human Resource Development**

- By encouraging development of new skills, knowledge and attitudes of employees, HRD makes people more competent.
- A carefully designed performance management and appraisal system not only helps assess performance better but also acts as feedback for improvement and data for future record and reference. This, in turn, ensures higher commitment of employees towards their jobs and creates ground for taking decisions relating to training, promotions and control.

- An environment of trust and respect can be created with the help of human resource development.
- Developed employees are more acceptable of change and deal with challenges better.
- It improves the all-round growth of the employees.
- HRD improves team spirit in the organization by focusing on team building and team cohesiveness systems.
- HRD focuses on maximum utilization of the available resources to achieve goals appropriately; thereby minimizing losses and maximizing profits by avoiding wastage.

### **1.3 DISTINCTION BETWEEN HRM AND HRD**

HRM stands for Human Resource Management, which refers to the art of managing all aspects of the human work force at a company or organization. It aims at providing an optimal working environment for employees to fully and freely utilize their skills to their best to achieve the company's intended output. HRD stands for Human Resource Development. This is a component of HRM that focuses on 'nurturing' employees' skills. Because the process of hiring new employees can be long, expensive and cumbersome, most companies employ the strategy of HRD to promote longevity of employees within the company and to help the employee to progressively scale up the managerial ladder.

While most organisations are found to have an independent HRM Department composed of various sections including recruitment and retention, performance and appraisal management, HRD and compensation sections. Thus, HRD often take the shape of a sub-department to it. However, HRD does not only focus on development of organizational skills in employees but also on their personal development through various training and development programmes as also succession and career development programmes.

In sum,

- HRD is a sub section of HRM, i.e. HRD is a section with the department of HRM.
- HRM deals with all aspects of the human resources function, HRD only deals with the development part.
- HRM is concerned with recruitment, rewards among others; HRD is concerned with employee skillsdevelopment.

- The functions of HRM are mostly formal in nature, however that of HRD also includes informal mentorship and guidance.
- HRM is a routine and administrative process while HRD is more continuous process by nature.

### **1.3 CONCLUSION**

Human Resources are the driving force behind efficient utilisation of any other resources needed for operating an organisation. Thus, its significance can never be overshadowed by any other concept in practice. Time has given birth many offshoots of the concept. Newer and allied ideas like Emotional Intelligence Management, Intellectual Asset Management, etc have become gained attention of the HR brigade – both in academics and in practice.

## **UNIT-II**

### **2.1 INTRODUCTION**

More the diversity of workforce, more are the challenges faced by HRD in respect of drawing a balance while also customising methods of developing human resources in an organisation. On the one hand, such challenges are intensified by the growing global outreach of organisations; and on the other, the internal diversity of workforce evidenced in Indian situations tends to add to the challenges in the country.

### **2.2 HRD PRACTICES IN INDIA**

The changes in the market scenario have necessitated the Indian industry to look inward for the development of human resources. If the Indian organizations are to develop and maintain their competitive edge, the potential value of the employees needs to be increased by enhancing and linking their skills and capabilities in tune with the contemporary requirements of the market. Barney (1991) felt that firms could develop strategic capability and, for attaining this, the strategic goal will be to create firms which are more intelligent and flexible than their competitors. The HRM function has emerged as one of the most important areas of organizational practice. It has not been developed in isolation but rather in the context of industrial change and economic development. The uniqueness of HR requires a totally different type of attention from management. Youndt (2000) felt that since employees are free, within limits, to leave their firm, there is a significant risk of organizations incurring an intellectual capital loss unless individual knowledge is transferred, shared, transformed, and institutionalized. The crucial inputs to an organization include, among others, its human resources. People bring to their jobs diversity of skills, needs, goals, and expectations. Barney (1991) proposes that sustainable competitive advantage is attained when the firm has a human resource pool that cannot be imitated or substituted by its rivals. The employees are socialized into the organization first by way of recruitment and then through continuous functioning in the organization. According to Schuller (2000), "skills, knowledge, and competencies are the key factors in determining whether the organizations and nations will prosper." The interface between

the individual and the organization is critical to full utilization of human resources. The individual and the organization establish a 'psychological contract.' The individual member expects to make contributions to the organization and receives certain rewards in return. The organization provides certain rewards and expects in return certain contributions from the individual.

**Amongst the popular HRD sub-systems practiced in Indian organizations, the following hold the top slots:**

- Performance Appraisal
- Potential Appraisal
- Feedback and Counselling
- Training and Development
- Career Planning and Development
- Rewards
- Organization Development

### **2.3 HRD STRUCTURE**

In the context of HRD, structure refers to networks of relationships and coordination mechanisms that exist among jobs. In other words, it is indicative of the designs of HRD jobs and workplace relationships and involves:

- Determination of the place of HRD in the organisation;
- Grouping or division of HRD functions in to smaller tasks or units of work;
- Assignment of specific HRD tasks to carefully selected competent people;
- Determination of networks or channels of authority and responsibility relationships for HRD;
- Establishing channels of communication that ensure the prevalence of congenial HR climate and culture and promote team cohesiveness;
- Promoting HRD related activities for integration of all HR sub-systems.

The structure of HRD Department differs from organization to organization owing to their differences in size, nature of activity, philosophy and attitude. However, the following principles are usually followed in every organization, while structuring the HRD Department:

1. Developing an identity of HRD, which may or may not encompass other personnel functions;
2. Establishing credibility for the HRD function, which is possible by entrusting the responsibility for HRD at a higher level in an organizational hierarchy;
3. Balancing integration and differentiation. Differentiation can be ensured by not diluting the HRD functions with traditional personnel management and industrial relations function, which is possible by entrusting the functional responsibilities to different department heads. Similarly, integration can be achieved by diffusion of HRD functions with other major corporate functions like, marketing, production and line functions, as inputs from these areas can enrich the functioning of HRD department.
4. It should be ensured that the HRD Department of an organization has linkages with both external and internal systems, i.e., HRD Department should represent various task groups, ad hoc committees, etc.
5. The structure of the HRD Department of an organization should be developed in such a manner so that it can sustain a firm monitoring mechanism.

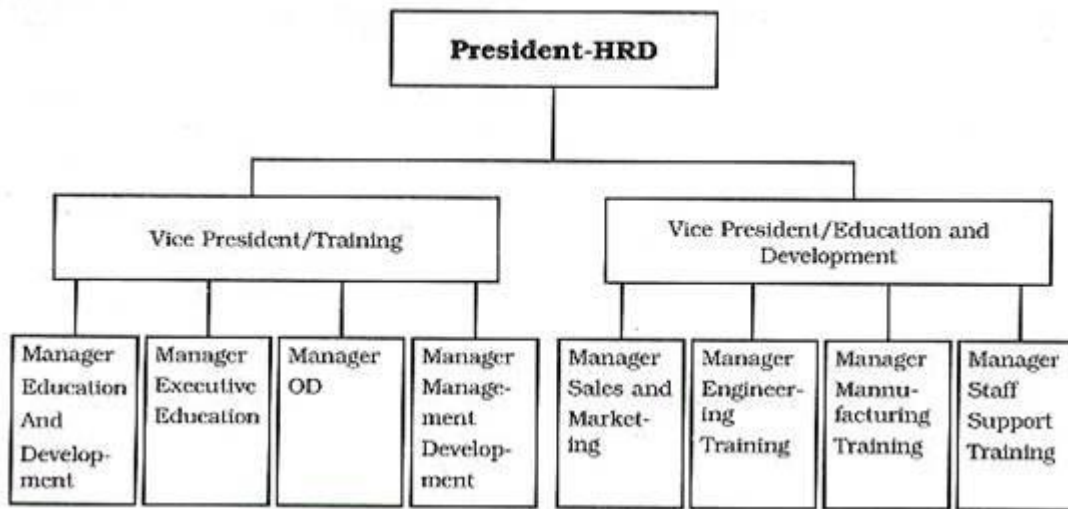
The above stated principles stand further justified by analyzing the following basic principles governing the functioning of HRD system in an organization as have been made clear by the American Society for Training and Development (ASTD), while describing different roles of HRD Managers:

- (a) HRD systems should develop a strong feedback and reinforcing mechanism.
- (b) The system should balance qualitative (subjective) and quantitative (objective) decisions.
- © The system should balance the requirement of internal and external expertise.
- (d) The system should be introduced in a phased manner.

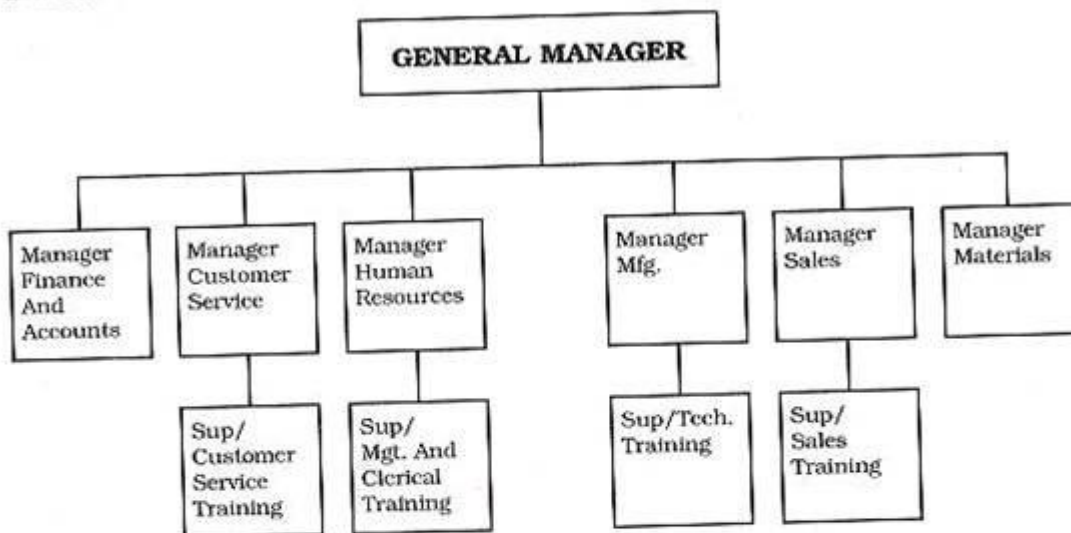
Keeping in tune with the discussion above, we may take the following hypothetical examples of organizational structure of three different organizations to appreciate the functioning of HRD departments in different organizations:



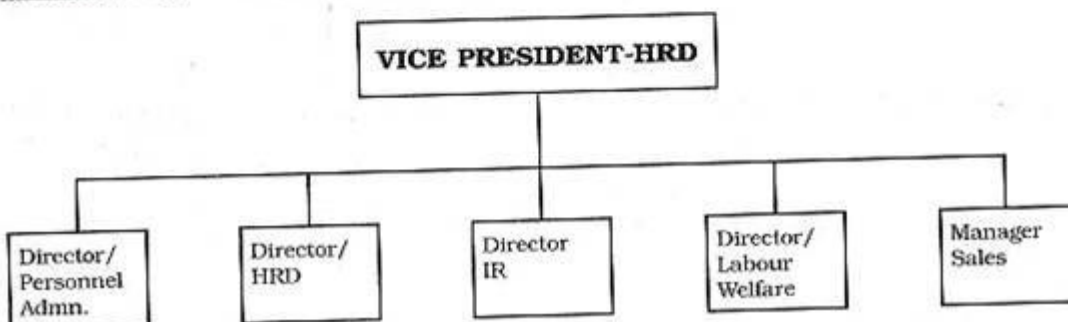
**Chart 1** Organizational Chart for a Large Company



**Chart 2** Organizational Chart for Integrated HRD



**Chart 3** Organizational Chart for HRD as a Separate Department



## **2.4 CONCLUSION**

Human Resource Development is a recurring responsibility of the HR manager and not a one-time show. As the dynamism of the internal and external organisational environment keeps taking newer turns, development of HR shall remain crucial to adapt well to these changes.

## UNIT-III

### 3.1 INTRODUCTION

The norms, ethos, governing philosophies, practices, relationships, environmental interfaces, in the workplace have a determining influence on the efficiency, effectiveness, productivity and all other human characteristics and contributions in the respective organisation. Hence, the need to maintain a congenial organisational culture and climate.

### 3.2 CULTURE AND CLIMATE

The efficiency and effectiveness of human resources depend, to a large extent, on the working environment and the quality of work life; which is directly influenced by the kind of organisational culture and climate prevalent. A congenial work culture and climate makes for intrinsic motivation and satisfaction in employees; thereby boosting their learnability, performance and development. Happy employees contribute towards enhanced productivity, self development and thus, organisational development. Maintenance costs are lowered due to lower rates of attrition, lesser need for control and supervision, higher morale and motivation and clearer understanding of and association with organisational goals.

**Baumgartel**(1971) viewed climate as a product of leadership practices, communication practices and enduring and systematic characteristics of the working relationships among persons and divisions of any particular organisation.

**Hellriegel and Slocum** (1974) define organizational climate as a “set of attributes which can be perceived about a particular organisation and/or its sub-systems, and that may be induced in the way that organisation and/or its sub-systems deal with their members and environment”.

**Pritchard and Marasick**(1973) define HRD climate as a relatively enduring quality of an organisation’s internal environment, distinguishing it from other organisations, which:

- (a) results from the behaviour and practice of members of the organization especially in top management,
- (b) is perceived by members of the organization,
- (c) serves as a basis for interpreting the situation, and

(d) acts as a source of pressure for directing activity.

**Stephen P. Robbins, (1986)** stated that “Organisational Culture is a relatively uniform perception held of the organisation; it has common characteristics, it is descriptive, it can distinguish one organisation from another and it integrates individual, group and organisation system variables”.

Thus, the term climate is used to designate the quality of the internal environment which affects quality of cooperation, development of the individual, extent of member's dedication or commitment to organizational purpose, and the efficiency with which that purpose becomes translated into results. It influences morale and the attitudes of the individual toward his/her work and his/her environment. Both culture and climate are complimentary to each other and cannot work in isolation of the other.

In spite of the availability of a number of definitions, 'climate' cannot be described concretely. Some alternative characteristics are given below:

- Strong and active commitment from senior management.
- Commitment from employees to the organization's objectives.
- The opportunity for managers to apply their own discretion at work.
- The pursuit of continuous learning throughout the organization.

HRD culture is essential for facilitating HRD climate. Every organisation has some characteristics which are common with any other organisation. At the same time, each organisation has its unique set of characteristics and properties. This psychological structure of organisation and their sub-units is usually referred to as Organisational Culture.

The elements of HRD climate can be grouped into three broad categories:

- (1) General climate
- (2) HRD (OCTAPACE) culture, and
- (3) Human Resource Development mechanisms.

The general climate focuses on the importance given to human resource development by the top management and line managers, in general.

The OCTAPACE culture deals with the extent to which Openness, Confrontation, Trust, Autonomy, Proactivity, Authenticity, Collaboration and Experimentation are valued and promoted in the organization.

Human Resource Development mechanisms measure the extent to which human resource development mechanisms are implemented seriously.

These three groups were taken with the following assumptions:

(1) a supportive climate overall is important for human resource development to be effectively implemented. Such supportive climates consist of not only top management and line management's commitment but also good personnel policies and positive attitudes towards development.

(2) an integrated look at human resource development and efforts to use as many human resource development mechanisms as possible will result in the successful implementation of human resource development. These mechanisms include: performance appraisal, potential appraisal, career planning, performance rewards, feedback and counselling training, employee welfare for quality work life, job-rotation, etc.

(3) OCTAPACE culture is essential for facilitating human resource development.

### **3.3 GENERAL CLIMATE**

The following factors work as an enabling force to enhance the human resource development climate:

- Top Management Style and Philosophy
- Personnel policies
- Positive Attitudes Towards Development
- Commitment of Line Managers

A) TOP MANAGEMENT STYLE AND PHILOSOPHY: A development style, a belief in the capability of people, a participative approach, openness and receptivity to suggestions from subordinates are some of the dimensions that contribute to the creation of a positive HRD climate.

B) PERSONNEL POLICIES: Personnel policies that show high concern for employees and emphasise equity and objectivity in appraisals, policies that emphasise sufficient resource

allocation for welfare and developmental activities, policies that emphasise a collaborative attitude and trust among the people go a long way in creating the HRD climate.

C) **POSITIVE ATTITUDE TOWARDS DEVELOPMENT:** A helpful and supportive attitude on the part of HRD and personnel people plays a very critical role in generating the HRD climate. If the personal behaviour of any of these agents is not supportive, the HRD climate is likely to be vitiated.

D) **COMMITMENT OF LINE MANAGERS:** The commitment of line managers to the development of their subordinates is a very important determiner of HRD climate. If line managers are willing to spend a part of their time for their subordinates, it is likely to have a positive impact.

### **3.4 HRD (OCTAPACE) CULTURE**

As have been stated earlier, the HRD (OCTAPACE) Culture deals with the following items:

A) **OPENNESS:** Openness can be defined as a spontaneous expression of feelings and thoughts, and the sharing of these without defensiveness. Openness is in both directions, receiving and giving. Both these may relate to ideas (including suggestions), feedback (including criticism), and feelings. For example, openness means receiving without reservation, and taking steps to encourage more feedback and suggestions from customers, colleagues and others. Similarly, it means giving, without hesitation, ideas, information, feedback, feelings, etc. Openness may also mean spatial openness, in terms of accessibility. Installing internal E-mailing may be a step in this direction: everyone having a computer terminal has access to information which he may retrieve at any time. Offices without walls are another symbolic arrangement promoting openness. In some organizations, even the chief executive does not have a separate exclusive cabin; floor space is shared by other colleagues at different levels in the organization. This willingness to share and this openness results in greater clarity of objectives and free interaction among people. As a result of openness, there should be more unbiased performance feedback. Indicators of openness in an organization will be productive meetings and improved implementation of systems and innovations.

B) CONFRONTATION: Confrontation can be defined as facing rather than shying away from problems. It also implies deeper analysis of interpersonal problems. All this involves taking up challenges. The term confrontation is being used with some reservation and means putting up a front as contrasted with putting ones back to the problem. A better term would be confrontation and exploration (CE). Let us use the term confrontation in this sense of confrontation and exploration, i.e. facing a problem and working jointly with others to find a solution to the problem. The outcome of confrontation will be better role clarity, improved problem solving, and willingness to deal with problems and with 'difficult' employees and customers. There will be willingness of teams to discuss and resolve sensitive issues. The indicators, which are also outcomes, can be improved by periodical discussions with clients, bold action, and not postponing sticky matters.

C) TRUST: Trust is not used in the moral sense. It is reflected in maintaining the confidentiality of information shared by others, and in not misusing it. It is also reflected in a sense of assurance that others will help, when such help is needed and will honour mutual commitments and obligations. Trust is also reflected in accepting what another person says at face value, and not searching for ulterior motives. Trust is an extremely important ingredient in the institution building process. The outcome of trust includes higher empathy, timely support, reduced stress, reduction and simplification of forms and procedures. Such simplification is an indicator of trust and of reduced paper work, effective delegation and higher productivity.

D) AUTHENTICITY: Authenticity is the congruence of what one feels, says and does. It is reflected in owning up one's mistakes, and in unreserved sharing of feelings. Authenticity is closer to openness. The outcome of authenticity in an organization is reduced distortion in communication. This can be seen in the correspondence between members in an organization.

E) PROACTIVITY: Proaction means taking the initiative, preplanning, and taking preventive action, and calculating the payoffs of an alternative course, before taking the action. Proaction can be contrasted with the term react. In the latter, action is in response to an act from some source; while in the former the action is taken independent of the source. For example, if a person shouts back at his friend's accusation he shows reactive behaviour. However, if he does not use this pattern but responds calmly and suggests that they discuss

the problem together, he is showing proactive behaviour. Proactivity gives initiative to the person to start a new process or set a new pattern of behaviour. Proactivity involves unusual behaviour. In this sense pro activity means freeing oneself from, and taking action beyond immediate concerns. A person showing proactivity functions at all the three levels of feeling, thinking and action.

F) AUTONOMY: Autonomy is using and giving freedom to plan and act in one's own sphere. It means respecting and encouraging individual and role autonomy. It develops mutual respect and is likely to result in willingness to take on responsibility, individual initiative, better succession planning. The main indicator of autonomy is effective delegation in organization and reduction in references made to senior people for approval of planned actions.

G) COLLABORATION: Collaboration is giving help to, and asking for help from, others. It means working together (individuals and groups) to solve problems with team spirit. The outcome of collaboration includes timely help, team work, sharing of experiences, improved communication and improved resource sharing. The indication could be productivity reports, more meetings, and involvement of staff, more joint decisions, better resource utilization and higher quality of meetings.

H) EXPERIMENTING: Experimenting means, using and encouraging, innovative approaches to solve problems; using feedback for improving, taking a fresh look at hinges and encouraging creativity. We are so caught up with our daily tasks that we often use only traditional, tried and tested ways of dealing with problems. While these methods save time and energy, they also blind us from perceiving the advantage of new ways of solving a problem. The more we work under pressure, the less is our inclination to try a different approach as the risk seems to be too high. And yet, complex problems require new approaches to their solutions. Organizational learning does not imply repetitive action; it implies applying past experience to current problems to go beyond. This can be called creativity. Other terms such as innovations, experiments, new approaches, etc. also convey the same meaning. There are several aspects of creativity in an organization. Creativity is reflected in new suggestions generated by employees, attempts at improving upon previous ways of working, trying out a new idea to which one has been exposed, innovating new methods, and thinking about a problem while ignoring the so called constraints. The last one



is also called lateral thinking, i.e. thinking aimed at generating alternatives. There is enough evidence that such thinking contributes towards the development of new products, new methods and new processes. The conventional implication with which the term 'climate' has been used in literature is 'Organizational Climate'. The concept of climate with specific reference to the human resource development context, i.e. human resource development climate has been introduced by **Rao(1996)**.

### **3.5 HRD MECHANISMS**

All the structures, systems and techniques that an organization uses to help its employees acquire and strengthen their capabilities are viewed under HRD mechanisms. These mechanisms or systems or techniques can be used to facilitate favourable HRD climate in the organization in general and managerial and non-managerial in particular. The HRD function itself has been initiated in most of organizations in the last few years only. Some of them are yet to make their presence felt. It also reveals that no organization has yet introduced all the HRD mechanisms. Important HRD mechanisms, which constitute the part of the HRD climate and considered for the present study are the following:

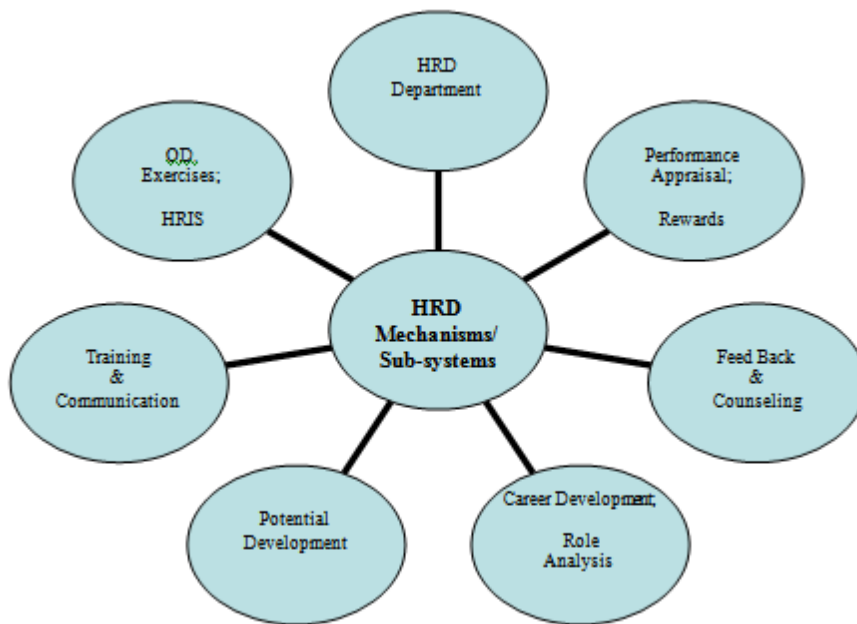
- a) Performance Appraisal
- b) Career Planning
- c) Grievance Mechanism
- d) Feedback and Counselling
- e) Training and Development
- f) Employee Welfare for quality work life
- g) Job Rotation
- h) Rewards
- i) Recruitment and Selection

### **3.6HRD AS A SYSTEM**

Human Resource Development is a continuous process that helps an organization to develop competent, dynamic and growth oriented people. But the competence and dynamism can be created when the organization has a developmental climate. HRD is developed through HRD

mechanism which enables HRD Climate development. A good developmental climate results organizational effectiveness and ultimate growth of the organization.

In order to develop the capabilities of each employee in the organization and collaboration among the different units of the organization, HRD sub-systems or mechanisms are applied in every organization.



Some of the HRD mechanisms including performance appraisal, potential development, feedback and counseling, training and communication, O.D., Human Resource Information System etc. are practiced in Indian Industries.

More precisely, the following are the major sub-systems of HRD:

**(1) Performance Appraisal:**

Performance appraisal is a process of rating or ensuring the performance of an employee of his job. Performance appraisal is the assessment of an individual's performance in a systematic way. The performance of an employee is measured against the factors such as knowledge of job, quality and quantity of output, initiative, supervision, leadership qualities, cooperation, dependability, health, versatility, judgment etc. The purpose of appraisal is to

assess the present position of efficiency of employee in order to determine the need for training.

**The performance appraisal process consist of:**

- (a) Job analysis.
- (b) Establishing standards of performance.
- (c) Communicating performance standards to employees.
- (d) Measuring actual performance.
- (e) Comparing actual performance with standards and discuss with employees.
- (f) Initiating corrective actions, if necessary.

**(2) Potential Appraisal:**

The object of potential appraisal is to develop latent abilities of individuals. Potential appraisal provides vital information about individuals to prepare career plans for them. Potential appraisal evaluates the leadership abilities and potentials of the individuals. It ensures a good match between employees potentials and the job. Nowadays organisations are diversifying their operations involving vital changes. To meet these requirements they need people with courage and capabilities to meet the challenges. Therefore they have to make potential appraisal of the present employees so that they can undertake a variety of tasks.

**(3) Career Planning:**

Planning for Career makes employee grow in his working life time while unplanned careers flopped. The first and foremost step in career planning is to make one's SWOT analysis. He should assess his strength, weaknesses, opportunities and threats.

One must plan his career by means of education, training, job search and should acquire work experience. Employee should trace the career paths in the organisations available and compare them and join the organisation with full devotion. The organisation help the young promising people for they provide necessary information through various ways as per their needs to plan their career.

**(4) Training:**

Training is an 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 knowledge. The need for training is determined by the deficiency of employee's performance, Training process include; acquiring skills, concepts, attitudes for increasing effectiveness in doing a specific job or jobs. Training provides necessary impetus to implement change, improve efficiency, managerial effectiveness and increase productivity.

Employees working as supervisors and executives need interpersonal skills or people skills. They are required to understand one and others better and act in accordance. Interpersonal skills include persuading listening and respecting others feeling. Some organization appoint a senior person as training manager.

#### **(5) Organisation Development:**

Organisation Development intend to change beliefs, attitudes, values and structure of organisations that they can better adapt to new technologies, markets and challenges and the dizzying rate of change itself. Organisation is an open system and therefore must develop itself by adopting various changes to meet the challenges thrown out by the constantly changing environment.

It emphasizes on appropriate interventions in the on-going activities of the organisation. It provides a framework in which changes in climate and culture of the organisation takes place. This enables organisation to harness human potential for attaining organisational objectives. OD methods include survey feedback, team building interpersonal sensitivity training, M.B.O., brain storming, process consultation, stress management etc.

#### **(6) Rewards:**

Rewarding employees for their excellent professional performance over and above their usual wages and salaries boost up their morale and encourage others to work hard. Reward systems are to be looked after by HRD. By rewarding hard work employees are motivated further. Output goes up. It leads to maximum utilization of available human resources to enhance productivity. Rewards are one of the ways to frustration, depression and dissatisfaction from the employees. Slow work tendencies can also be removed.

Reward system encourages employees to seek self development through their own ability. Rewards system is considered as the quickest way to increase productivity. Rewarding is

motivational factor. One should remember that there is always a room for achievement. Many of the rewards like salary increases, employee benefits, and preferred job assignments are controlled by the organisations. The rewards that organisation can allocate is direct compensation and indirect compensation. These can be distributed on the basis of an individual, group or organization-wide.

Intrinsic rewards received by individuals themselves are the result of employee's satisfaction with his job e.g.: job enrichment, redesigning of work to increase personal work to the worker. Intrinsic reward is a pleasure or value received from the content of a work by the employee.

Extrinsic rewards, on the other hand, are received by the employee including direct compensation, indirect compensation and non financial rewards like higher basic pay Overtime wages, bonus, profit sharing, opportunities to purchase stocks pay for holidays etc. The employees want this direct compensation to be linked with their assessment of work performance.

#### **(7) Counseling:**

Counseling is an essential instrument of HRD. It serves several purposes. Counseling is a service provided to the employees regarding their personal problems. For this purpose services of professional counselors need to be obtained. It reduces employee turnover, absenteeism, tardiness and helps in strengthening the superior subordinate & relationship, understanding problems of juniors and seniors thereby facilitating better communication and effective decision making. Through counseling employees can understand their strengths and weaknesses and overcome the problems arising out of their ignorance in the work performance. It helps in avoiding stress.

#### **(8) Quality Circle:**

Quality circle is a small group of people doing same or similar work. They meet voluntarily together on regular basis for an hour per week, during office hours under the leadership of their supervisor and trained to identify, analyze and solve some of the problems of their work and submit solutions to management. They also implement the solutions themselves if possible. It is a participative management system. It promotes understanding and respect between managers and subordinates. It helps in building upon the hidden potentials of human resources.

**The objectives of quality circles are summarized below:**

- (1) It is people building philosophy to develop, enhance and use human resources effectively.
- (2) Development of others through the members of quality circle.
- (3) Promotion of participative management.
- (4) Improvement of supervisory skills of employees.
- (5) To promote interpersonal skills and thereby seek resolution of conflict.
- (6) Encouragement of creativity and problem solving techniques.
- (7) To promote leadership qualities among employees.
- (8) To develop quality improvement consciousness among the employees.
- (9) To develop group efforts.

**(9) Role Analysis:**

Role is a set of expected behaviour patterns attributed to a person occupying a given position in a unit. Every employee has a role to play. Everyone does not have to be consistent and regular in one role. Employees have to play diverse roles both on and off the jobs. To understand the behaviour of a person, it is essential to know what role he is currently playing. The attitude and behaviour of a person vary with the role identity. Roles change according to the circumstances.

What person is confronted by divergent role expectations, there comes a role conflict. He finds himself in a dilemma to comply divergent roles at a time. When the prescribed behaviour of an employee is not clear, it is role ambiguity. Role conflict occurs when expectations are difficult to satisfy. Employee experiences role overload when he is expected to do more. This may cause stress.

**(10) Human Resource Planning:**

H. R. Planning is an integral part of business and organisation planning. It concerns with detailed planning to establish the future human resource requirements at every level by skill

and category. The quality of human requirements plan depends on the quality of the analysis and data on which it is based. A reasonable degree of accuracy is essential in the business projections and operations from which HR requirements are to be determined.

The object of HR planning is to have sufficient number of persons having adequate qualifications and skills to perform jobs and available as per needs of the organisation. It is an effort to match demand of and supply for varied types of human resources in the organisation.

#### **(11) Procurement and Placement:**

It is one of the important sub systems of HRD. Procurement of human resources is done through recruitment and selection. Vacancies are filled through these two methods. Placement is the process of assigning the procured candidates with suitable jobs. It is placing right persons at right jobs to obtain the best results.

#### **(12) Job Rotation:**

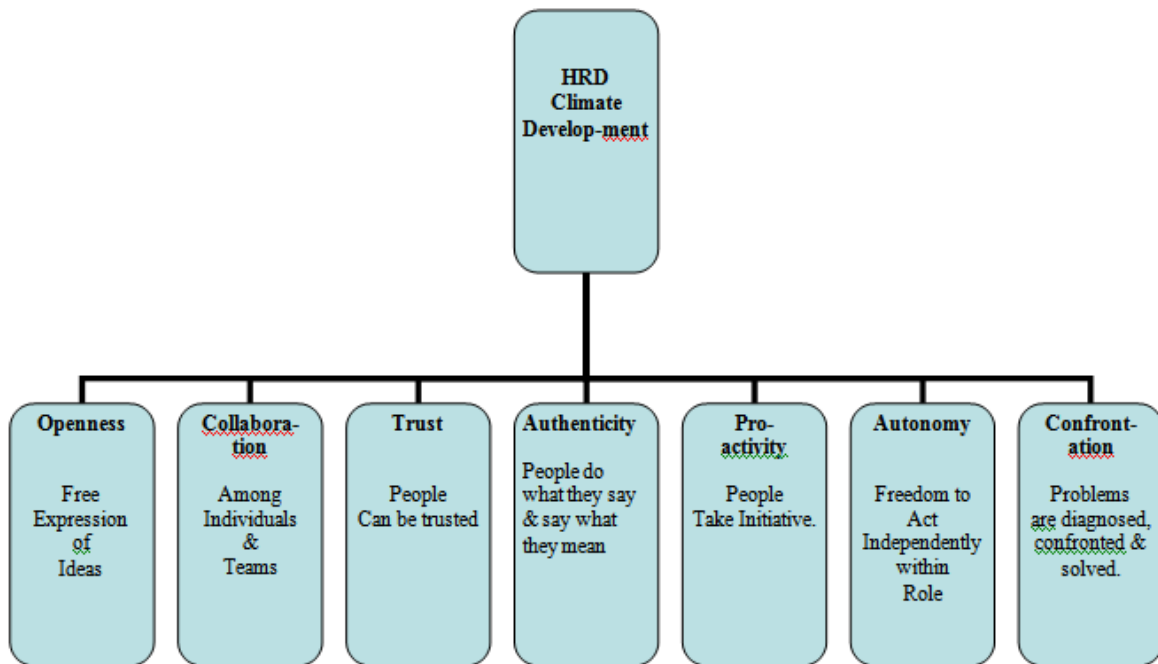
Jobs are rotated among the employees to increase their knowledge and skill required for performance of various jobs. This is essential because during absence or leave of employees work should not suffer.

#### **(13) Quality of Working Life:**

Employees are the assets of an organisation. To extract the best from employees adequate, healthy and hygienic working conditions should be provided. This increases the productivity. Unhygienic and inadequate working conditions will adversely affect the physical and mental health of the employees affecting their efficiency. The enterprises should be very careful about quality of working life.

Rao has highlighted the development of OCTAPAC culture in the organization through the practice of HRD mechanisms. OCTAPAC culture means a culture being developed in the organization where there is an atmosphere of openness, confrontation, trust, autonomy, pro-activity, authenticity and collaboration.

The figure shows that HRD facilitates free expression of ideas, team building, freedom to act independently, initiative taking and problem-solving. They help in achieving the goals of the organization.

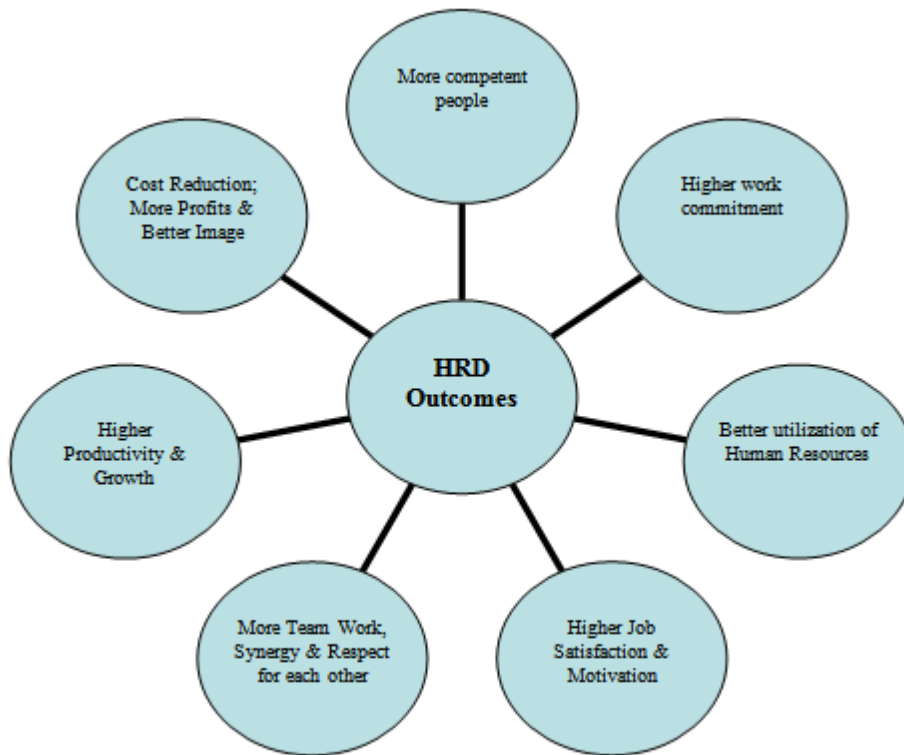


### HRD Outcomes Variables

The existence of good HRD climate in an organization surely results in the growth of the organization in terms of Higher Productivity, Lesser Cost, more profit and better image. Besides it helps in developing more competent people, increasing job satisfaction, team work and respect for each other. It also helps in better utilization of Human Resources and better organizational health. Various HRD outcome variables in the organization have been shown in the figure that follows.

The framework indicates that organizational effectiveness to a great extent are affected by competent, committed, satisfied and dynamic people as they are likely to do better as compared to other organizations which do not have such people. Similarly an organization that has better HRD climate and processes is likely to be more effective than any other organization which doesn't have them. These HRD climate variables are generated largely by the use of HRD mechanisms or sub-systems by the organization.





### 3.7 HRD AUDIT

HRD audit is a comprehensive evaluation of the current HRD strategies, structure, systems, styles and skills in the context of the short and long-term business plans of a company. It attempts to find out the future HRD needs of the company after assessing the current HRD activities and inputs.

#### **Process:**

HRD audit starts with an understanding of the future business plans and corporate strategies. While HRD audit can be done even in organizations that lack well formulated future plans and strategies it is most effective as a tool when the organization already has such long-term plans.

**Where does the company want to be ten years from now, three years from now one year from now??**

The top management needs to provide the answer to this question. If there are any long-term

plan documents they are also reviewed. On the basis of answers, the consultants finalize the subsequent audit strategies and methodology. They identify the nature of the competencies the organization needs to develop in order to achieve its long term, five to 10 years plans.

**What is the current skill base-of the employees in the company in relation to the various roles and role requirements?**

This is assessed through an examination of the qualifications of employees, job descriptions training programmes attended, and so on. Besides this interviews are conducted to identify the skill gap in the organization. Training needs and performance appraisal forms provide insights into the competency and other skill requirements.

**What are the HRD subsystems available today to help the organization competency base for the present, immediate future and long-term goals?**

The auditors identify various HRD subsystems that are available to ensure the availability utilization and development of skills and other competencies in the company. The framework for evaluating these HRD subsystems have been presented earlier where all the component HRD systems have been presented. These systems and other HRD tools that an organization may be using are studied in details for arriving at the systems maturity score.

**What is the current level of effectiveness of these systems in developing people and ensuring that human competencies are available in adequate levels in the company?**

The consultants assess the effectiveness of each system. For example, the effectiveness of performance appraisal system is assessed by discussing with employees, individually and in groups, about the efficacy of the systems. The auditors look at the appraisal forms, at the linkages between appraisal and framing, conduct questionnaire surveys to assess the extent to which coaching and other components on other appraisals are being utilized and also conduct systems.

**Is the HRD structure existing in the company adequate enough to manage the HRD in the company?**

At this stage, the auditors or consultants examine whether the current HRD structure can handle the pressing and future HRD needs of the company. They examine the existing skill base of the HRD staff, their professional preparation, attitudes, values, developmental needs, the line manager's perception regarding them and so on. In addition to the full-time staff, the

consultants also assess the HRD structure in terms of the use of task forces and other mechanisms.

### **Are the top management and senior manager styles of managing people in tune with the learning culture?**

Here the consultants examine the leadership styles, human relations skills and so on, of senior managers. The extent to which their styles facilitate the creation of a learning environment are examined.

### **HRD Audit examines Linkages with other Systems:**

Attempts Total Quality Management (TQM), personnel policies, strategic planning etc., evaluates HRD strategy, structure, system, staff, skill, style and consultants, make suggestions the basis of evaluation about the future HRD strategies required by the company. The structure the company needs to develop new competencies, the systems that need to be strengthened, and the styles and culture that have compatibility with the HRD process.

### **HRD Audit is Business-driven:**

HRD audit keeps business goals in focus. At the same time, it attempts to bring in professionalism in HRD. In keeping the business focus at the centre, HRD audit attempts to evaluate HRD strategy, structure, system, staff, skill and style and their appropriateness.

### **How HRD Audit helps in improving organizational efficiency?**

It can get the top management to think in term of strategic and long-term business plans Ironically, it may seem that HRD audit should begin with such strategic plans, but in some cases it has propelled the top management to formulate such plans. Another aspect in this regard is that people cannot participate in HRD audit without some sharing of these plans. The audit, therefore, has forced the top management to share their plans across the organization resulting in increased involvement and commitment of employees. In a few system of annual planning and sharing of the business plans with management staff, to enable them to plan their own activities and competency development programmes, have been initiated.

### **Changes in the styles of the top management**

Any successful HRD company has an excellent learning environment. Thus one of HRD is to create a learning organization. A learning culture can be created managers of the company exhibit an HRD orientation, ability to convert and conflicts and problems as learning opportunities and so on. Some top level India have been found to block the motivation and learning of employees through coercive, autocratic and even paternalistic styles of management. HRD audit highlights styles of management thereby pointing out the difficulties in developing and employees for the future. This has helped in providing subtle feedback to the top management and initiating a change process.

### **Role clarity of HRD department and the role of line managers in HRD**

In almost all cases, the HRD audit has been found to draw the attention of employees at various levels to the important role of the HRD department: current as well as the future, better role clarity of the HRD department and the HRD function, resulting in increased understanding of line managers about their HRD role and the uniform results of HRD audit. While the degree may vary from organization to organization depending on various factors, this exercise has favorable impact on employee productivity.

### **Improvements in HRD systems**

HRD audit has helped most organizations in measuring the effectiveness of their HRD systems, and in designing or redesigning HRD systems, the most frequently changed or renewed system include performance appraisal, induction training, job rotation care planing and promotion policies, monitoring communication and training. A number of organizations have changed or strengthened one or more of their HRD subsystem as a result of HRD audit.

### **Increased focus on human resources and human competencies**

(One of the results of HRD audit is to focus on new knowledge attitudes and skills required by the employees. Comments are made about the technical, managerial, human and conceptual competencies of staff at various levels. This differentiation has been found to help organizations in identifying and focusing sharply on the competency requirements and gaps. The audit establishes a system of role clarity and fixing of accountability. This may take place through separate role-clarity exercises or through the development of and appropriate performance appraisal systems. In any case, the attention of the organization gets focused on

developing the competency base of the organization. More sensitivities are developed towards missing aspects of competencies. For example, one organization was found to neglect the human relations competencies of their staff which led to quite a few problems and wastage of time. With HRD audit many of these were streamlined. The various HRD policies also got strengthened.

#### **Better recruitment policies and more professional staff**

HRD audit proposes the competence base required by the organization. It gives direction for competency requirements of employees at various levels, thus providing a base for recruitment policies and procedures. As a result, in some companies, new recruitment and retention strategies have been worked out. In other companies, the audit has led to strengthening recruitment policies and procedures.?

#### **More planning and more cost-effective training**

HRD audit has been found to assist in assessing the returns on training. One of the aspects emphasized in the HRQ audit is to calculate the investments made in training and ask questions about the returns. The process of identifying training needs, and utilization of training and learning for organization growth development are assessed. As direct investments are made in training, any cost benefit analysis draws the attention of the management and HRD managers to review the training function with relative ease.

#### **Strengthening accountability through appraisal system and other mechanism**

HRD audit can give significant inputs about existing state of accountability of can be assessed through performance appraisal as well as through the work culture and cultural dimensions. A number of organizations have introduced systems of planning, sharing of experience and documenting the accountability of staff. HRD audit to the chaining of appraisal systems.

#### **Streamlining of other management practices**

Most often HRD audit points out the strengths and weakness in some of the management systems existing in the organization. It also indicates the absence of system, which enhance productivity and utilization of the existing competency base, e.g., MIS, rules and procedure, etc., which may have an effect on the functioning of employees. In a few cases helped the

management to look at some subsystems and work procedures. Preparation of a manual for delegation of powers, clarification of roles and responsibilities, developing or strengthening the manuals of financial and accounting procedures and systems and the information systems and sharing of information are some of the resultant activities.

## **TQM**

## **interventions**

Quality improvements and establishing TQM systems require a high degree of employees. In a number of cases HRD audit has pointed out to the linkages between TQM and other quality programmes, and helped in strengthening the same. Due to improvements in the training systems, enhancement of the quality of strengthening of the appraisals system, TQM programmes also get improved. In a few organizations performance appraisal have been changed to integrate quality internal customer satisfaction into the appraisal systems. Thus HRD audit leads to the strengthening of quality systems.

## **It can enhance the ROI (Return on Investment) of the HR function**

In addition to all the above points, HRD audit aligns the HR function and activities with business goals. In the process it eliminates non-value adding HR systems, activities and processes and enhances the value-adding activities and processes. It reduces non-productive assets the HR department (For example, under utilized training centers, ill-implemented appraisal systems, etc.) and sharpens the focus of the HR function to get better results. The main contribution of HRD audit is to focus on value-adding HRD.

## **3.8 CONCLUSION**

A congenial organisational culture and a concrete and promising HRD system are the cornerstones for not only a well-developed team of Human resources but also for overall organisational growth and development.

## UNIT IV

### 4.1 INTRODUCTION

Although efficiency and effectiveness go hand in hand, it is not always necessary that what is efficient would also be effective. Efficiency can guarantee effectiveness only when befitting development takes place to enable employees to cope up with arising challenges and changes.

### 4.2 HRD AND ORGANIZATIONAL EFFECTIVENESS

HRD functionaries analyse the situation to determine realistic ways in which the management practices can be developed or modified to achieve the intended organizational goals. A market place has an unprecedented degree of flexibility. There will be cultural differences within any global organization. In order to reach common goals and values; HRD function can help the organization to function as a unified and successful entity. However, some people believe that organizations do not possess values, but key players in organizations do; that means individuals possess values and at times the most powerful of them can influence the goals and policies of their organizations and mend in the direction that are consistent with their personal values. To achieve success they have to initiate, promote, device, and follow up HRD practices in the organization. HRD is now widely seen “as a system of frameworks, methods and processes aimed at systematically discovering, developing and using a person’s capabilities to the fullest extent both for individual and organizational growth.

**Organizational effectiveness through HRD can be achieved through the following:**

- **HR Competency Flexibility**

HRD utilizes HR competency flexibility which refers to the possibility of varying the quality and quantity of employee attributes such as knowledge, skills and behaviors to changing environmental conditions. HR flexibility consists of three distinct dimensions, namely: flexibilities of skills, behaviors, and HR practices which indicates that internal flexibility HR practices are positively related to innovativeness. HRD has explored the construct of HR flexibility and its relationship with firm performance to improve organizational effectiveness. In a dynamic competitive environment, components of HR flexibility should be seen as strategic assets that provide long-term competitive advantage to organizations by developing the ability to flexibly achieve fit with constantly changing strategic needs for human

resources. HRD also reveals that flexibilities of skills, behaviors and HR practices have both direct and indirect effects on firm-level HR outcomes as a structural mechanism in achieving superior organizational performance and achievements.

- **Continuous Performance Improvement**

HRD brings about Continuous performance improvement (CI) which is a planned, organized and systematic process of ongoing, incremental and company-wide change of existing practices aimed at improving organizational performance. Studies have shown continuous improvement as a distinctive capability and a dynamic process which is a key element of competitiveness for organizational systems. Continuous Improvement (CI) helps to generate organization-wide process of focused and sustained incremental innovation such as improvement of products, processes, or services, reducing waste to improve workplace functionality, customer service and product performance. Therefore it is believed that there is a link between CI and continuous innovation.

- **Innovation Establishment**

HRD helps to improve organizational effectiveness through Innovation establishment which is the establishment of new product, process, marketing method or organizational method which significantly improves business practices and workplace organization. This aspect utilizes multi-skill training which encourages the human flexibility bringing positive impact to the degree of openness and acquisition of new knowledge as well as new idea, which in turn, increases business performance.

- **Learning-oriented Culture**

HRD effectiveness in an organization also brings about learning-oriented culture which is known as common beliefs, values and assumptions of organizational members on creating, acquiring, and transferring knowledge, and modifying its behavior to reflect new knowledge and insights. Studies showed that various skill training and development programs are known to be significantly associated with quality service and organizational growth. HRD reveals that training and development are perceived as necessary for organizational survival in a rapidly changing liberalized market which results into a strong positive impact on the performance of individuals, teams and the organizations as a whole. Organizational learning



culture enhances the level of career/job, participative decision making and empowerment, leadership behaviors inspiring teamwork. Effective HRD has shown that learning-oriented culture has a positive direct impact on both aspects of non-financial performance but has an indirect effect on financial performance. So, due to globalization there is increase in competition as a result development of human resource has become essential in virtually every organization. However, organized HR practices are being adopted mostly by many small companies. In last the decade a lot of companies have not performed so well, this was because of lack of effective HRD department. But the scenario has changed as HRD departments have taken up their role to perform effectively and optimally. Various training programmes pertaining to training of workforce, company related topics have helped in enhancing the overall performance of these companies.

In order to get increased productivity from workforce it is essential to have a well framed HRD system in the organization. If the principles of HRD are adopted it could result in decrease in non-attendance by 20% and increase in productivity by 30%. So to cope up with the market competition HRD is very essential element for organizational growth.

Organizational effectiveness through HRD in the Changed Liberalized markets cannot be over emphasized because the HRD department is responsible for developing the feeling of motivation in the employees, this motivation in other words is the commitment of the employees towards the job and the organization. When the work of HRD is done effectively it would result into co-operation among team members, demolition of centralized system of decision making, creates homely environment, feeling of ownership and positive working atmosphere for the employer and employees.

#### **4.3 APPROACHES TO EVALUATE THE HR FUNCTION**

There are several approaches to [human resource evaluation](#). The most prominent of them are: audit approach, analytical approach, qualitative and quantitative approach, balanced scorecard perspective and benchmarking.

- **Audit Approach**

Human resource management audit is a process of evaluating the effectiveness of the HR function. The HRM audit, as its financial audit counterpart, possesses the following elements:

Independence from the subject being audited

- Technical work in the form of a systematic gathering and analysis of data
- An evaluation of the HR activities, policies and systems based on the evidence
- A clearly defined objective of the process
- Action in response to audit findings.

HR Audit-

- Provides verifiable data on the human resource management function
- Clarifies the HR function's duties and responsibilities
- Identifies critical HR problems
- Helps align HR strategy with organizational strategy
- Improves the status of HR function
- Helps reduce HR costs
- Helps review and improve the HRIS.

HR audit may be partial or total. Where it is partial, HR audit covers a few areas of HR. as for example, compliance of managers and supervisors with the established HR principle and practices. In the comprehensive audit system, all HR activities such as HRP, employee hiring, training and development, performance management, employee well-being, safety and health, Industrial Relations and the like will be covered. Better results from HR audit will be obtained where it is comprehensive.

### ***Approaches to HR Audit***

Auditors may adopt any of the **five approaches** for the purpose of evaluation: (i) comparative approach, (ii) outside authority approach, (iii) statistical approach, (iv) compliance approach, and (v) **Management By Objectives** (MBO) approach. It may be stated that irrespective of the approach, the data for assessment are provided by HR research.

In the **comparative approach**, the auditors identify another company as the model. The results of their organization are compared with those of the model company. Often, the auditors use standards set by an outside consultant as benchmark for comparison of own

results. This approach is called the **outside authority approach**. The third approach is the **statistical approach**. Here, statistical measures of performance are developed based on the company's existing information. Examples of such measures-are absenteeism and turnover rates. These data help auditors assess the performance.

In the **compliance approach**, auditors review past actions to determine if those activities comply with legal requirements and company policies and procedures. A final approach is for specialists and operating managers to set objectives in their area of responsibility. The **MBO approach** creates specific goals against which performance can be measured. Then the audit team researches actual performance and compares it with the objectives.

- **Analytical Approach**

The second approach to human resource management evaluation is the analytical one. The analytical approach relies on cost-benefit analysis, also called the utility analysis. Utility analysis seeks to express evaluations in economic terms, which are more useful for decision makers. Several HR activities have been evaluated with utility analysis, including appraisal systems, employee hiring, training and turnover.

Although utility analysis has wide applicability and represents a quantitatively superior means of evaluating HR activities, the process is difficult. Because of this difficulty, and the amount of resources and effort required for analysis, its use has been limited to only certain specific situations.

- **Qualitative and Quantitative Indices**

A number of quantitative indices or metrics are available to determine effectiveness of HRM. For example, one can calculate cost of turnover, absenteeism cost, cost of work-life programs, cost per hire, lead time to fill vacancies, HR expense factor, training costs and the like. Sears, Roebuck and Co. applied behavior-costing methodology to study the relationship between employee attitudes, customer behaviour and profits.

In retailing, for example, there is a chain of cause and effect running from employee behaviour to customer behaviour to profits. Human resource management department itself

can be treated as a profit centre. These and other indicators, when calculated and compared with other firms, give a fair picture about the outcome of HR functions and activities. Excessive reliance on quantitative indices to evaluate HRM effectiveness, however objective they may appear, may be dysfunctional.

- **Balanced Score Card**

Developed by Robert Kaplan and David P. Norton, balanced score card helps evaluate HRM effectiveness. The balanced score card contains four dimensions: financial performance of an organization, its customer service, its internal business processes, and its capacity to learn and achieve growth. Within these four areas, managers need to identify key performance indicators the organization should track. The financial dimension reflects a concern that the organization's activities contribute to improving short-term and long-term financial performance.

Customer service perspective measures such things as how customers view the organization, as well as customer retention and satisfaction. Business process indicators focus on production and operating statistics, such as order fulfillment or cost per order. The final component relates to the human resource-its potential to learn and grow. This perspective seeks to focus on how well resources and human capital are being managed for the company's benefits.

The balanced score card provides a balanced picture of current performance as well as the triggers for future performance. The score card helps managers align their business units, as well as their financial, physical and human resources, to the firm's overall strategy.

What needs emphasis is that the HR evaluation should not confine only to people dimension of the score card. The HR professional should be judged on all the dimensions of the score card. HR executives tend to believe that their success should be judged only by the extent to which they meet employee needs. As the score card indicates, employee commitment is only one criterion for effective HR performance, and HR professionals will be held accountable for all the dimensions as other managers.

- **Benchmarking**

**Benchmarking** involves employees learning and adopting the so-called “best practices” by comparing their human resource management practices with those of other (more successful) organizations. Benchmarking essentially involves that employees study the practices followed in competing firms and evaluating own practices with those thus collected.

Besides evaluation of own HR practices, benchmarking enables managers to learn from other firms and adopt effective HR strategies. In addition, benchmarking can help create and initiate the need for change because it identifies what an organization needs to do to improve relative to the HR strategy in excellent companies

### **Benchmarking involves seven sequential steps:**

1. Identify HR practices for benchmarking. Obviously, critical practices from organization’s perspective are identified for benchmarking.
2. Constitute a core or a project team to handle the benchmarking process.
3. Identify benchmarking partners-organizations from the same or different industry, competitors or non-competitors or international firms-who are known to have tried best practices successfully.
4. Collect data from each of the benchmarking partners (for example firms A, B and C).
5. Analyze and interpret the data.
6. Prepare a comprehensive report based on the data analysis and interpretation.
7. Develop action plans to improve HR strategy and practices.

### **4.4 CONCLUSION**

By carefully analysing the suitability and applicability of the various approaches to evaluate the HR function and to promote organisational effectiveness through proper HR development, organisations can certainly achieve sustainable success and growth.

**BLOCK 2**  
**STRATEGIC HRD**

**UNIT I**

**1.1 INTRODUCTION**

Strategic planning rests its foundation on setting targets, designing alternative means for achieving targets and evaluation of target progress so as to maximise the probability of success. The approach has found its way into the field of HRM as well and consequently into that of HRD.

**1.2 DEFINITION OF STRATEGIC HRD**

Strategic human resource management was defined by Hall (1984) as: ‘The identification of needed skills and active management of learning for the long range future in relation to explicit corporate and business strategy.’

A later definition was provided by Walton (1999) as follows: “Strategic human resource development involves introducing, eliminating, modifying, directing and guiding processes in such a way that all individuals and teams are equipped with the skills, knowledge and competences they require to undertake current and future tasks required by the organization.

As described by Harrison (2000), strategic HRD is ‘development that arises from clear vision about people’s abilities and potential and operates within the overall strategic framework of the business’. Strategic HRD takes a broad and long-term view about how HRD policies and practices can support the achievement of business strategies. It is business-led and the learning and development strategies that are established as part of the overall strategic HRD approach flow from business strategies and have a positive role in helping to ensure that the business attains its goals.

### **1.3 ROLE OF STRATEGIC HRD, OBJECTIVES OF STRATEGIC HRD**

#### ***Objectives of HRD:***

The objectives of HRD may be listed as follows:

#### **1. Equity:**

It aims at recognizing every employee at par irrespective of caste, creed, religion and language, can create a very good environment in an organization. HRD practices intend to create an organisational culture that provides equal opportunities to all employees in respect of career planning, promotion, quality of work life, training and development.

#### **2. Employability:**

It aims at creating higher employability by improving the abilities, skills, and competencies of employees in order to motivate them to work with effectiveness to enable them to seek gainful employment anywhere.

#### **3. Adaptability:**

Through continuous training that develops the professional skills of employees plays, they may be enabled to adapt themselves to organizational changes that takes place on a continuous basis. It would also prepare them to develop capabilities of all individuals working in an organization in relation to their present role and future role; as also to develop better interpersonal and employer-employee relationships in an organization

Objectives of HRD practices in an organization should be to put efforts to develop/and realize the full potential of the workforce, including the management.

Keeping in line with W. Edward Deming's fourteen principles for quality improvement in an organization, the objectives of HRD may be seen in a different light as follows:

1. Institute training on the job
2. Break down barriers between departments to build teamwork
3. Drive fear out of the work place

4. Create conditions to enable employees to take pride in their workmanship
5. Institute programmes of education and self-improvement

#### **1.4 SCOPE OF HRD**

Human resource management (HRM) deals with procurement, development, compensation, maintenance and utilization of human resources. And HRD deals with efficient utilization of human resources and it is a part of HRM.

HRD involves the following areas:

1. Recruitment and selection of employees for meeting the present and future requirements of an organization.
2. Performance appraisal of the employees in order to understand their capabilities and improving them through additional training.
3. Offering the employees' performance counselling and performance interviews from the superiors.
4. Career planning and development programmes for the employees.
5. Development of employees through succession planning.
6. Workers' participation and formation of quality circles.
7. Employee learning through group dynamics and empowerment.
8. Learning through job rotation and job enrichment.
9. Learning through social and religious interactions and programmes.
10. Development of employees through managerial and behavioural skills.

#### **1.5 COMPONENTS AND PRINCIPLES OF STRATEGIC HRD**

The theories and principles associated with strategic HRM involve aligning all HR activities to the company's goals and objectives. By ensuring that all functions, such as marketing,



finance, manufacturing and sales, get the right resources, the HR department enables the company's long-term success.

**1.5.1** Discussed below, are some of the most important **principles** of the subject

### **1) Understand the nature of SHRM (Strategic Human Resource Management)**

There is no constant role when it comes to human resource management. In the past, HR was considered primarily as a support role. However, of late, HRM has become a major strategic partner that helps in the attainment of goals of a company. Strategic approaches towards HRM stretches beyond certain administrative tasks such as hiring of new employees or processing their payroll.

Strategic HRM is not only about HR department and its basic functions. Executives as well as all other managers should work in collaboration with the human resources department to achieve greater organizational goals.

### **2) Understand that there is or will be a so-called 'talent war'**

This reflects the competition between/among departments for the purpose of attracting and/or retaining the most viable employees.

It is expected of the HR manager/in-charge to be well-versed regarding the happenings in each organization in the company. Finding the best talents fitted for any sort of job will be of great advantage both to the particular department where the employee is designated, as well as to the company in general. The more skilled and talented employees promise greater opportunities for the company to achieve its goals. Hence, workers who are found incompetent stand a higher chance of their being terminated from the job.

However, while talent war can be considered as a common phenomenon in a workplace, the HR manager should still be on track of what is really happening. It is for him/her to ensure that employees work with each other rather than working against each other.

### **3) Understand Pay**

#### **Structure**

#### **Concepts**

Pay is the general term for the rewards that employees receive for services they render. It includes elements like the base salary, share ownership, variable pays, and many other benefits that a company provides.

The HR manager is required to be well aware of the various aspects of pay like direct pay, indirect pay, basic pay, incentive pay, bonuses, and stock options. The HR manager is expected to ensure fairness in awarding and rewarding employees their due share of pay timely and when deserving.

#### **4) Becoming a Strategic Partner**

In the past, HR organizations were primarily concerned with operational details, such as payroll, benefits and hiring. While these functions still fall under the responsibility of the HR department, it has also been realised that including HR managers in company planning exercises ensures that these and other HR functions, such as training and development, produce results that allow the company to achieve its strategic objectives.

#### **5) Developing Employee Competence**

Strategic HR professionals use industry association tools and resources to benchmark employee performance against standards. By examining the operating models of other competitor companies, these HR professionals help identify gaps in performance in their own businesses. Then, they design, develop and implement training programs to get employees on track.

#### **6) Identifying Strategic Functions**

A strategic HR department ensures that the company has the required quantity and quality of personnel to execute the company's mission. In accordance to this goal, it performs several strategic functions to help executive leaders communicate the company's core values to the entire workforce. Establishing ethical standards and training personnel on the type of business conduct necessary to adhere to all local, state and federal regulations, establishing job descriptions, pay scales, successful performance criteria and career development paths, etc are some of the functions that they perform apart from a host of others.

#### **7) Focusing on Results**

Strategic HR organizations work with executive leaders to define the operational measures for the company. By closely monitoring performance, such as completed sales, customer satisfaction rates and product defect occurrences, HR professionals help company leaders

pinpoint trends, develop risk mitigation plans and ensure readiness to avert a crisis in staffing or resource deployment.

**8)Focus on enabling capabilities:**Bringing about an improvement in capabilities and potential rather than merely pushing performances has been well realized and acted upon by modern HR managers. Thus,the new focus of their efforts rest in development of human resources, development of organisational health, improvement of problem solving capabilities, development of diagnostic ability, and increased employee productivity and commitment.

**9)Balancing adaptation and change in the organisational culture:** Although HRD systems are designed to suit the organisational culture, the role of HRD may be to modify that culture to increase the effectiveness of the organisation. HRD should take the organisation forward, and this can be done only if its design anticipates change and evolution in the future.

**10)Attention to contextual factors:** What is to be included in the HRD systems, how is it to be sub-divided, what designations and titles will be used, and similar issues should be settled after consideration of the various contextual factors of the organisation—its culture and tradition, size, technology, levels of existing skills, available support for the function, availability of outside help and so on.

**11)Building linkages with other functions:**Human Resources are the basic driving force behind organizational functioning. Hence, it is of utmost importance that Human Resource Development systems be designed to strengthen other functions in the company such as long-range corporate planning, budgeting and finance, marketing, production, and other similar functions.

**12)Balancingspecialisation and diffusion of the function:** Although HRD involves specialised functions, line people should be involved in various aspects of HRD. Line people are the actual ‘doers of tasks’ in an organization, and it becomes the responsibility of HRD to strengthen their roles.

**13)Ensuring respectability for the function:** In many companies, the personnel function does not have much credibility because it is not perceived as a major function within the organisation. It is necessary that HRD be instituted at a very high level in the organisationand

that the head of the HRD department is classified as a senior manager. Both the credibility and usefulness of HRD depends on this.

**14)Balancing differentiation and integration:** The human resource development function often includes personnel administration, human resource development and training, and industrial relations. These three functions have distinct identities and requirements and should be differentiated within the HRD department. At the same time, these roles should be integrated through a variety of mechanisms. Both differentiation as well as integration mechanisms are essential if the HRD system is to function well.

**15)Establishing linkage mechanisms:** HRD has linkages with outside systems as well as with internal sub-systems. Specific linkages should be established to manage these systems well. Establishing mechanisms like standing committees for various purposes (with membership from various parts and levels of the organisation), task groups, and ad hoc committees' for specific tasks tend to serve the purpose.

**16)Developing monitoring mechanisms:** The HRD function requires systematic monitoring to review the progress and level of effectiveness of the system and to plan for its next step. Regular and need-based reviews and appraisals help in timely discovery of defaults and defects and their prompt correction.

**1.5.2** There are four fundamental **component areas** of human resource development: individual development (personal), career development (professional), performance management, and organizational development. The importance of each component will vary from organization to organization according to the complexity of the operation, the criticality of human resources to organizational efficiency, and the organization's commitment to improved human resources.

**Individual development** refers to the development of new knowledge, skills, and/or improved behaviors that result in performance enhancement and improvement related to one's current job (training).

**Career development** focuses on providing the analysis necessary to identify the individual interests, values, competencies, activities, and assignments needed to develop skills for future jobs (development). It includes both individual and organizational activities.

**Performance management** aims at maintaining consistently good performance of employees while making for their all-round development and satisfaction. Ensuring this requires well-planned recruitment and selection processes, monitoring training and development needs of employees, maintaining a safe and healthy work environment, planning for change in a productive manner and so on so forth.

**Organizational development** is directed at developing new and creative organization solutions to performance problems by enhancing congruence among the organization's structure, culture, processes, and strategies within the human resources domain. In other words, the organization should become a more functional unit as a result of a closer working relationship among these elements.

Other than the above stated, the following are also vital components of a good HRD system:

**Organizational Structure** is the collection of the mission, vision, working norms and business habits of the company. And HR plays a key role in shaping the organizational structure by setting policies, procedures and company standards dictate to employees.

**Planning for Change** is important in respect of newer technologies replacing older versions, entry and exit of employees, fluctuations with regard to finances of the company, so on so forth. By planning for changes, employees are made aware about what to expect and how to deal with it.

**Training and Development** is an integral part of all employees; however qualified he/she may be and holding whatever designation. It is required to enable employees to remain updated with the changing work processes, etiquettes and culture apart from all other environmental changes that are forthcoming.

**Health and Safety**, in modern age, does not only indicate physical health of employees but also their mental health. Given the backdrop that organisational stress levels have gone up considerably, it becomes the responsibility of the HR managers to implement ways and means to cut them down.

**Recruitment and Retention** are major HR functions which needs time to time reviewing and up gradation. Amidst the competitive organisational environment, it is often opined by

managers that recruitment tends to be a much easier task compared to retention of experienced and competent employees.

## **1.6 CONCLUSION**

The basic principles and practices of HRD remaining same, strategic HRD emphasises upon systematising developmental efforts and succeeding at any cost rather than just surviving in the face of competition. Competencies and progression of HR in an organisation are mapped so as to design more befitting targets for achievement and more customised mechanisms for individual and team development.

## UNIT II

### 2.1 INTRODUCTION

Employees are often advised to keep their personal life and work life separate. However, it is to be acknowledged that as the social and domestic mental state of a person affects his/her organisational mental state, so also is it the other way round. Hence, providing employees a healthy work life is conducive to a satisfying working experience and a happy employee. A happy employee would, in turn, contribute towards a progressive organisation in the long run.

### 2.2 QUALITY OF WORK LIFE (QWL)

#### 2.2.1 Definition and Concept of Quality of Work Life (QWL)

Quality of work life is a concept which talks about the overall focus on employee as a person rather than just the work done by him/her. It comprises of the methods in which an organisation can ensure the holistic well-being of an employee instead of just focusing on work-related aspects.

Dissatisfaction with working life affects the workers some time or another, regardless of position or status. The frustration, boredom and anger common to employees can be costly to both individuals and organisations. Hence, managers seek to reduce job dissatisfaction at all organizational levels, including their own.

#### **Maintaining a good QWL leads to:**

- i. Positive employee attitudes toward their work and the company.
- ii. Increased productivity and intrinsic motivation.
- iii. Enhanced organizational effectiveness and competitive advantage.

#### **Quality of work life involves three major parts:**

##### **1. Occupational health care:**

Safe work environment provides the basis for people to enjoy their work. The work should not pose health hazards for the employees – either physical or psychological.

## **2. Suitable working time:**

Companies should observe the number of working hours and the standard limits on overtime, time of vacation and taking free days before national holidays. In many modern organizations, flexi time of work has also been introduced whereby employees get the liberty to choose their convenient work timings/shifts, the total working hours/day remaining standard for all employees.

## **3. Appropriate salary:**

The worth of a job is often primarily measured in terms of the monetary value attached to it. As the organization has certain expectations out of its employees, so also the employees have certain expectations out of the organization in respect of pay, facilities and amenities, status, etc. Hence, maintaining an appropriate and competitive pay structure is of paramount importance to retain an organisation's best performers and to reap the best contributions from them.

### **2.2.2 Importance of quality of work life**

An individual's life cannot be compartmentalised and any disturbance on the personal front will affect his/her professional life and vice-versa. A good [work life balance](#) motivates an employee to perform well at his or job. Therefore, organisations have started to focus on the overall development and happiness of the employee; thus, reducing his/her stress levels without jeopardising the economic health of the company. Its importance stand further emphasised by the following points:

#### **1. Enhances stakeholder relations and credibility:**

A growing number of companies that focus on QWL are seen to have improved their relationships with the stakeholders. They communicate their views, policies, and performance on complex social issues; and develop interest among their key stakeholders like consumers, suppliers, employees etc.



## **2. Increases productivity:**

Programmes which help employees balance their work and lives outside the work can improve productivity. A company's recognition and support — through its stated values and policies — of employees' commitments, interests and pressures, can relieve employees' external stress.

This allows them to focus on their jobs during the workday and helps to minimize absenteeism. The result can be both enhanced productivity and strengthened employee commitment and loyalty.

## **3. Attraction and retention:**

Work-life strategies have become a means of attracting new skilled employees and keeping existing ones satisfied. Many job seekers prefer flexible working hours as the benefit they would look for in their job. They would rather have the opportunity to work flexible hours than receive an additional increment in annual pay.

## **4. Reduces absenteeism:**

Companies that have family-friendly or flexible work practices have low absenteeism. Also, Workers (including the managers) who are healthy and not over-stressed are more efficient at work.

## **5. Improves the quality of work lives**

Minimising work-life role conflict helps prevent role overload and people have a more satisfying working life, fulfilling their potential both in paid work and outside it. Work life balance can minimise stress and fatigue at work, enabling people to have safer and healthier working lives.

## **6. Benefiting families and communities**

QWL strategies maintain balance between work and family. The organization realizes that if family life suffers, this may have wider social costs. Thus, steps are designed towards enhanced involvement in community, cultural, sporting or other activities that can be a benefit to community and society at large. While such activities are not the responsibility of

individual employers, they may choose to support them as community activities can demonstrate good corporate citizenship.

### **7. Job involvement:**

Companies with good QWL have employees with high degree of job involvement. They achieve a sense of competence and match their skills with requirements of the job. As they can find a match between their individual and organizational goals, they view their jobs as satisfying the needs of achievement and recognition. This goes on to reduce absenteeism and turnover, thus, saving organisational costs of recruiting and training replacements.

### **8. Job satisfaction:**

Job involvement leads to job commitment and job satisfaction. People whose interests are protected by their employers experience high degree of job satisfaction.

### **9. Company reputation:**

Many organizations, including Governments, NGOs, investors and the media, consider the quality of employee experience in the work place when evaluating a company. Socially responsible investors, including some institutional investors, pay specific attention to QWL when making investment decisions.

### **2.2.3 Ways to achieve quality of work life**

The following are some of the popular ways of achieving a balanced QWL in organisations:



**1. Providing Job Security**, aimed at ensuring long-term and permanent employment rather than bearing the costs generated by a high rate of attrition, is one of the focal areas of QWL.

**2. Rewards and recognition**, brings about a sense of importance of the job and the job-doer; thereby, making for a satisfied workforce with higher morale and motivation.

**3. Flexible work timings**, is becoming a more and more popular practice as it gives employees a chance to do their work and also work on certain important personal commitments. Many modern companies also promote a [compressed work week](#) concept.

**4. Increased employee participation**, by involving employees in discussions, strategies & feedback is something which helps increase the employees QWL & contribution towards a particular role.

**5. Open communication**, means maintaining transparency between management and employees with regard to work roles, rules, supervision and evaluation, etc. This helps in

building a stronger organisational climate of trust and integrity; thus, reducing corruption and biases.

**6. Career growth plans** are the best expressions of a sense of caring for the employee. A job is not just a means of livelihood for an employee but his/her life-long dedication towards a career. Hence, incorporating career planning for career growth of employees can boost up the quality of work life to a great extent.

**7. Job enrichment** with new tasks, better learning & training, more opportunities etc are more likely to keep employees happy at work.

**Additionally, the following aspects also help in improving the QWL:**

**1. Recognition of work life issues:**

Issues related to work life should be addressed by the organizational management to be able to build “People-Centric Organisations” that result in happy employees who contribute better towards productivity and growth and do not draw attention to human costs relating to absenteeism, trial and error, health hazards and such others.

**2. Commitment to improvement:**

QWL can be improved if the staff is committed to improvement in productivity and performance. This issue can be taken by the board of management through staff recognition and support programmes.

**3. Quality of work life teams:**

Combined team of managers and workers can be formed to address issues like loss of morale, lack of trust, increased intensity of work, reward, recognition etc. so that mutual solutions can be arrived at.

**4. Training to facilitators:**

Both the leader and staff can assess the job requirement and decide jointly what type of training is required to improve the quality of work life.

## **5. Conduct focus groups:**

Focus groups consisting of a small number of representatives/specialists from different job capacities can be formed to discuss work-life issues at varying employment stages from time to time.

## **6. Analyze information from focus group:**

After the formation of focus groups and their discussion on different issues and collection of information, the information should be analysed to give right direction to organisational activities.

## **7. Identify and implement improvement opportunities:**

Improvement opportunities like communication, recognition and non-monetary compensation, support structure, constant review of reward and recognition system etc. would help in formulating communication strategies, focusing on linkages between managers and staff.

## **8. Autonomy to work:**

There exists a natural human resistance towards control and supervision. And hence, the liberty to do things by one's own rules is always welcome in an organization. An organisation with high quality of work life is "an organisation that promotes and maintains a work environment that results in excellence in everything it does – by ensuring open communication, respect, recognition, trust, support, well being and satisfaction of its members, both, personally and professionally".

### **2.2.4 Problems in Improving the QWL:**

The primary causes of problems while trying to improve the QWL are as follows:

#### **1. Poor reward and recognition:**

Reward and recognition should be meaningful to the employees and should not be given only for the sake of putting it on record. Rewards to which employees cannot relate creates no motivation to perform better.

## **2. Dead-end jobs:**

Work which does not offer opportunities for growth and promotion is one of the greatest reasons for employees' de-motivation and non-commitment. Jobs which deprive employees of self-development and growth opportunities lead to high dissatisfaction and disloyalty.

## **3. Managing by intimidation:**

Trying to manage employees by intimidating them and by threats and coercion is a type of negative motivation, which may result in temporary improvement in performance. However, it can be disastrous to the company in the long-run.

## **4. Negative working environment:**

Non-acceptance by colleagues, non-cooperation, too much politics, and negative behaviour by colleagues, supervisors and other people in the company also hamper commitment. At the end of the day people want peace of mind, which if not available in the work environment will discourage them to show total support to the company.

## **5. No job security:**

Lack of job security can lead to a very high rate of attrition and poor performance in the organization. Also, it may be a driving force in creating unhealthy competition in the workplace.

## **6. Negative attitude:**

Commitment is an attitude, which is largely inherent but can also be acquired if congenial and employee-friendly work policies and environment exists.

## **2.3 APPROACHES AND TECHNIQUES OF QWL**

### **1. Reward and Recognition:**

Reward begets commitment and the bottom-line for any employee to work is to earn proper reward and recognition. There should be a reward and recognition system that includes both material as well as psychological rewards.

## **2. Growth Opportunities:**

Growth and development is an inborn need of human beings. Providing opportunities for greater responsibility, promotion, value-added jobs, meaningful and worthwhile job, and learning culture enable employees to grow and develop.

## **3. Respect and Boosting Self Esteem:**

A good manager respects people at all levels. In turn, they will always try to prove him right by doing whatever is necessary. After having completed a certain tenure of worklife, only physical rewards and awards are not enough to keep an employee going strong. He/she wishes for the organization to realise his/her self-esteem and create opportunities for him/her to rise up the ladder of self-esteem and self-actualisation. This philosophy has been well touched upon in the popular Motivation Theory given by Maslow as well.

## **4. Vision and Get Supported:**

People will act if they can visualize what they are supposed to achieve. An effective leader will motivate people by giving them a vision of what they can become and how they can transform their organisations. A good vision should be challenging but achievable. A good manager will make the company vision compatible with the employees' individual visions and dreams in life. It can be done by showing employees how achievement of the organisation will contribute to their lives in the form of good salaries, better working conditions, career advancement or share holdings. Organisations need to realise that 'people work for their reasons, not ours.'

## **5. Mutual Commitment:**

In order to get support from employees, employers should initiate it in terms of leadership by example or self-commitment. They should provide proper tools and equipment; adequate training and other inputs needed by the people for successfully performing their jobs.

## **6. Good Working Environment:**

One major factor which employees would highly appreciate is the congenial working environment, where they are happy to work with others. Teamwork, cooperation, friendship

with colleagues and bosses and mutual respect are the signs of a good working environment which attract employees and retain them to stay longer with a company.

### **7. Empowerment:**

Empowerment means giving people the power, authority, freedom and responsibility to carry out their jobs. This give them a sense of control over their work and makes them feel worthy of doing things on their own. Empowerment leads to greater job satisfaction and sense of control, which can result in better commitment and loyalty.

### **8. Hiring the Right People:**

One of the worst mistakes companies can make is hiring wrong people with negative attitudes, low job competence, who do not meet the requirements of the jobs they are hired for. To sustain a good pool of committed employees, companies need to hire the right people with desired skills and capabilities.

### **9. Work/Life Balance:**

Many studies have revealed that work life balance is one of the main concerns of employees. Organisations which enable employees to balance work and family responsibilities have positive impact on employees' decision to stay with them.

## **2.4 CONCLUSION**

With changing family structures, residency status, social fabric and characteristics and an entire universe of influencing variables that may pose as adjustment threats for a person, employees need to be more carefully and empathically managed. Organisations can no more achieve their goals by avoiding employees' personal and social dilemmas.



## UNIT III

### 3.1 INTRODUCTION

As is the need to develop the HR of an organisation, so also is the need to develop/ redesign the jobs that they perform. There are constant changes in the ways to a task can be done and in the results desired out of a task. Job enrichment not only updates a job but also helps break the monotony of performing a task by adding a new element to it.

### 3.2 JOB ENRICHMENT

**3.2.1 Job enrichment** is a management concept that involves redesigning jobs so that they're more challenging to the employee and have less repetitive work. The concept is based on a 1968 *Harvard Business Review* article by psychologist Frederick Herzberg titled "One More Time: How Do You Motivate Employees?" In the article, Herzberg stated that the greatest employee motivators, based on several investigations, are (in descending order): achievement, recognition, work itself, responsibility, advancement, and growth. To improve employee motivation and productivity, jobs should be modified to increase the motivators present for the employee.

The focus of job enrichment encompasses the following:

- Reduction in repetitive work.
- Increasing the employee's feelings of recognition and achievement.
- Providing opportunities for employee advancement
- Providing opportunities for employee growth

#### 3.2.2 Reasons for Enriching Jobs

The purpose of job enrichment is to make the position more satisfying to the employee. Overall goals for the company often include increasing employee job satisfaction, reducing turnover, and improving productivity of employees. While jobs often need to be redesigned and enriched to adopt and adapt to technological changes, the need for job enrichment is also felt to break the monotony of doing the same job in the same way and also provide opportunities for skill development of employees.

### **3.3.3 Principles of Job Enrichment**

**Vertical job loading** is the terminology used by Herzberg to describe his principles for enriching positions and giving employees more challenging work. It is intended to contrast with job enlargement, or horizontal job loading, which often involves giving employees more work without changing the challenge level.

Herzberg recommends using the following seven principles to review the options of making changes while enriching a job:

1. Removing some controls while retaining accountability
2. Increasing the accountability of individuals for own work
3. Giving a person a complete, natural unit of work
4. Granting additional authority to employees in their activity
5. Making periodic reports directly available to the workers themselves rather than to supervisors
6. Introducing new and more difficult tasks not previously handled
7. Assigning individuals specific or specialized tasks; enabling them to become experts

### **3.3.4 Steps in Job Enrichment:**

**The process of job enrichment consists of the following steps:**

- (i) Selecting jobs which are amenable to job enrichment.
- (ii) Identifying the changes that may enrich the selected jobs.
- (iii) Changing the contents of jobs by forming natural work groups combining tasks and opening feedback channels.
- (iv) Training, guiding and encouraging employees whenever necessary by making employee counselling a part and parcel of all organisations.
- (v) Integrating the enriched jobs with the daily work routine of the organisation.

### **3.3.5 Techniques of Job Enrichment:**

**Jobs can be enriched by following the stated measures:**

- (i) Add new tasks to the job for increasing the scope of the job.
- (ii) Assign a natural work unit to an employee.
- (iii) Allow the employee to set his own standards of performance.
- (iv) Minimise the controls to provide freedom to the employees
- (v) Make an employee directly responsible for his performance.
- (vi) Provide feedback to the employees.
- (vii) Encourage participation of employees in deciding organisational goals and policies.
- (viii) Introducing new, difficult and creative tasks to the employees.
- (ix) Make the personnel understand how tasks contribute to a finished product of the enterprise.

### **3.3.6 Advantages of Job Enrichment:**

**The advantages of job enrichment are as follows:**

- (i) It provides a meaningful work experience and learning to employees.
- (ii) It makes the work interesting.
- (iii) It helps in reducing the rate of labour turnover and absenteeism.
- (iv) It increases skills of the employees.
- (v) Workers get higher job satisfaction as redesigned jobs provide intrinsic motivation to the employees.
- (vi) Organisation gets improvement in output, both qualitative and quantitative.

### **3.3.7 Disadvantages of Job Enrichment:**

**The limitations of job enrichment are as follows:**

(i) Enriched jobs may fail to motivate employees who are alienated and who prefer job security, shorter work, bonus, and good pay to autonomy and responsibility. For such employees, job enrichment may lead to feelings of inadequacy, failure and dependence.

(ii) Job enrichment may make work more difficult as there would certainly be changes in the job thereafter. For employees to be able to handle these changes efficiently, proper training should be provided to the employee to handle the enriched jobs. In certain cases, job enrichment proves to be a costly process as the expenditure involved is higher than the gain in productivity.

(iii) It may not be possible to enrich all jobs in an organization; especially the technical jobs with specialised machinery. As in case of the latter, changing the machinery would mean incurring huge expenditure for both installation of the new machinery as well as bearing training costs of employees who are expected to run these machines.

(iv) Job enrichment does not necessarily mean job satisfaction. Jobs of highly skilled professionals are very challenging in nature but it does not mean that they are always satisfied with their jobs.

### **3.4 CONCLUSION**

Enriching a job brings along certain changes in the way it has to be performed and as it holds benefits, so also it evidences resistance and some disadvantages. However, it is utmost necessary that jobs be carefully analysed and reviewed every now and then and consequently redesigned so as to avoid repetitions and make for higher degree of effectiveness.

## UNIT IV

### 4.1 INTRODUCTION

Earlier, high quality used to be associated with high costs. However, this perception of has changed over the years. 'Smart work rather than hard work', 'target checks', 'continuous improvement', 'value sharing', and such other progressive ideas have grown roots in HRM. An aftermath of such thinking has lead to the development of Quality Circles in organisations.

### 4.2QUALITY CIRCLES

The concept of Quality Circle (QC) originally began in the United States and was exported to Japan in the 1950s.

It is a work group of employees who meet regularly to discuss their quality problems, investigate causes, recommend solutions, and take corrective actions. Generally, QC is a small group of employees belonging to the same or similar work area.

The concept of Quality Circle is based on "respect for the human individual" as against the traditional assumption based on suspicion and mistrust between management and its employees.

Quality circles are expected to build mutual trust and create greater understanding between the management and the workers. 'Cooperation and not confrontation' is the key element in its operation. Quality Circles aims at building people, developing them, arousing genuine interest and dedication to their work to improve quality, productivity, cost reduction etc.Generally, six to eight members are considered the ideal size of the QC.

Employeesperforming similar work, who volunteer themselves to meet regularly, to identify the cause of their on-the-job problems, employ advanced problem-solving techniques to reach solutions and implement them are part of a QC.

The concept is based on the premise that the people who do a job everyday know more about it than anyone else and hence their voluntary involvement is the best way to solve their work related problems.

The Quality Circle concept provides an opportunity to the circle members to use their wisdom, creativity and experience in bringing about improvements in the work they are engaged in by converting the challenging problems into opportunities and it contributes to the development of the employees and in turn benefits the organisation as well.

#### **4.2.1 QC is formed to achieve the following objectives:**

1. Improvement in quality of product manufactured by the organisation.
2. Improvement in methods of production.
3. Encourage team spirit, cohesive culture among different levels and sections of the employees.
4. Promote self and mutual development including leadership quality.
5. Fulfill the self-esteem and motivational needs of employees.
6. Development of employees participating in QC.
7. Promoting morale of employees.
8. Respect humanity and create a happy work place worthwhile to work.
9. Improvement in quality, productivity, safety and cost reduction.
10. Giving chance to the employees to use their wisdom and creativity.
11. Improving the quality of work-life of employees.

#### **4.2.2 The main features of QC can be listed as follows:**

##### **1. Voluntary Groups:**

QC is a voluntary group of employees generally coming from the same work area. It is not obligatory for employees to join a QC.

## **2. Small Size:**

The size of the QC is generally small consisting of six to eight members.

## **3. Regular Meeting:**

Normally, QC meetings are held once a week for about an hour on regular basis during working hours of the concerned organisation. The time of the meetings is usually fixed in advance in consultation with the manager and members.

## **4. Independent Agenda:**

Each QC has its own agenda with its own terms of reference. Accordingly, each QC discusses its own problems and takes corrective actions.

## **5. Quality Focused:**

The ultimate purpose of QC being improvement in quality of product and working life, it focuses exclusively on quality issues.

### **4.2.3 Developing Quality Circles in Organisations:**

Formation of a QC may evidence some resistance from certain groups of employees and hence requires careful consideration and planning before formalizing the idea and practice. The following steps may help in materializing this idea:

#### **1. Publicising the Idea:**

It being a comparatively new idea, the employees need to be educated and convinced about the need for and significance of QC -both from the points of view of the workers and the organisation. Moreover, participation in QC being voluntary, promotion and publicity of the idea among the workers is necessary.

#### **2. Constitution of QC:**

Generally, workers doing same or similar type of work are drawn voluntarily to form quality circle as they face similar issues and challenges in their work. Once a QC is formed, they remain as permanent members of the circle unless they leave that work area.

### **3. Initial Problem Solving:**

The members of QC should discuss the problem(s) threadbare and, then, prepare a list of alternative solutions. Each member has the right to voice his/her opinion and suggest a solution regarding a matter under discussion. Thereafter, each alternative solution should be evaluated and the final solution should be arrived at on the basis of consensus.

### **4. Presentation and Approval of Suggestions:**

The final solution arrived at should be presented to the management either in oral or in written form. The management may evaluate the solution by constituting a committee for this purpose. The committee may also meet the members of the quality circle for clarifications, if required. Presentation of solutions to the management helps improve the communication between management and workers and reflects management's interest to the members of QC.

### **5. Implementation:**

Once the suggestion or solution is approved by the management, the same is being put into practice (either in its entirety or partially) in the concerned workplace.

#### **4.2.4 Characteristics of Effective Quality Circles:**

Quality Circles, in order to be effective, may be characterized as follows:

1. The atmosphere should be informal, comfortable and relaxed. The members should feel involved and interested.
2. Everyone should participate.
3. The objectives should be clear to the members
4. The members should listen to each other.
5. The group should feel comfortable even when there are disagreements.
6. The decisions should generally be taken by a kind of consensus and voting should be minimum.



7. When an action is required to be taken, clear assignments should be made and accepted by all the members.

8. The leader should not dominate the group. The main idea should not be as to who controls but how to get the job done.

9. Until a final solution is found and results are attained feedback is necessary.

**Moreover, for the success of Quality Circle programme, following actions are necessary in the Organisation:**

(a) Few managers representing production, quality control, design, process planning should form the Quality Circle steering committee. This would act as a policy making body and would help monitor the activities of QCs in the organisation.

(b) Top management must attend the orientation courses designed for them.

(c) A committed top and middle management is necessary, who supports and backs up the philosophy behind the formations of QCs.

(d) A facilitator must be appointed, who serves as a link between top management, the QC, steering committee, middle management circle leaders and circle members. The facilitator would be responsible to coordinate training courses; gain support from all parties concerned with quality improvement (including top management) and to provide necessary resources for running the QC.

#### **4.2.5 Duties of Circle Leader:**

The Circle Leader holds a very responsible position in a QC as he/she is the chief interlink between all parties to the QC. His/ her primary duties include:

(i) Must assume the responsibility of guiding the members.

(ii) Must make his members sure about what is going on.

(iii) Must channelise the discussions.

(iv) Must ensure that every member is allowed equal opportunity.

(v) Must ensure that specific task is assigned to each member.

(vi) Must work in coordination with facilitator.

#### **4.2.6 Benefits of Quality Circles:**

The benefits of Quality Circles may be shortlisted as under:

1. Much of the chronic problems-of organisations which create hurdles in work get resolved by the grass root employees of organisation, whose knowledge and experience otherwise is not fully utilized. Prompt and practical solutions are often discovered in these forums as these are suggested by those who actually do the tasks and are aware of every detail of the application.

2. As the employees gain experience in problem-solving, they become competent to handle more challenging and complicated issues relating to cost reduction, material handling, quality improvement, preventing wastage, improving delivery schedule, improving customer service, improving inspection and test methods, preventing accidents improving design and process etc.

4. As problems are discussed as and when they arise, prompt solutions are arrived at; thus, leaving very little space for losses arising out of delays and prolonged errors. Also, the cost of appointing specialists is reduced as employees themselves solve the problems.

5. In the process of discussions regarding quality issues, employees also get exposure to learning new ideas and are given an opportunity to develop their analytical and problem-solving skills. Thus, they become enriched employees in the due course of time; thereby contributing higher towards productivity.

6. Improvement in quality of job results and in performance of employees is certainly an outcome of QCs; this, being the main focus of such groups.

7. As membership is voluntary and all members enjoy equal opportunity to voice their opinion and participate in the issues under discussion, the communication network in the organization tends to improve.

8 . Increased team work may be expected as solutions are arrived at through mutual consent rather than through any imposition.

9. Better mutual trust exists between members as discussions are largely transparent and intended at participation from all members. This, also, helps build better workplace relationships.

12. It creates greater sense of belongingness towards the organization and towards one's own job as one becomes responsible for improving the quality of what he/she does.

### **4.3 CONCLUSION**

Quality Circles are not just mechanisms for ensuring continuous progress and evaluation of HR processes under implementation but also act as breeding grounds for new ideas and better practices. This apart, it also gives employees due recognition based on not just their performance but also their potential. It gives them a forum where their ideas and beliefs are heard; thereby, making for greater involvement in decision making relating to the work they perform. Like any other practices, Quality Circles also have their own loopholes which if corrected can go a long way in creating a more transparent and collective working environment.

## **BLOCK 3: CHANGE MANAGEMENT**

### **Unit I: Change Management**

#### **Structure:**

- 1.0 Learning Objectives**
- 1.1 Introduction**
- 1.2 Concept of Change**
- 1.3 Scope of Change**
- 1.4 Drivers of Change**
- 1.5 Models of Change**
- 1.6 Principles of Change**
- 1.7 Process of Change**
- 1.8 Types of Change**
- 1.9 Change Management**
- 1.10 Challenges faced in Change Management**
- 1.11 Change Management Failure / Limitations of change management**
- 1.12 Interventions in Change Management**
- 1.13 Challenges before HR manager**
- 1.14 Responding to change**

### **1.0 Learning Objectives**

#### **After going through this unit you should be able to:**

- Understand the change process of HRD
- Understand the challenges and various role played by HRM.
- The role played by HR professionals in HRD for potential source of sustained competitive advantage.
- Identify HRD evaluation tools.

### **1.1 Introduction**

The general concept of change is defined as “a move from one thing to different state of things”. HRD (human resource development) is a positive humanistic concept although any change brought in may have negative effects. Only by developing the human resource base we can better manage the natural resource base and which in turn will bring substantial benefit to the organization in the long run. Therefore, HRD is a tool for improving business performance and overall development of the human resource.

One of the emerging concerns in the human resource field is the management of men, money, materials and machines; the management of men is the most significant and challenging one. The efficiency and the nature of effectiveness of the various activities carried out right from the production process to the management of different areas of the organization depends to a large extent on the level of Human Resource Development (L. Swarajaya, 2004). This implies that the organizations should develop appropriate HRD policies and take care of today’s personnel that are more demanding and have high aspirations.

## 1.2 Concept of Change

An organizational change may take place due to a major external force, such as changes in political scenario, law or government. The examples of organizational changes include mergers, rightsizing, re-engineering, restructuring, expansion and pruning. On the other hand replacement of managers at the executive level also causes an organization wide change.

While implementing any change in an organization it should follow the following steps:

- i. Seek advice from with a change management specialist
- ii. Facilitating rumors free communication
- iii. Ensuring that the change is valid
- iv. Delegating responsibilities for effective change management
- v. Managing change rather than controlling it

Change can be defined as follows:

- A permanent transformation in the prevalent situation, created because of certain trigger factors
- An alternation in the task, activity or decision affecting the organizational structure
- A rational difference between present and desired state

## 1.3 Scope of Change

The scope of change encompasses all the factors that influences it. Change is very complex and it always anticipate unforeseen outcome in a complex or simple organization. The scope of change in an organization can be determined by the cost factors, credibility and complexity.

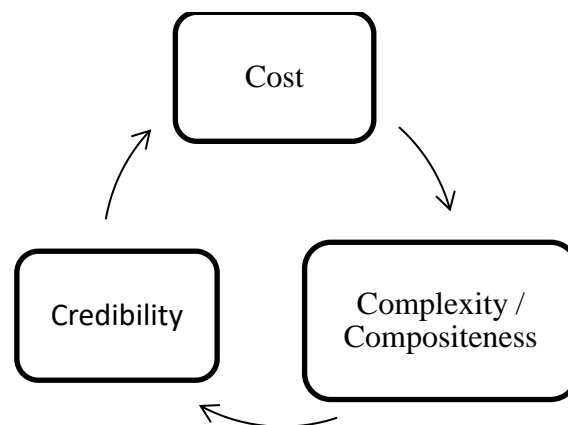


Fig 1: Factors determining scope of change

- i. **Price factors:** It is the investment or the amount of money incurred to bring about the change.
- ii. **Complexity:** It is the constrain or difficulties faced by the organization while implementing the change
- iii. **Credibility:** It refers to the expected outcome.

Thus, changes can be categorized into the following three categories:

- i. **Transactional change** – Here the outcome is predictable and implementation is not difficult. For example, when change in supply and equilibrium point is given then the change in

demand can be determined and executed easily. In addition, the cost of implementing this change is low.

- ii. **Transitional change** – It is the change from one phase to another where the outcome might not be predictable. For example. In changes related to product line expansion, change implementation may or may not be complex. In addition, the cost of implementing a transitional change is high as compared to transactional change.
- iii. **Transformational change** – The outcome of this change is not known or less known to the people involved in it. For example, mergers and joint ventures.

<b>Change factors</b>	<b>Cost</b>	<b>Complexity</b>	<b>Credibility</b>
Transactional	Low	Low	High
Transitional	Medium	Low / High	Low / High
Transformational	High	High	Low

Table 1: Factors Determining Change

## 1.4 Drivers of Change

A change driver, commonly known as change agents, refers to the motivational forces that bring any type of organizational change. Change agents should aim at positively reinforcing employees to accept organizational changes. In some circumstances, a crisis also works as a change trigger.

The key drivers of change are:

- i. Vision
- ii. Culture
- iii. Human Resource
- iv. Technology
- v. Goals

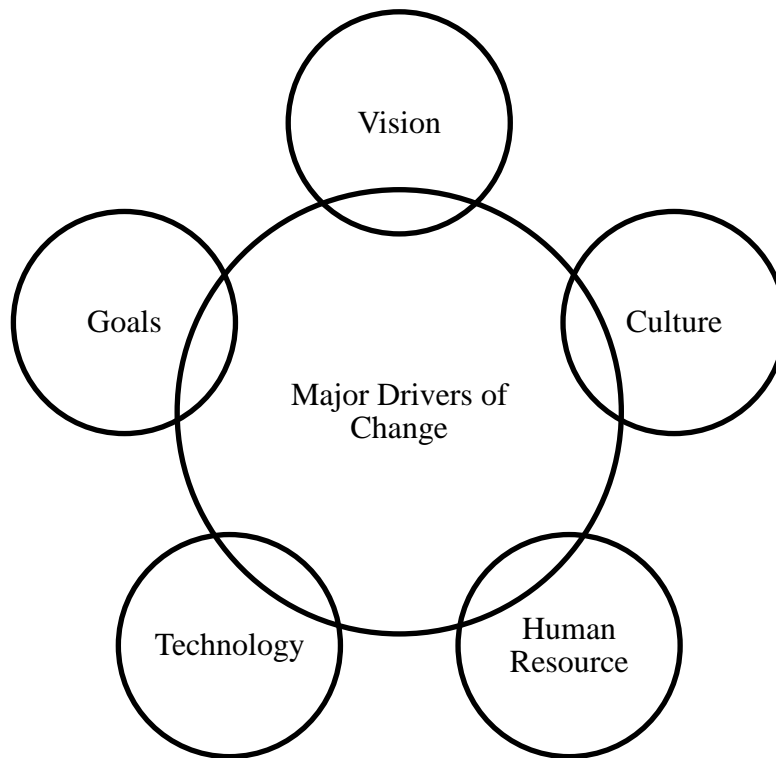


Fig 2: Major drivers of Change

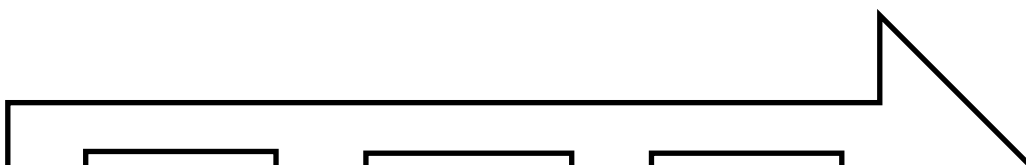
## 1.6 Change Principles

Many social and behavioral scientists conducted research on the topic of change and its management, which led to the formulation of several principles of change. These principles of change are as follows:

- a) Change upsets the state of equilibrium
- b) Change in one business component or factor affects the other. For example, change in the financial strategy may affect the functioning and decisions of the marketing department in an organization.
- c) People are not against change; they are against the threats anticipated for them.
- d) Open-mindedness of stakeholders facilitates change.
- e) Time plays an important role in change implementation.
- f) Change agents are required for effective change management.
- g) Every person in the organization should be involved in the change management process.

## 1.7 Process of Change

Change is a process that leads to modification of an organization, its culture, or marketing environment. Kurt Lewin, who argued that effective change should aim at disturbing the equilibrium state to initiate movement towards the desired end state. In order to disturb the equilibrium, the driving forces that inspire change should be increased and the restraining forces should be reduced. Finally, the end state should be refrozen and made permanent till it is required to implement any further change. Unless the end state result is refrozen, there is a high chance that the implemented change will be very short-lived, because employees may try to revert to the previous status-quo. The following figure shows the process of change.



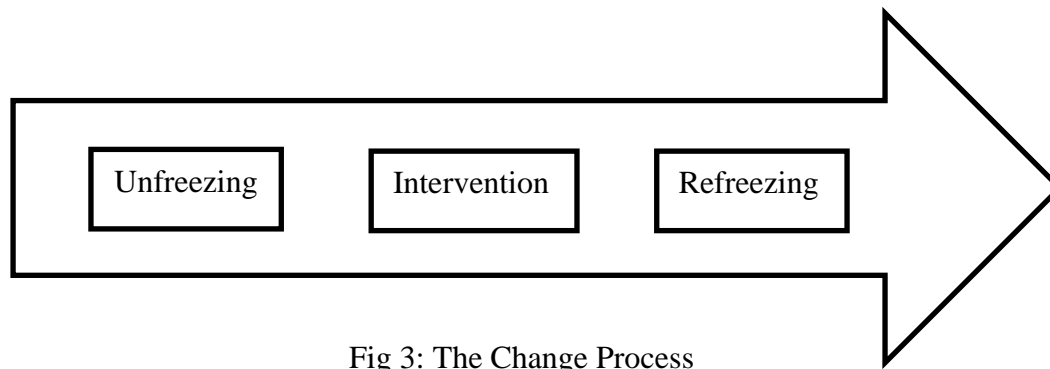


Fig 3: The Change Process

The following points explain the steps involved in the process of change:

- i. **Unfreezing:** It is the process of upsetting the current equilibrium and creating a motivational atmosphere to change the attitude of people towards change. People generally show resistance or rigidity during this stage. Two forces are seen to be working in opposition to each other while unfreezing; namely, the driving force and the resisting force. In order to unfreeze, the driving force should be stronger than the resisting force.
- ii. **Intervention:** It refers to planning the steps required to implement the desired change in all organizational aspects, such as technology, roles, or policies. These steps aim at providing new information in a new manner, as a new concept.
- iii. **Refreezing:** It refers to stabilizing the change intervention by balancing the forces that create disequilibrium during the unfreezing stage. This stage also aims at integrating the changes through reconfirmation.

Example. A pesticide manufacturing organization has three offices in different cities in India, such as Delhi, Mumbai and Hyderabad. A decision is made to consolidate all three offices and operate through a single office located in Delhi. The reorganization requires more than 100 employees of the organization to be transferred, around 50 to be eliminated and a few to be demoted. Such a large-scale change can invite resistance from employees as it creates disequilibrium in the entire organizational structure. Therefore, unfreezing is required to motivate employees to accommodate change. It can be done by providing monetary incentives to the employees. This stage is known as intervention. When the change is implemented, the organization tries to stabilize the situation after change. This stage is known as refreezing and is very important to sustain the change effectively.

## 1.8 Types of Change

Changes are implemented for different reasons at different levels in the organization. These reasons may include technological changes, cultural changes, behavioural changes or social changes in the organization or its environment. Thus, changes are categorized depending upon their purpose, reason, or occurrence. The major types of organizational change are shown in the diagram below:



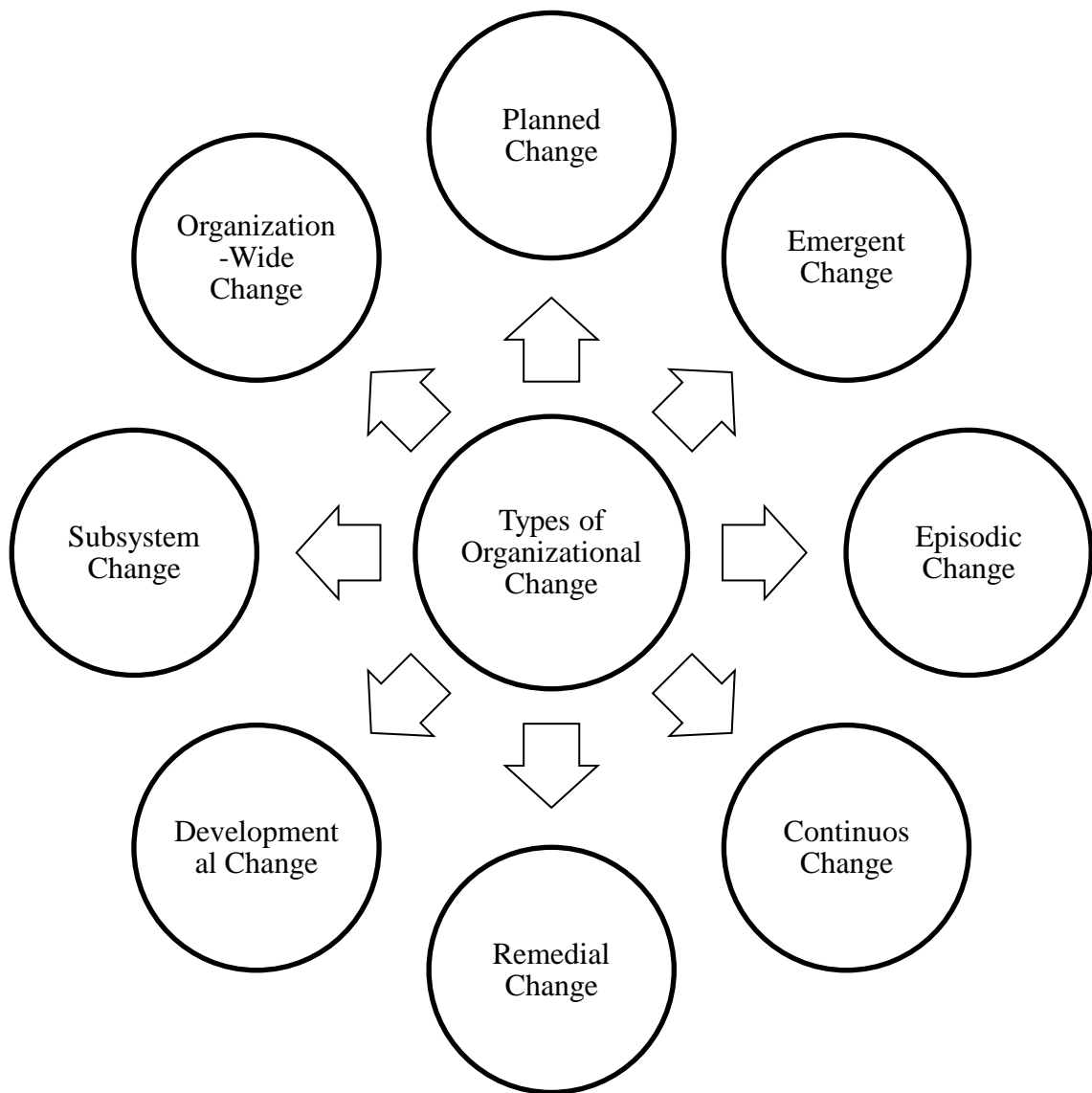


Fig 4: The major types of organizational change

The major types of organizational change are discussed as follows:

- i. **Planned Change:** It refers to a measured attempt to make changes as a result of logic. Planned change is within the hands of the change agents.
- ii. **Emergent Change:** It refers to an unplanned change arising out of factors beyond the control of the change agents.
- iii. **Occasional Change:** It refers to a change that happens occasionally and not on a daily basis. In other words, episodic change happens for a particular time and is often termed as second order change.
- iv. **Continuous Change:** It refers to a change that happens on repeatedly or on a frequent basis.
- v. **Corrective Change:** It seek to make corrective transformation in a particular circumstances, undertaking, procedure, or policy.
- vi. **Developmental Change:** It seek change the organization for the purpose of improving the efficiency and effectiveness of organizational system.

- vii. **Subsystem Change:** It contains change within a department, team, or group. Subsystem change may not affect the overall functioning of the organization.
- viii. **Organization-Broad Change:** The change that disturbs the organization as a whole. Organization-broad change is generally caused by the macro level factors, such as change in corporate strategy.

## 1.9 Change Management

Change Management comprises all activities meant to minimize resistance to change and to encourage employees to readily accept changes. The main purpose is to change the attitude and eliminate any fears of employees towards organizational change. These fears can in the form of stress, absenteeism, employee turnover, decline in productivity and high-attrition. Therefore, it becomes imperative for the decision makers of an organization to organize themselves for any future eventualities and manage change properly. These changes are influenced by many elements, such as market dynamics, socio-economic factors and technological advancements, due to which change may happen.

The description of change management would be incomplete without comprising the concept of Organizational Development (OD). It comprises of a set of interferences that seeks to improve organizational effectiveness. OD can be defined as the response to change, a complex educational strategy that aims to change the beliefs, attitudes, values and structure of organization so that they can better adapt to new technologies, marketing and other challenges. It can also be referred to a unique type of change management process in which two or more people try to achieve a desired end result by taking up certain improvement measures.

Another upcoming concept in change management is known as creating learning organizations. These organizations are a way of proactively managing change. Learning organizations help in building capacity on a continuous basis to adapt the change. The foundation of survival for such organizations is the ability of rapidly changing and inculcating the changes quickly.

Change occurs due to various external and internal forces and the pressure of these forces decides the scope of change in an organization. The factors required for effective implementation of Change Management are:

- i. Impact on People
- ii. Complexity of Work
- iii. Degree of Resistance
- i. **Impact on People:** If change covers only the top management and leaves the middle and lower management unaffected, then the scope for change management gets limited. On the other hand, if changes have a high degree of impact on all the people of the organization, its scope becomes wider. For example, change in an organizational policy or an organizational goal will influence all the people and departments at all the levels, whether directly associated with the change or not.
- ii. **Complexity of Work:** In every organization, there are certain jobs that can be easily completed, whilst others require significant expertise. For instance, when new products or complex IT systems need to be developed, the services of the experts in the respective fields are required.

- iii. **Degree of Resistance:** It refers to the extent of employees' opposition towards change and its consequences. The opposition of employees towards change may be logical and justified in some cases. Employees by nature abhor ways of life, thought and action that are unfamiliar to them. This is partly because they fear from the new and the unknown; and partly because adapting to new ideas is a complex and pain-taking process. If the degree of resistance is high then the scope of managing in the organization becomes very important and crucial.

Although the organizations put their maximum efforts in managing the change within the organization, but there are certain problems that act as a challenge and hamper their functioning.

### 1.10 Challenges of Change Management

Change faces resistance from those employees who are against it may be because of unforeseen circumstances or fear of job security. Thus, change management faces certain challenges, which may be broadly divided into two parts (**Individual Challenges**, **Organizational Challenges**) as shown below:

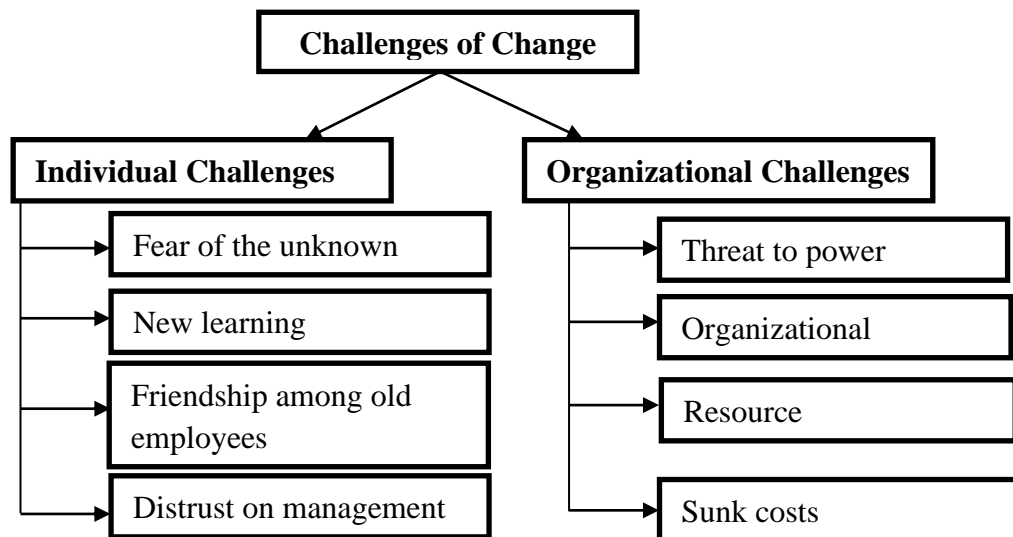


Fig 5: Challenges of Change

1. **Individual Challenges:** It refers to the challenges that the change imparts on the individuals of an organization. There are four challenges under this category, which are as follows:
  - i. **Fear of the unknown** – It refers to the negative feeling in the mind of employees that they will not be able to adapt change or they will have to do more hard work, which will disturb their comfort zone of performing task.
  - ii. **New learning** – It refers to performing new tasks where individuals learn new language, technology, and work culture. Although this all is very exciting for employees; but it is, a fact that excitement comes only after the learning has occurred, not before.
  - iii. **Friendship among old employees** – Influence from the change, which disturbs the old social friendship of employees. This creates an uncomfortable feeling of loneliness among the employees that poses a challenge for management.

- iv. **Distrust on management** – Creates a fear of exploitation in the minds of employees. Thus, they oppose change initiated by the management of the organization.
2. **Organizational Challenges:** Signify the problems or challenges faced by the organization itself either due to changes or due to consequences of changes. Some of the challenges posed in front of an organization are as follows:
- i. **Threat to power** – Acts as a greatest challenge for organizations that is required to be solved at the initial stages of change implementation. Some changes may lessen the power of top management that becomes a cause of frustration and distress in the organization.
  - ii. **Organizational structure** – Covers the job assignment, selection and training procedures and performance reward systems that are designed to maintain the organizational stability and acts as a challenge to the implementation of change.
  - iii. **Resource** – Constitutes the most important component of the organization. Lack of resources and non-availability of adequate resources can also pose a big challenge for an organization while implementing the change.
  - iv. **Sunk costs** – It refers to the costs that are invested in fixed assets by the organization. When a change occurs, there is a fear of wastage of such cost. The vested interest of the organization and stakeholders become a challenge for the change implementation.

### 1.11 Limitations of change management

The limitations of change management are as follows:

- i. Lack of leadership within the organization fails change management making it impossible to bring changes in the organization. Thus, management has to act as a leader rather than being a memo writer.
- ii. Success of change management in the organization is impossible if the acts of seniors do not reflect the change component. The reason behind is that subordinates' only respond to the actions and orders of the seniors.
- iii. Underestimation of difficulty and duration of organizational transformation makes the path of change tough for the organization.
- iv. Lack of involvement or self-interest of employees in the change, is a limitation of change management. Employees resist change if they find it favourable and unpleasant.

### 1.12 Change Management Interventions

Change agents are people who help in the process of change and make interventions to manage change in an organization. These interventions assure that change is being managed in an effective and efficient manner. Any doubt that arises while implementing change must be cleared and all employees must work in tandem to bring change. The interventions are made at all stages of change management to ensure that it is being implemented smoothly. A few interventions commonly used in change management are as follows:

- i. transparency
- ii. provide training
- iii. employees participation
- iv. Facilitating the support of top management in bringing change
- v. Using negotiation and coercion for implementing change

Let us now discuss these interventions one by one in brief.

- i. **Transparency** – It refers to improving the communication by making change-related information available to all employees across the organization. It also requires top-management to respond to employees’ queries and apprehensions regarding change  
**Providing training** – It refers to educating the employees and developing their skills, which would help them in readily adjusting to the change. Change management calls for providing employees with both behavioural and technical training. **Employee’s participation of** – It refers to the involvement of employees in the change management process. All the employees in an organization should be engaged in the process of change management to minimize their resistance. **Facilitating the support of top management in bringing change** – It refers to involving and encouraging top management to effectively implement changes.
- ii. **Using negotiation and coercion for implementing change** – It refers to using persuasive measures for change management. Negotiation is a politer method of bargaining or persuasion while coercion involves intimidation.

### 1.13 Challenges before HR manager

A major challenge faced by HRD practitioners in designing of programs is to address the question of, what is driving HRD in an organizational setting? And what is confronting the designers of the programs? Basically HRD is primarily about meeting business needs through learning. A narrow definition of HRD is peoples' training and skills, values, attitudes, and their families and communities.

With the growing importance of HRD, a significant change and increase has been seen in training programme budgets in the organizations from small to large organisation. Now the challenge lies in the employees training through HRD activities since it covers not only the skill development but also the process of changing the attitudes of the employees. The design of such training programs, however, is problematic because of the challenges associated with it (Example: Employee Resistance, Communication breakdown, employees turnover) and more importantly the change process can be a stressful burden even if employees are willing to change, (Vakola and Nikolaou, 2005).

The economic integration and changes that have taken place in the past few decades all over the world have established very clearly that no Nation can survive for too long by isolating itself completely form the rest of the world. The new economic environment has significance to all organisation and its employees. The role of HRD might fail if it does not strongly define and priorities the change effort. Therefore, HRD activities will have to play a very crucial and challenging role to make the following changes

#### **Challenging role of HRD for change**

- i) Redefining and restructuring of the organizations boundaries of skill by training the people in management ranks and expanding their span of control.
- ii) Giving more importance on core competency, since now a day a noticeable change is seen in favor of developing core competency through mergers and de-mergers of companies.
- iii) Giving more importance to Quality, this is a shift from quantity output to quality output.
- iv) Changes and advancement made in the field of Technological and human interface. At this point HRD manager has a vital role to play.
- v) Empowerment of the Employees, a change from “benevolent autocrat” poses as a big challenge for the HRD Manager.
- vi) Retention of employee and their commitment requires a long term HRD interventions by means of behavioral understanding and establishment of new work ethics and to build greater employee commitment.

- vii) Collaboration and Team work, has a crucial role to play in terms of quantity, quality, cost and delivery which have a significant impact on every organization and HRD has a important role to play in building cohesive teams.
- viii) To face global competition organization needs OCTAPACE i.e. Openness, Confrontation, Trust, Authenticity, Productivity, Autonomy, Collaboration and Experimentation. Only through HRD activities organizations can build OCTAPACE culture.

***Check your progress***

1. What is change management?
2. What are the challenges of HR manager?

### **1.14 Responding to change**

The rapidly changing world market that throws up ever-changing challenges and the belief that a business cannot be successful unless it creates prosperity and opportunity for its employees.

Therefore the world faces two major development challenges,

- i) Equitable distribution of resources, opportunities and benefit and
- ii) The other is to develop human capabilities.

HRD should be treated as an integrated concept of human management because HRD implies that people may be developed individually, group or as communities, thus, the focuses of HRD are not only on the development of individuals but also on the collectives. It is important and critical for all sectors where people are involved to make things happen.

**The HRD activities in any organization can be realistic only when**

- i) There is believes in the organization that development of employee is in its own interest.
- ii) People can do better if they are given chance to grow
- iii) By involving the employee, trust them and empower them, treat them as resource and assets.
- iv) By focusing on the strength of the employees and in overcoming their weaknesses.
- v) Provides ample opportunities and conditions for the development and optimization of human resources by the organisation.
- vi) By integrating the needs and aspiration of the employees into the strategic goals and the mission of the organisation for better result.
- vii) Encourage individual initiative of the employees and responses by providing a fostered culture.
- viii) Commitment of employees increases when he/she is able to find opportunities to use his potential while at work.
- ix) The willingness of management to invest adequate time and resources for the development of the employees and their participation.
- x) Management concerns for the growth and development of the subordinates employees.
- xi) Employees willingness to avail the given opportunities for growth and development and improvement in performance.

Although the general definition of management has gone through vast change from control to development function, proper HRD programme with emphasis on both performance of the organization as well as the quality of work life of the employees do have desired results. Overlooking any of these will have a negative effect. Since organizations are judged not only by its plans, policies and products, but also by its people, therefore, main

objective of the organization should be like improvement in performance of the organization through quality of work life although the actual implementation may vary from organization to organization and their policies.

### **Let us sum up**

Change management is mainly used for one reason that is to ensure business success. Without change management, the risks of missing organizational objectives, losing productivity, or complete project failure all increase and threaten a business's future. Lacking effective, thorough, and timely change management is extremely risky to an organization.

Human Resource Development is a system of developing and improving the competencies of individual employees. It is a continuous and planned process which aims to improve efficiency and effectiveness of the totality of the organisational goals. Human resource development can be defined as a set of systematic and planned activities intended by an organisation to provide its members with the best possible opportunities to learn necessary skills to meet current and future job demands. The evolution of human resource development includes apprenticeship training programs, vocational education programs, and factory schools, training programs for semiskilled and unskilled workers, human relations movement. In most organisations, however, training or human resource development is part of a larger human resource management department.

### **1.4 Self Assessment Questions**

- a) Define HRD? What are its functions and objectives?
- b) Elaborate about the nature of HRD and its relevance in present scenario.
- c) Explain the role of HR manager in HRD.
- d) What are the challenges of an HR manager?
- e) How do HR managers respond to change?

### **1.5 Suggested readings:**

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## **Unit II: Effect of Competition on HRM**

### **Structure:**

#### **1.0 Learning Objectives**

#### **1.1 Introduction**

#### **1.1 Responding to change**

#### **1.2 Effect of Competition on HRM**

#### **1.4 Process of organizations going global**

#### **1.5 Organizational sustainable competitive advantage**

#### **1.6 Workforce different life and career stages**

### **1.0 Learning Objectives**

After going through this unit you should be able to:

- Understand the Human Resource Management (HRM)
- Understand the how to respond to change effect
- Understand the Effect of Competition on HRM
- Understand the Process of organizations going global
- Organizational sustainable competitive advantage.
- Workforce different life and career stages

### **1.1 Introduction**

Human beings are social animal and can hardly ever live isolation. And always live in a close relationship. We always plan, develop and manage our relations both consciously and unconsciously. The relations are the byproduct of our manifestation and depend to a great extent upon our capability to deal with our activities. From early days each and every individual obtain knowledge and understanding on others and how to act in each and every situation in life. This knowledge we carry forward to understanding in managing relations at our workplace. The whole concept of Human Resource Management revolves around this core matter of managing relations at work place. Human Resource Management (HRM) has gained acceptance in both academic and commercial circle since early 1980s. Human Resource Management (HRM) is a multidisciplinary organizational function that draws theories and ideas from various fields such as management, psychology, sociology and economics. Thus, managing human is a very complex procedure. There is no best way or



easy way to manage people and there is no fix formula how manager can manage people effectively, because people are complex beings with complex needs.

Effective HRM depends very much on the causes and conditions that an organizational setting would provide. Basically any organization has three basic components,

- i. People,
- ii. Purpose, and
- iii. Structure.

Nowadays, companies that offer products with the highest quality are the ones with competitive advantage and it largely depend on the caliber of people in the organization. Having competent staff on the payroll does not guarantee firms success. However in order to remain competitive, to grow, and diversify an organization must ensure that its employees are qualified, placed in appropriate positions, properly trained, managed effectively, and committed to the firm's success. Thus, the goal of HRM is to maximize employees' contributions in order to achieve optimal productivity and effectiveness, while simultaneously providing individual career prospect to individual.

### **1.1 Responding to change**

Change is the most existing affair for any organisation. The occurrence of change is evident in every sphere of human activity. At organizational level the rate of change is rapid because of innovation due to high competition. Change comes in different forms and at different levels of complexity, and also varies in its extent and significance ranging from nominal to transformational. Over the period of time change has become more regular and persistent over the past few years. The pressures of change today in organizations are alarming. The competitive landscape is ever changing. Economic conditions, labour markets, demographics, consumer taste and preferences and especially technological changes affect how business is conducted and managed, in addition it falls to the organizations responds to major changes. The pace of change is a major challenge. Hence, an ineffectively managed change is likely to pose a huge problem for organizations. Nevertheless, the chances of success are greatly enhanced when the human element in the organization are taken into consideration. The process of change or transformation is difficult and a long-term effort. However, the success of transformation depends on the leadership of an organization. It is only possible to bring about meaningful change if credible and capable leaders lead the change process. In essence, leadership is the art of getting others to want to do what the leader believes should be done. Leaders gain the confidence of others through their insights, interpersonal influence and their competence. Leadership is not about having the power and influence to command and control the performance of subordinates. It needs to be emphasized that leadership responses exist at all levels in the organisation. It is therefore evident that there is a wide range or scope of competencies required in leading change. Thus leaders play an important role as social architects, providing strategic direction to the organisation.

### **1.2 Challenges in leading change**

Leadership is one of the most important elements for leading the change so that while implementing change, it can face challenges in order of importance, namely employee resistance, leadership issues, planning issues, communication failures, culture, skills issues and industrial relations issues. It is essential to keep in mind that successful change in large organisation should be implemented according to a holistic plan. Change leaders often try to balance two contrasting forces namely the need to drive change through their organisation in order to respond to ever changing environments and seeing the importance of incorporating what they know about the human aspects of change. In this respect leader should keep in mind that organizational changes cannot be consider as independent and isolated events. Hence, all changes cannot at the same time be first priority and leaders must take a more strategic view and implement change in step wise manner. It must also be kept in mind that

no matter how carefully leaders consider a given change, the actual benefits will be a function of the change environment in which it is surrounded. Therefore, the challenge associated with a given change will increase exponentially as the environment in which the change is to be surrounded becomes more turbulent, because individuals react differently to turbulence changes. Therefore for any change one should follow the eight steps to overcome the challenges of leading change, namely

- i. Determine the change strategy by defining it specifically with timelines.
- ii. Assess readiness by improving the readiness of all parties.
- iii. Analyze the stakeholders by making an effort to understand the motivation levels of all stakeholders.
- iv. minimize resistance by assessing individual's own tolerance
- v. Secure a small early win by planning and securing an incremental early win to convince stakeholders.
- vi. Engage the key players in planning skilfully to bring together all internal and external players.
- vii. Scale and sustain the change strategy which entails sustaining the initiative over time.
- viii. Build in ongoing monitoring and effect corrections by determining whether the change strategy solved the original problems.

### 1.3 Effect of Competition on HRM

Presently, in order to remain competitive, organizations have to keep on changing as they are operate in an environment that is fast paced, dynamic and changing continuously (Biedebacha and Spimlderholma, 2008). As economies become more knowledge-based, the demand for highly qualified and skilled employees keeps on growing, because these human resources offer a potential source of sustained competitive advantage.

#### Challenge for HRM to remain competitive

The challenge for HRM to remain competitive and gain advantage over other firm are-

- i) In attracting and retaining highly skilled, motivated employees that is, a high-quality workforce,
- ii) The employees are maintained over the long term, as a means to ensure a sustained competitive advantage for the organisation.
- iii) Improvement in employee performance can definitely boost the production process and increase sales of an organization.

HRM competence, therefore, consists of tangible and intangible resources that allow an organisation to outperform its competitors.

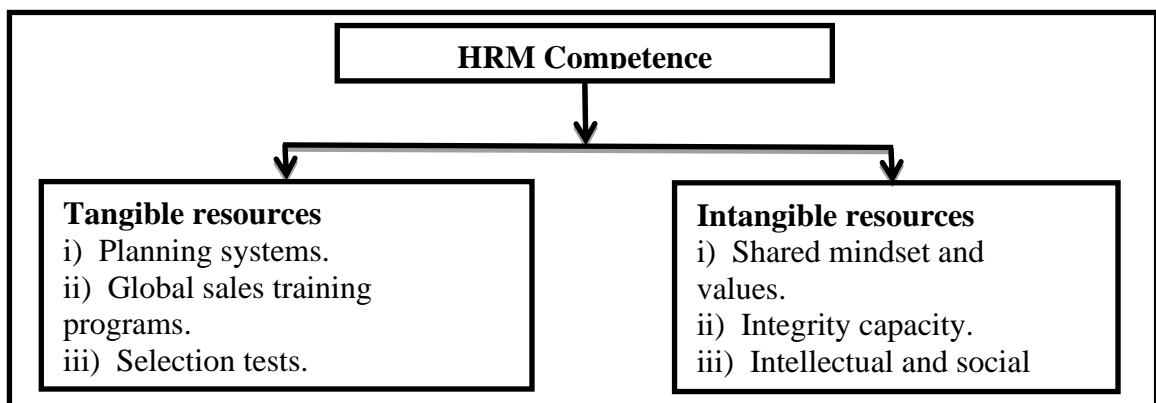


Fig 1: HR Competence

Most of the organizations going global are bound to seek HRD professionals for support and advice at some point of time, since this process involves many complex process.

#### **1.4 Process of organizations going global**

Globalization is a natural process that results in the increasing and accelerated process of production. The development of science, engineering and technology and the expansion of markets for goods, worldwide, lead to internationalization of economic and financial developments and their global deployment. Globalization is a process of opening of national economies through the removal of economic and financial boundaries of national economies and thus their transformation into an international economic and financial market. Globalization is a worldwide trend and there is no escape, through which economies in the world lose their borders and connect to each other. The companies can implement a wide range of business activities around the world.

Globalization, developed from economic aspect, has two main components:

- i. The globalization of markets and
- ii. Globalization of production.

The globalization of markets refers to the merging of historically different and separate national markets into one big global market. In recent years, the tastes and preferences of consumers in different countries begin to resemble level and they help in the creating of a global market. The companies that offer standardized products worldwide help in the creation of a global market.

The globalization of production refers to the affinity of the companies to find suppliers of goods and services from locations around the world, in order to realize the advantage of national differences in price and quality of the factors of production. Companies do this in order to reduce overall costs and thereby to improve the quality of their product by offering to compete more effectively.

One of the biggest challenges of going global is to face the complexity of changes in political, economic and business activities as well as the development of technology, transport and communications, impose the need for enterprises in its struggle for survival, to change their strategies and go out from the borders of their own country. Limited market, competitive pressure, demand for cheaper resources have made business leaders to re-strategize their focus from traditional targets to alternative measures for successful business and the entrance on global markets, with the purpose of making competitive advantage.

- i. Mergers, acquisition and alliances.
- ii. Organizational restructuring.
- iii. Global competition and
- iv. Rapidly changing technology.

Since employees are the implementers and drivers of any desired change in an organization and should therefore be involved in the planning for change. It is the responsibility of Human Resource professionals to protect the employees against the side effects of inevitable changes and to ease the effect of changes in the organizations. Vital role of maximizing organization's human resource is played by the HR practitioners since it is critical for accomplishing any key organizational goal, through the support of employee behaviour and accordingly proceed to have a successful organization. Thus, HRM is directly linked with organizational sustainable competitive advantage as it generates superior organizational performance by:-

***Check your Progress 1***

1. What do you understand by HRM competence?
2. What are the various roles played by HR professionals in change management?

### **1.5 Organizational sustainable competitive advantage**

- i) Profitability and productivity results.
- ii) Continuity and efficiency.
- iii) Commitment and morale of people.
- iv) Adaptability and innovation systems.

However, organizations face further challenges in the competition for a high quality workforce. Therefore, it is necessary for the HRM to address a more diverse workforce including those at different life and career stages,

In particular,

### **1.6 Workforce different life and career stages**

- i) Ageing populations.
- ii) Workforces from different cultural backgrounds.
- iii) More women in the workplace, dual-career couples, and
- iv) Single parent families.

#### **Let us Sum up**

The world has witnessed dramatic changes in the past 50 years, many of which have been reflected in the way we conduct our international business. To make a decision to invest outside of the own borders is a complex and comprehensive process. This process is achieved through several stages and approaches that contain a longterm comprehensive analysis and scanning newly elected investment location. Therefore companies from small or medium business entity should strive to constantly expanding and increasing its global presence by adapting to change.

#### **Terminal questions**

1. What do you understand by HRM competence?
2. What are the various roles played by HRD professionals?
3. What are the parts of HR competence?

#### **Suggested readings:**

1. Gary Dessler, (2000), 8th Edition, “*Human Resource Management*”, Prentice Hall Incorporated, Upper Saddle River, New Jersey.
2. Noe, R.A. Hollenbeck, J.R. Gerhart, B. and Wright, P.M. (2000) *Human Resource Management*, 3rd Edition, McGraw-Hill, New York.
3. Taylor, S, (1998), “*Employee Resourcing*”, CIPD, London.
4. Stewart, J. and McGoldrick, J. (eds) (1996) *Human Resource Development: Perspectives, Strategies and Practice*, London: Pitman Publishing.

5. Arthur, Diane (2nd Ed.) (1995). *Managing Human Resources in Small & Mid-Sized Companies*. New York: AMACOM
6. Ulrich, Dave. (2001). *The HR Scorecard: Linking People, Strategy, and Performance*. Cambridge, MA: Harvard Business School Press,.
7. Sparrow, Paul (2003). *Employment Relationships: Key Challenges for HR*. Boston: Butterworth-Heinemann.

### **Unit III: Retention Strategy Structure:**

#### **1.0 Learning Objectives**

- 1.1 Introduction**
- 1.2 Employee Retention and Turnover**
- 1.3 Ways to Handle the Unexpected Turnover**
- 1.4 Employees retention**
- 1.5 Retention Strategies and Best Practices**
- 1.6 Effective Practices for Retention Strategies**
- 1.7 Broad-Based Strategies**
- 1.8 Organize the Groundwork**
- 1.9 Benchmarking**
- 1.10 Tackle the Problems**
- 1.12 Approaches to retention strategy**
- 1.3 Essential requirement to cope up with competitors**
- 1.4 Quality of work life in an organization**

## **1.0 Learning Objectives**

**After going through this unit you should be able to:**

- Understand the change process of HRD
- Understand the challenges and various role played by HRM.
- The role played by HR professionals in HRD for potential source of sustained competitive advantage.
- Identify HRD evaluation tools.

### **1.1 Introduction**

Retaining employees is an important goal of every organization. In general the purpose of HRM is to ensure that the organization is able to achieve success through people. Employee retention involves planned actions to keep employees motivated and focused so they choose to remain employed and fully productive for the organization. A competent employee retention plan can play a vital role in both attracting and retaining key employees, as well as in reducing turnover and its associated costs. All of these contribute to an organization's productivity and overall business performance. One should keep in mind that it is more efficient to retain a quality employee than to recruit, train and orient a replacement employee of the same quality. Therefore to ensure an employee is retained a firm should follow the following steps

- a) Respectful treatment of all employees at all levels.
- b) Compensation/pay should be competitive.
- c) Trust between employees and senior management.
- d) Job security.
- e) To provide opportunities to use their skills and abilities at work.

### **1.2 Employee Retention and Turnover**

Formulate effective employee retention strategies require organizations to understand both why employees leave organizations and why they stay.

#### **Causes of Turnover**

Employees leave organizations for all kind of cause. But there are two broad categories for reasons of leave

- i. voluntary turnover
- ii. involuntary turnover

- i. voluntary turnover

Some find a different job, some go back to study, some follow a spouse who has been transferred to a different location, some retire, some get angry about a work-related or personal issue and quit on impulse, and some simply decide they no longer need a job all these categories of exit are referred to as "voluntary turnover".

- ii. involuntary turnover

Employees who get fired or laid off by the organization are referred to as "involuntary turnover".

### 1.3 Ways to Handle the Unexpected Turnover

Normally, an employee will stay with an organization if the pay, working conditions, growth opportunities, etc., provided by the organisation. Employees usually follow four primary paths to turnover, each of which has different implications for an organization:

- i. **Dissatisfaction of Employees.** Resolve this issue with conventional retention strategies such as monitoring workplace attitudes and addressing the drivers of turnover.
- ii. **Providing better alternatives.** Be prepared to deal with external offers for valued employees. Retain employees by ensuring that the organization is competitive in terms of rewards, developmental opportunities and the quality of the work environment.
- iii. **Planned change.** A number of employees may have a predetermined plan to quit (e.g., if their spouse becomes pregnant, if they get a better job opportunity etc). However, increasing rewards tied to tenure may alter the plans of some employees. For example, if a company is seeing exits based on family-related plans, more generous parental leave and family-friendly policies may help reduce the impact.
- iv. **Negative experience.** Employees sometimes leave on impulse. Generally, this is the result of a negative response to a specific action e.g., being passed over for a promotion or experiencing difficulties with a supervisor. Provide training to minimize prevalent negative interactions e.g., harassment, bullying, or unfair and inconsistent treatment) and provide support mechanisms to deal with those problems e.g., conflict resolution procedures, alternative work schedules or employee assistance programs.

Additional forecast of turnover that merit careful attention includes:

- i. Job satisfaction and Organizational commitment.
- ii. Quality of the employee-supervisor relationship.
- iii. Role clarity.
- iv. Job design.
- v. Workgroup cohesion.

### 1.4 Employees retention

It is important to understand why valuable employees stay. Several studies have shown that employees become associated in their jobs and with their communities as they participate in their professional and community life, they develop a web of connections and relationships, both on and off the job. Leaving a job would require severing or rearranging these social and value networks. Thus, the more associated employees are in an organization, the more likely they are to stay. Companies can increase employee engagement by providing mentors, designing team-based projects, fostering team cohesiveness, encouraging employee referrals,

and providing clear socialization and communication about the company's values and culture, as well as offering financial incentives based on tenure or unique incentives that may not be common elsewhere.

It is to be noted that employers must be responsive to the wants of employees. Employers can also use flexibility to their advantage by recognizing for their achievements of employees. Employees, who have the opportunity to move around within a company, whether to new jobs in different departments or by promotions, are more likely to stay with that company. Employee benefits also play a role in retention. Offering a competitive benefits package, in addition to competitive pay, reduces the likelihood an employee will find the grass greener elsewhere.

### **1.5 Retention Strategies and Best Practices**

Broad-based and targeted strategies, or a combination of both, can be appropriate strategy depending on the circumstances. Those practices that contribute to retention arise in all areas of HR. The relationship between Employee-Employer is interdependent across organization. The relationship is mutually beneficial to each other since employee works for the company so that company earns profit and in return, employer pays compensation. This relationship is beneficial only when employee stays with the company for longer period of time and employer take care of employee in all aspects in return. But the most critical challenge that employer are face is the turnover of employees. The challenge is not just limited to high attrition rate but in retain the performing employees. Since aspiring employees are more attracted towards more challenging task and seek for new opportunity. It is considered that the most valuable asset for every company is skilled and experienced human capital. However, since each individual holds different values and personalities, managing employees becomes a challenging task to accomplish. To prevent voluntary turnover due to different principles between employees and the employer, HR Leaders should intervene to strategize employee engagement and retention

#### **The factors employees look for to be retained in an organization:-**

- i. Career development opportunities.
- ii. To work in the chosen field.
- iii. Proper implementation of 360 degree appraisal.
- iv. Timely and constant training and development programs.
- v. To know, in what way the employee contribute to the success of the company.
- vi. Recognized for good work.
- vii. Flexible work schedules for work life balance.
- viii. Open work culture.
- ix. Win-win compensation strategy and salary structure.
- x. Benefits tailored to individual needs.

By engaging the employees and making sure that they are committed to productive work can benefit the organization as much as it benefits the employees. If the organisation hired the right employees, chances are good they'll be engaged, committed to the organisation business and happy in their work. But to ensure ongoing engagement, the employer must play a vital role, particularly when it comes to communication. Thus, there is a need to constant motivation to retain competent and skilled employees so that:-

### **1.6 Effective Practices for Retention Strategies**

Effective practices in a number of areas can be especially powerful in enabling an organization to achieve its retention goals. These areas include:

- i. **Recruitment.** Recruitment practices can strongly influence turnover. Presenting applicants with a realistic job preview during the recruitment process has a positive effect on retention of those new hires.



- ii. **Socialization.** Socialization practices can help new hires become permanent in the company. These practices include shared and individualized learning experiences, formal and informal activities that help people get to know one another, and the assignment of more-seasoned employees as role models for new hires.
- iii. **Training and development.** If employees are not given opportunities to continually update their skills, they are more inclined to leave.
- iv. **Compensation and rewards.** Pay levels and satisfaction are only modest forecasters of an employee's decision to leave the organization; however, a company has three possible strategies explicitly link rewards to retention (e.g., tie vacation hours to seniority, offer retention bonuses or stock options to longer-term employees, or link defined benefit plan payouts to years of service).
- v. **Supervision.** Fair treatment by a supervisor is the most important determinant of retention. This would lead a company to focus on supervisory and management development and communication skill-building.
- vi. **Employee engagement.** Engaged employees are satisfied with their jobs, enjoy their work and the organization, believe that their job is important, take pride in their company, and believe that their employer values their contributions and are less likely to quit than employees who were not engaged.

## 1.7 Broad-Based Strategies

Broad-based strategies are directed at the entire organization or at large subsystems and are intended to address overall retention rates. Examples include providing across-the-board market-based salary increases, changing the hiring process to incorporate retention-related criteria and improving the work environment.

### Targeted Strategies

Targeted strategies are based on data from several key sources, including organizational exit interviews, post-exit interviews, stay interviews, employee focus groups. This information can lead an organization to determine more specifically where a problem exists and to develop highly relevant and linked strategies to address the issue. For example, if female professionals are departing the organization in significant numbers, a company could review common reasons that women give for leaving a company and develop strategies to specifically deal with this group of employees.

## 1.8 Organize the Groundwork

The following steps taken together can yield the information that an organization needs to determine the extent of its problem and to help shape the retention strategies that are implemented in response.

- i. **Establish whether turnover is a problem.** This step can be accomplished through turnover analysis, benchmarking and a needs assessment (both external and internal).
- ii. **Find out a plan of action.** After reviewing the turnover analysis, benchmarking data and needs assessment, create a plan to improve retention. Identify broad-based or targeted strategies (or a combination) for implementation.
- iii. **Implement a retention plan.** carry out the strategies that have been identified as appropriate for the specific problem.
- iv. **Evaluate the results.** After implementing the plan, evaluate the results to assess the impact relative to the cost.

## 1.9 Benchmarking

Establishing appropriate benchmarks—both external and internal—is a key first step in preparing to implement an employee retention strategy.

- i. **External benchmarking.** Is a 15 percent annual turnover rate too high? This question is impossible to answer in isolation. Benchmarking and a needs assessment can provide valuable information for determining whether turnover is a problem for an organization. Through external benchmarking, a company compares its turnover rates against industry and competitor rates. These data represent annual and monthly quit rates as a percentage of total employment.
- ii. **Internal benchmarking.** With this form of benchmarking, an organization tracks its turnover rate across time. If the rate increases, overall or among particular groups, this can be a red flag that a problem may exist.

### **1.10 Tackle the Problems**

As with all strategic initiatives, there are some common problems associated with employee retention programs. These include:

- i. **Support of top management.** If senior management does not send a message to managers and supervisors emphasizing that employees are critical to the company's long-term success, supervisory employees are unlikely to focus on people-related issues. Unless senior management actively participates in the retention process and takes primary responsibility for it, managers and employees will remain unsure of the true value of employees, both to senior management and to the organization.
- ii. **Organizational commitment.** Similarly, without an organizational commitment to the initiative and a clear understanding of how it is strategically contributing to the organization's successful long-term performance, managers may view a focus on people as, at best, "nice" or "just busywork" and, at worst, a huge waste of time that takes them away from the more important demands of their "real job."

### **1.11 Costs and Return on Investment**

The return on investment in financial terms can be estimated by reviewing a number of metrics, including turnover data, promotions/transfers from within versus outside recruiting, number of grievances filed, absenteeism, discrimination complaints, etc.

#### **Auditing and Assess**

Any initiative or program to determine if it is effective and to identify opportunities for improving it needs continuous improvement. An effective way to determine whether the employee retention program is working is to conduct an independent audit of the way the program is affecting various groups of employees. One way to audit retention initiatives in addition to continuing to review turnover rates and exit interview results is to conduct stay interviews of current employees. Stay interviews help employers ascertain why good employees stay and what might make them leave. It is highly recommended that managers themselves conduct these meetings, after proper training, as they have the most direct relationships with employees.

### **1.12 Approaches to retention strategy**

An increasingly globalized economy, retention of quality employees is a global issue. Increases in cultural differences within the workforce raise critical issues for employers. Employee retention efforts have proved very difficult to implement in some parts of the world due to differing expectations for pay, work assignments, benefits and the like. If a company is global in scope or simply has a highly diverse employee population, both cultural and national differences must be taken into account at the outset of the development of any new HR-related program, including employee retention strategies. Employees on foreign assignments face a number of issues that domestic employees do not, and the retention of

international assignees poses a significant challenge to employers. Poor repatriation planning by employers is often cited as a cause of high turnover of employees returning from foreign assignments. Employers must make efforts to keep in touch with expatriates to minimize employees' feelings of isolation and disconnectedness from the home organization. In addition, reverse culture shock can be an unexpected aspect of repatriation. Often, returning expats need a crash course on how to live in their homeland again, and employer support is critical for their retention.

### **1.3 Essential requirement to cope up with competitors**

- i. Attrition rate and absenteeism is reduced and
- ii. Loyalty and job satisfaction is increased.
- iii. Good quality of work life can be achieved.

These are considered as an essential requirement to cope up with competitors and create organizational efficiency. Therefore, achieving and maintaining Quality of work life in an organization is an important concern for HRM

Some of the measures that can be adopted are as follows:-

### **1.4 Quality of work life in an organization**

- i. Clarity in company's mission and vision, and clear on what the organization business stands for.
  - i. To identify and retain the key employees of the organization.
  - ii. Sound communication system, employees need to know on a continuous basis how they and the company are doing.
  - iii. Participation of the employees, for more responsibility and autonomy to the employees.
  - iv. Provision for Job Enrichment and Job Enlargement.
  - v. Provision for proper grievance handling and building employer-employee relation.
  - vi. Understanding the generational differences to get the best out of all your employees.

Thus, by implementing such measures organisation can maintain employee retention and motivation.

#### ***Check your Progress 2***

1. What are the methods for retaining employees?

### **Let us Sum Up**

The times when management could arbitrarily dictate terms to the employees and tread upon their rights is something that is not relevant anymore. With the ballooning of the white collar workforce, it becomes necessary for organizations to pay more attention to the needs of the employees more than ever. Finally, the fact that organizations derive their strategy from employees instead of imposing strategy upon them is the essence of Strategic Human Resource Management.

### **Terminal questions**

1. What are the methods for retaining employees?
2. What is retention strategy?
3. What are the employee perspectives to retention?

### **Suggested readings:**

1. Gary Dessler, (2000), 8th Edition, “*Human Resource Management*”, Prentice Hall Incorporated, Upper Saddle River, New Jersey.
2. Noe, R.A. Hollenbeck, J.R. Gerhart, B. and Wright, P.M. (2000) *Human Resource Management*, 3rd Edition, McGraw-Hill, New York.
3. Taylor, S, (1998), “*Employee Resourcing*”, CIPD, London.
4. Stewart, J. and McGoldrick, J. (eds) (1996) *Human Resource Development: Perspectives, Strategies and Practice*, London: Pitman Publishing.
5. Arthur, Diane (2nd Ed.) (1995). *Managing Human Resources in Small & Mid-Sized Companies*. New York: AMACOM
6. Ulrich, Dave. (2001). *The HR Scorecard: Linking People, Strategy, and Performance*. Cambridge, MA: Harvard Business School Press,.
7. Sparrow, Paul (2003). *Employment Relationships: Key Challenges for HR*. Boston: Butterworth-Heinemann.

## **Unit IV: Techniques of Continuous Improvement**

### **Structure:**

- 1.0 Learning Objectives**
- 1.1 Introduction**
- 1.2 Techniques of continuous improvement**
- 1.3 An Integrated Model for Improvement**
- 1.4 The Importance of Culture and Human Capital**
- 1.5 Essential quality requirements of Managers**
- 1.6 Principles for Continuous Improvement Continuous improvement should:**

## 1.0 Learning Objectives

**After going through this unit you should be able to:**

- Understand the principles concerning continuous improvement.
- Understand the Model for Improvement.
- The Importance of Culture and Human Capital.
- Guiding Principles for Continuous Improvement

### 1.1 Introduction

Continuous improvement is a applied learning that stresses on innovation, rapid and iterative cycle testing in the field, and scaling in order to create learning about what changes produces improvements in particular surroundings (Institute for Healthcare Improvement, 2015). The outcomes of each cycle tells us the modification, development, and fine-tuning of practices. A similar approach in the corporate sector is Six-Sigma. The consistency across continuous improvement methods is that it is essentially creating and testing solutions to deal with problems and try to improve daily work practices.

Continuous improvement try to address three essential questions:

- i.** What problem are we trying to solve?  
These intentions are derived from identifying a problem or issue that requires attention. In prioritizing and defining the problem, the participants learn and improve in attempt to attain the goal they set.
- ii.** What changes might we introduce and why?  
Continuous improvement needs key members to develop, test, and implement an innovation, which encompasses a group of interrelated change practices. Selecting, testing, and implementing these changes is at the fundamental of continuous improvement.
- iii.** How can we know if a change is actually an improvement?  
The aim of continuous improvement is to examine how a change solves the problem and make improvement. Setting prior aims and objectives with measures of outcome both the processes and outcomes are at the heart of continuous improvement.

The main aim of continuous improvement is to help change organizational processes, policies, and practices. Thus, continuous improvement should be practiced on daily basis in a systematic manner.

### 1.2 Procedures of continuous improvement

Technological advancement and extreme competition because of globalization, there is increased customer awareness, customer expectations both in terms of quality and features, and also offers organizations tremendous market opportunities. The problems for organizations is to complete and gain competitive advantage to survive, grow and flourish. This challenge can only be met by organizational transformation.

Any organization which keeps updated continuously in technologically will be able to meet higher demands of customers and survive in the long run. However, any change endeavored at the firms level in terms of technology, processes and structures is bound to fail without a change in its HR, i.e., people, change in human knowledge, skill, attitude and behavior.

It is the people through which organizations can gain the competitive edge by creating quality product and services. More and more organizations are focusing on to tap the latent talent of its workforce towards accomplishing higher and sustainable performance because it all boils down to people.

### 1.3 Model for Improvement

#### Types of Knowledge That Support Continuous Improvement

William Edwards Deming, who advocated for continuous improvement process, developed a theory based in systems theory. It is based on the principle that each organization is composed of interrelated processes, people, and units that make up system components. His theory included two types of knowledge—subject matter and knowledge.

**Subject matter knowledge** includes a deep understanding of the ideas or changes being implemented. Subject matter knowledge can be based on

- i. Literature review and
- ii. Local best practices.

**Insightful knowledge** includes knowledge of multiple elements that can lead to systems change such as systems thinking, change management, implementation science, research on knowledge transfer from theory to practice, and principles of capacity building.

### 1.4 The Importance of Culture and Human Capital

Research shows that effective changes will be achieved if supported by shifts in organizational cultures that include attitudes, beliefs, knowledge, and norms (Felner, 2005; Fixsen et al., 2005). Burke (2002) points to the importance of starting with the process of creating habits of practice toward changing behavior that will likely lead to culture change.

<b>Technical qualities</b>	<b>Adaptive qualities</b>
<ul style="list-style-type: none"> <li>• Strategic visioning and planning</li> <li>• Problem identification and solving ability</li> <li>• Developing action plan</li> <li>• Identifying procedures for continuous improvement</li> <li>• Creating action plans for implementation cycles and data collection</li> <li>• Facilitating collaborative data study</li> <li>• Implementing innovations and practices with quality</li> </ul>	<p>Creating and sustaining a culture of collaboration</p> <ul style="list-style-type: none"> <li>• Supporting professional learning and enhancement</li> <li>• Promotion a culture of critical reflection, inquiry, and problem solving</li> <li>• Assisting communities of practice</li> <li>• Contributing to shared decision-making</li> <li>• To provide assistant and cohesion of practices and policies</li> <li>• Guaranteeing a transparent, inclusive process that involves multiple perspectives and stakeholders</li> <li>• Managing the change process and creating a sense of common purpose and ownership</li> </ul>

Table 1: Qualities requirement towards changing behavior

### 1.5 Essential quality requirements of Managers

- i. Keep a track of recent development with the latest knowledge and developments.
- ii. To enhance their skills in relation to the job requirements.
- iii. Continue to grow professionally and contribute to achieve organizational goals.
- iv. Managers should be always ready for added responsibilities if required.
- v. Managers should initiate things a t work place
- vi. Organizations can facilitate this process by creating the necessary environments for the development of their people.

Thus, individuals and the organizations with joint efforts should solve the problem of human obsolescence can be kept tack. Therefore, the individual assuming the primary responsibility should adopt a proactive approach to self-development through:

#### **Individual level:-**

- i. Know own self.
- ii. Setting the objective.
- iii. Aligning with the goal of the organization by way of reviewing and examining needs, interests and the extent to which goals are achievable.
- iv. To priorities work.
- v. Identification of barriers.

#### **Managerial level:-**

- i. Reading, Recognize, Relate, Assimilate, and implement formula which can be effective in achieving the goal.
- ii. Working towards personal and professional growth.
- iii. To attending a seminar and preparing report to gain more knowledge.
- iv. To maintain a records about the important learning.
- v. To develop "close relationship among working group" with whom you can openly discuss ideas.

Thus it is only through the joint efforts of individual employees and the organizations as a key mechanism of continuous improvement will enable the achievement of business goals in a highly complex and multidimensional phenomenon of business settings.

### **1.6 Principles for Continuous Improvement Continuous improvement should**

- i. **Build the skills, knowledge and perceptions of individuals** to self-reflect, dialogue, and act based on data and knowledge.
- ii. **To provide support to organization's efforts** to become stronger and more effective, and also enhance its
- iii. **To develop ability** to bridge research and theory with policy and practice.
- iv. **Be designed to address real issues and problems.** It should provide staff and stakeholders with strategies to build on strengths and opportunities.
- v. **Invite multiple perspectives** and involve a representation of people who care about and benefit from the program.
- vi. **Be flexible and adaptable.** Strategies, initiatives, and programs don't exist in a vacuum and events such as staff turnover can influence their implementation and outcomes.
- vii. **Be responsive to local context.** Data collected should capture the day-to-day reality and outcomes of those affected by the innovation.

### **1.3 Let us sum up**

Continuous Improvement involves developing individual and collective knowledge, competencies, and motivation. It also highlight the need for capacity building that is focused on sustainable improvement, personnel learn from one another and develop new knowledge and skills to shift organizational culture.

#### **Terminal questions**

1. What is Continuous Improvement?
2. What are the various methods for continuous improvement?
3. What are the quality requirements for managers?

#### **Suggested readings:**

1. Getting Things Done: The Art of Stress-Free Productivity (Paperback) by David Allen (shelved 4 times as continuous-improvement)
2. The Goal: A Process of Ongoing Improvement The Goal: A Process of Ongoing Improvement (Paperback) by Eliyahu M. Goldratt (shelved 4 times as continuous-improvement)
3. Lean Thinking: Banish Waste and Create Wealth in Your Corporation Lean Thinking: Banish Waste and Create Wealth in Your Corporation (Hardcover) by James P. Womack (shelved 4 times as continuous-improvement)



## **BLOCK 4: INTERNATIONAL HRM**

### **Unit I: Concepts and dimensions of International HRM**

#### **Structure:**

- 1.0 Learning Objectives**
- 1.1 Introduction**
- 1.2 Concept of International HRM**
- 1.3 perspectives of IHRM**
- 1.4 International HRM**
- 1.5 Dimensions of International HRM**

#### **Section 1.0 Learning Objectives**

##### **After going through this unit you should be able to:**

- What is International Human Resource Management (IHRM).
- Understand Concept and dimensions of International HRM
- Concept of International HRM

### **Unit I: International HRM**

#### **1.1 Introduction**

Due to increased globalization and people's mobility, managing business is becoming more and more complex. Understanding of how multinational enterprises (MNEs) can operate more effectively in a globalised world is becoming all the more important. A major component of this understanding in particular, appears to be in the field of international human resource management (IHRM) (Brewster, 1991; Desatnick & Bennett, 1978; Dowling, 1986).

International human resource management (IHRM) has the same activities as domestic HRM such as planning, staffing etc. However, IHRM activities are involved in different countries and domestic HRM is operated in single country. Now, a company that operates globally is composed of:-

#### **1.2 Concepts of International HRM**

International Human Resource Management (IHRM) builds curiosity to know what it actually is. It varies from HRM, as it is a synonym to cross-cultural management etc. Thus, it is quite important to understand what is IHRM at the beginning itself. Before trying to know the meaning of international human resource management one should know the term that include: Multinational Corporation, transnational company, home country, host country, home country nationals, host country nationals, third country nationals, expatriates, work permit and visa.

**i. Multinational Corporation (MNC):** MNC is an organization which operates in more than one country.

**ii. Transnational Corporation (TNC):** TNC is an organization, that produces, markets, invests and operates across the world.

**iii. Home Country/Parent Country:** Home country/parent country is the one where the headquarters of an MNC or TNC is located.

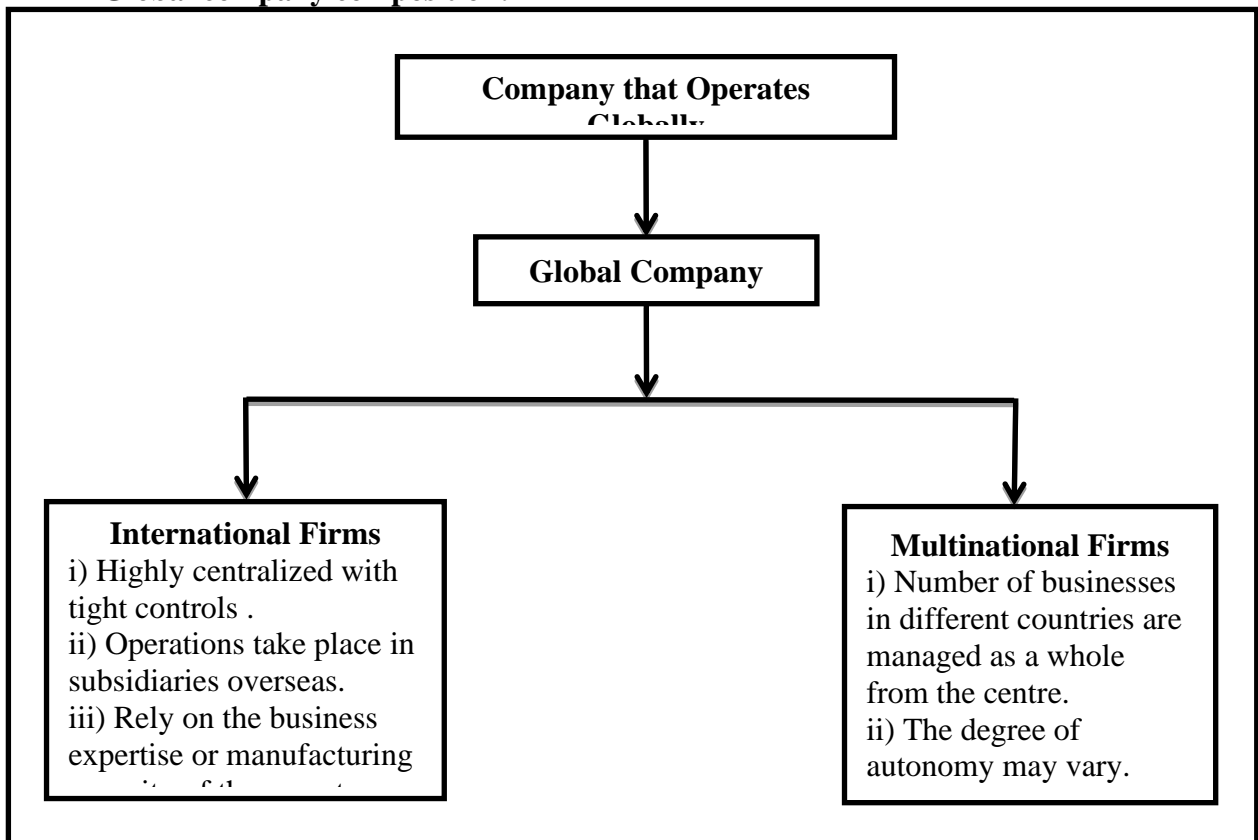
**iv. Host Country:** Host the country is the one where the subsidiary/branch of an MNC/TNC is located.

**v. Parent Country Nationals/ Home Country(PCNs):** Parent country nationals/home country nationals are employees of an MNC/TNC who are the citizens of home country/parent country of that MNC/TNC.

**vi. Host Country Nationals (HCNs):** Host country nationals are employees of an MNC/TNC's subsidiary/branch who are the citizens of the country where the subsidiary/branch of the MNC/TNC is located.

**vii. Third Country Nationals (TCNs):** Third country nationals are employees of an MNC/TNC or their subsidiaries/branches, and are citizens of those countries other than the MNC/TNC's home country and/ or host country. For example, Mr. John Andrew - a Papua New Guinean – is working in Hindustan Lever Limited in Mumbai, India. Mr. John Andrew is called third country national.

**Global company composition:-**



Thus, IHRM is that branch of study that examines the design and effects of organizational HRM practices from cross-cultural point of view.

### **1.3 The main perspectives of IHRM:-**

- i) The global approach - understanding of HR issues on a global scale.
- ii) The comparative approach - comparing and contrasting HRM is practices in the light of culture, history and other factors.

### **Dimensions of International HRM**

International human resource management is as old concept. It is not the same with the management of cultural diversity. However, the recent popularity of IHRM can be attributed to the significance, popularity and complexity of is due to the current phase of globalization. In addition to globalization, the advancement in the information technology brought significant changes in the scope and dimensions of international human resource management.

### **Meaning of IHRM**

It is rather challenging to come to agreement regarding the answer to the question of What is international human resource management (IHRM)? This is due to the facts that number of implications are involved in it. For example:

- i. IHRM is the practice of domestic company operating within the national boundaries and employs some foreign employees/expatriates in addition to nationals of the country. It is a multinational company having a branch office in a host country employs only the nationals of the host country.
- ii. A multinational company employs exclusively its home country nationals in its home country office/headquarters.

The practices of a multinational company of employing home country nationals, host country nationals and third country nationals or any combination of these nationals invariably come under the practices of IHRM. There is also a significant difference to the functions of domestic human resource management and international human resource management. For example there are certain activities that should be performed when employees are drawn from foreign countries, like arranging for work permit, visa, cross-cultural management, socialization and deportation in times of emergencies. Most of these activities are related to the practice of IHRM. Apart from this there are also other functions like resolving the disputes between domestic employees and expatriates, cross-cultural management of domestic HRM and IHRM.

Thus, the organizations dealing with international employees and perform necessary immigration and other activities in addition to various HRM activities like procuring, developing, compensating, integrating and maintaining are all part of managing IHRM.

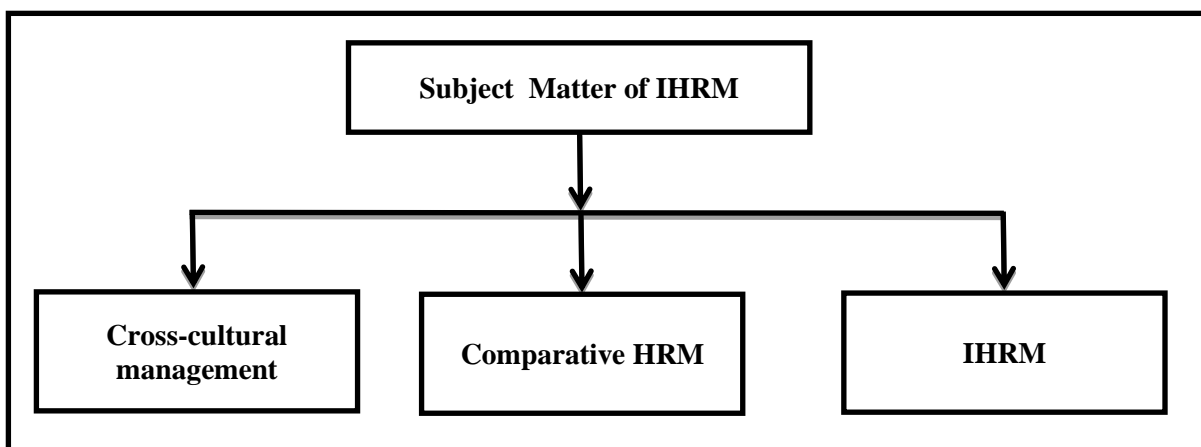
### **IHRM Defination:**

IHRM is defined as, performing HRM and its related activities like organizing for related and necessary cultural and immigration facilities for prospective and current employees, by organizations operating in domestic and/or foreign countries to ease their settlement to their work.

Thus, IHRM deals with all functions of HRM in addition to performing other functions exclusively for expatriates. Nevertheless, it also includes certain other functions like resolving the disputes between domestic and foreign employees, cross-cultural management at varying levels and collaborating domestic employees and foreign employees are also to be performed under IHRM.

#### 1.4 International HRM

The process of managing people across national boundaries by multinational companies is defined as International human resource management (IHRM). It helps to manage different people of different cultures backgrounds. Therefore, the subject matter of IHRM is categorized under three headings:-



IHRM is engaged in the management of people in different countries of the world while working in the organisation, and not just the management of expatriates. IHRM is the process of:-

**IHRM is the process:-**

- i) Acquiring and designing.
- ii) Optimum utilization of the human resource by multinational companies.
- ii) Maintaining the balance of integration and differentiation of HR activities in the overseas market.

Therefore, the purpose of human resource management (HRM) is to enable appropriate deployment of employees not only in national level but to in global level and maintain customer's satisfaction through quality deployment.

#### 1.5 Dimensions of International HRM

The effectiveness of global HRM depends on the ability to judge the extent to which an organization should implement similar practices across the world or adapt them to suit local conditions. The trade off for all multinational corporations is achieving a balance between international consistency and local autonomy. They have to decide on the extent to which their HR policies should implement similar practices across the worldwide or to differentiate in response to local requirements.

While performing any business activities people play a key role, but their role has become very critical in the global environment. Therefore, how multinationals manage their

human resources of acquiring, allocating, utilizing and rewarding becomes an important field of study.

In 1986, P.V. Morgan presents a model of international HRM that consists of three dimensions:

**Dimensions of IHRM:-**

- i) The three broad human resource activities are
  - a) Procurement.
  - b) Allocation, and
  - c) Utilization.
- ii) The three national or country categories involved in international HRM activities:
  - a) The host country where a subsidiary may be located.
  - b) The home-country where the firm is headquartered, and
  - c) The other countries that may be the source of labor or finance.
- iii) The three types of employees of an international firm:
  - a) Host-country nationals (HCNs).
  - b) Parent-country nationals (PCNs), and
  - c) Third-country nationals.

However, IHRM covers a far broader spectrum than only the management of expatriates. It involves the worldwide management of people.

**Terminal questions**

1. What is International HRM?
2. What are the main perspectives of IHRM?
3. What the dimensions of IHRM?

**Suggested readings:**

1. Gary Dessler, (2000), 8th Edition, “*Human Resource Management*”, Prentice Hall Incorporated, Upper Saddle River, New Jersey.
2. Noe, R.A. Hollenbeck, J.R. Gerhart, B. and Wright, P.M. (2000) *Human Resource Management*, 3rd Edition, McGraw-Hill, New York.
3. Taylor, S, (1998), “*Employee Resourcing*”, CIPD, London.
4. Stewart, J. and McGoldrick, J. (eds) (1996) *Human Resource Development: Perspectives, Strategies and Practice*, London: Pitman Publishing.
5. Arthur, Diane (2nd Ed.) (1995). *Managing Human Resources in Small & Mid-Sized Companies*. New York: AMACOM
6. Ulrich, Dave. (2001). *The HR Scorecard: Linking People, Strategy, and Performance*. Cambridge, MA: Harvard Business School Press,.
7. Sparrow, Paul (2003). *Employment Relationships: Key Challenges for HR*. Boston: Butterworth-Heinemann.

## **Unit II: Domestic HRM and International HRM**

### **Structure:**

- 1.0 Learning Objectives**
- 1.1 Introduction**
- 1.2 Comparison between domestic HRM and International IHRM**
- 1.3 How International HRM differs from domestic HRM**
- 1.4 Differences between IHRM and domestic HRM**
- 1.5 Issues in IHRM**

### **Section 1.0 Learning Objectives**

**After going through this unit you should be able to:**

- Understand how IHRM differs from HRM.
- To understand cultural dimensions of international HRM.
- To understand the different approaches of IHRM

## **Unit II: International HRM**

### **1.1 Introduction**

Domestic HRM and international HRM functions on similar lines. International Human Resource Management (IHRM) is the specialized branch of human resource management (HRM) that deals with the management of human resources in a global or international context. It involves the strategic planning, coordination, and implementation of HR practices to effectively manage employees who are working in different countries or regions for a multinational organization. It focuses on challenges and opportunities that arise due to differences in cultures, laws, languages, business practices, and economic conditions across different countries.

### **1.2 Comparison between domestic HRM and International IHRM**

The term Human Resources refers to the totality of human resources in an organization and it includes knowledge, abilities, skills, creativity, motivation, energy, etc., which are necessary for the achievement of company goals. In other words it can be referred to that management activity which involves providing, developing, maintaining, adapting, directing and using of Human Resources, in accordance with the objectives of the company while keeping in mind the individual needs and goals of employees.

IHRM is defined as a set of definite activities, functions and processes of multinational companies that are undertaken to attract, develop and retain human resources in a company.

When we compare this two definition it suggests that the main factor that differentiate domestic from international human resources management is the character of the environment in which the company operates. Therefore, there are two major factors which differentiate domestic HRM from IHRM.

**Two major factors:-**

- i) Complexities of operating in different countries and with different cultures
- ii) Employment of different national workers.

Globalization has brought new challenges and increased complexity in business activities. IHRM plays a key role in achieving a balance between the need for control and coordination of foreign subsidiaries. Thus, IHRM differs from domestic HRM in a number of ways.

***Check your Progress***

1. What are the factors of IHRM?

### **1.3 How International HRM differs from domestic HRM**

International HRM differs from domestic HRM in six major dimensions as mentioned below:

- a. Broader nationalities of employees
- b. Wider and complex relationships
- c. Impact of international environment
- d. Enduring complexities of IHRM activities
- e. Diversity of functions to be performed
- f. Different approaches for the functions

**a. Broader Nationalities of Employees:** IHRM works with the employees of several countries in contrast to domestic HRM, where employees are from one country. People from different countries come with a diversity of cultures, values, ethnics, religious beliefs, personality and so on. Behavior and Culture of employees vary based on the geographical location. Nath and Sadhu mentioned the four dimensions of Hofstede based on geographic location. According to them, North Americans are individualistic, low in power distance, medium in uncertainty avoidance, and masculine, whilst Japanese tend towards collectivism, high and low in power distance, high in uncertainty avoidance, masculine and feminine.

**b. Wider and Complex Relations:** Organizations seek information on different aspects of employees while selecting them, which includes age, educational qualifications, skills, medical issues, culture, habits, behavior, language etc. In case of international HRM, the process is more complex as the employees come from several nations which results in more complexity in understanding and managing them. Domestic HRM maintains relationships among the people of the same nation or community have already been built and developed. Understanding and managing employees of the same nation which is relatively less complex. Thus, IHRM is different from domestic HRM in case of relationships among employees and employees and the organization.

**c. Impact of International Environment:** International environment has become challenging over the years due to several factors. A few are mentioned below:

- a) **Strides in Business Processes:** E-business has changed the business processes and patterns from the stage of procuring raw materials to the stage of selling finished goods. This change has enhanced the role of IHRM and yet makes the process complex for the employees.
- b) **Boost of Information Technology:** Information technology allows location of manufacturing centres in various countries thus, generating employment opportunities. This change necessitates internationalization of HRM activities in the manufacturing centres.
- c) **Political Changes:** The shifts in political ideologies of various countries along with globalization is quite significant. Sometimes, foreign human resources with similar skills are less costly than the domestic human resources.
- d) **Differences in Influences:** Social and cultural values vary widely from country to country .The variations in social and cultural factors creates the necessity to adopt different methods and practices for IHRM. International environmental factors like economic, political, social, legal, governmental and technological enlarge the scope for IHRM.

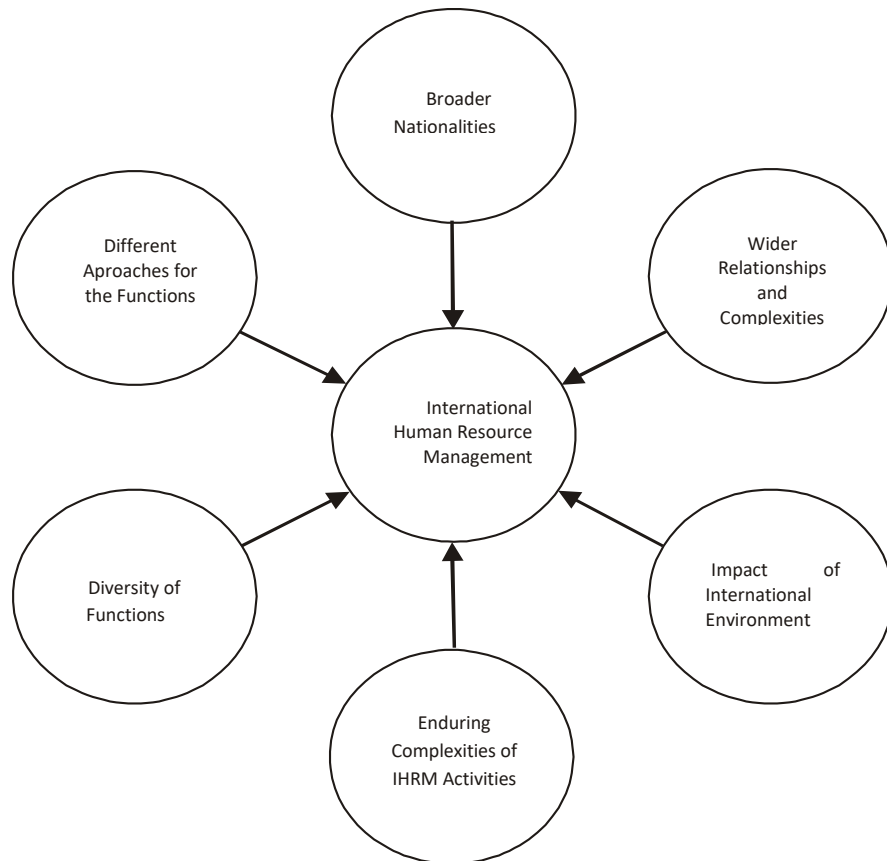
**d. Enduring Complexities of IHRM Activities:** IHRM deals with the employees of both home and host countries. Several complexities arises when an organization employs people from different nations at the same time. These complexities are lower in case of domestic HRM as it deals with the people of only one nation. International organisations as well as domestic organizations employing international employees follows different HRM practices for nationals and expatriates. These varying practices creates discrimination which sometimes leads to frustration among the employees.

**e. Diversity of Functions to be Performed:** International human resource management deals with various additional functions as compared to the domestic human resource management. These functions include:

- a. **Additional Information:** Gathering additional information about the culture, behaviour, and family members of the prospective employees at the recruitment and selection stage.
- b. **Additional Techniques of Recruitment:** Adopting innovative techniques of recruitment to attract the prospective employees to apply for the post.
- c. **Checking the Record of Terrorist and Criminal Activities:** Checking the criminal record of the short listed candidates with the help of the foreign governments is another major function.
- d. **On-Line Selection:** As the candidates ae from different nations, both online and offline interviews are conducted to make it convenient for the candidates.
- e. **Conducting Language Classes:** Some Organizations conduct language classes for employees and their family members to make the communication proper and effective.



**f. Different approaches for the functions:** As the employees are recruited and selected from several nations having different cultural, ethical and behavioral values. Moreover, they also differs based on skills, qualification, geographical climate, family background etc, so multiple approaches to carry out the various functions are followed.



**Fig. 1.0: Major Dimensions of IHRM – causing Differences from Domestic HRM**

#### 1.4 Differences between IHRM and domestic HRM

i) IHRM deal with a broader range of activities that includes international taxation, coordinating foreign currencies and exchange rates, international relocation, international orientation for the employee posted abroad, etc.

HRMs, the rules and regulations to be followed are just regarding local taxation and ordinary employment-related issues.

ii) IHRM managers face the problem of addressing HR issues of employees belonging to more than one country while working in an international environment. Hence, HR managers require setting up different HRM systems for different countries.

HRM managers in a domestic environment administer HR programmes to employees belonging to a single country.

- iii) The IHRM manager of a multinational company must ensure that an executive employee posted to a foreign country have proper knowledge and understands all aspects of the compensation package while working in the foreign assignment, such as cost of living, taxes, employee's family relocation, foreign culture

HRM manager's involvement with employees in a domestic environment is limited to providing family insurance programmes or providing transport facilities etc.

- iv) IHRM manager have high exposure to risks while in international assignments. These risks include the health and safety of the employee and family, terrorism, etc.

In domestic HRM human and financial consequences of mistakes is much lesser in domestic business.

- v) IHRM addresses a broad range of HRM activities.

Whereas domestic HRM deals with issues related to employees belonging to single nationality.

### 1.5 Issues in IHRM:

International Human Resource Management (IHRM) involves managing human resources in a global context, and it comes with its own set of challenges and issues due to the complexities of operating across different countries, cultures, and regulatory environments. Here are some of the key issues faced by IHRM:

- a. **Cultural Diversity:** Managing a diverse workforce that spans various cultures and backgrounds can lead to misunderstandings, miscommunications, and conflicts. Differences in communication styles, work ethics, and social norms can impact collaboration and productivity.
- b. **Recruitment and Selection:** Identifying and attracting talent across borders requires an understanding of local labor markets, talent availability, and recruitment practices. Overcoming language barriers and evaluating qualifications can be challenging.
- c. **Compensation and Benefits:** Developing a compensation and benefits structure that is equitable across different countries, while also considering cost-of-living variations and local expectations, is a delicate balancing act.
- d. **Global Mobility and Expatriation:** Managing expatriate employees (employees working in a foreign country) involves addressing issues like cultural adaptation, family support, and reintegration upon repatriation. Expatriates might experience challenges in adjusting to a new environment.
- e. **Training and Development:** Offering consistent training and development programs across international locations can be challenging due to language barriers, cultural differences, and variations in skill levels. Developing training content that is globally applicable requires careful consideration.
- f. **Language and Communication:** Language barriers can hinder effective communication, which is crucial for collaboration, performance management, and conflict resolution. Misinterpretations and misunderstandings can arise, impacting productivity and relationships.
- g. **Performance Management:** Developing a performance management system that considers cultural differences in feedback styles and performance expectations is vital. Appropriate evaluation methods that align with both global and local goals need to be established.

- h. **Global HR Strategy:** Crafting a cohesive HR strategy that aligns with the organization's global goals while being sensitive to local requirements can be complex. Balancing standardization for efficiency and localization for effectiveness is a constant challenge.
- i. **Data Privacy and Security:** Data protection laws and regulations vary across countries, and maintaining the privacy and security of employee data while adhering to these laws is a significant concern.
- j. **Global Leadership Development:** Identifying and nurturing leaders who can work effectively across diverse cultural contexts requires special attention. Developing global leadership skills and cross-cultural understanding is essential.
- k. **Knowledge Transfer:** Ensuring that knowledge and best practices are transferred across international locations is critical for maintaining consistency and avoiding duplication of efforts.
- l. **Ethical Considerations:** Ethical standards may vary across cultures, and IHRM professionals need to navigate situations where different cultural norms clash with the organization's values or ethical standards.
- m. **Union and Employee Relations:** Labor unions and employee relations practices can vary greatly between countries. Maintaining positive relationships with employees and addressing labor-related issues requires a nuanced understanding of local dynamics.

### Let us sum up

The goal of IHRM is to create a cohesive global workforce. It requires a deep understanding of various cultures, legal frameworks, economic conditions, and international business strategies. IHRM faces certain challenges due to cross cultural management. Effective IHRM practices contribute to the success of multinational companies by leveraging the strengths of a diverse and skilled workforce spread across different parts of the world.

### Terminal questions

1. What are the differences between International and Domestic HRM?
2. What are the features of domestic HRM?

### Suggested readings:

1. Gary Dessler, (2000), 8th Edition, "*Human Resource Management*", Prentice Hall Incorporated, Upper Saddle River, New Jersey.
2. Noe, R.A. Hollenbeck, J.R. Gerhart, B. and Wright, P.M. (2000) *Human Resource Management*, 3rd Edition, McGraw-Hill, New York.
3. Taylor, S, (1998), "*Employee Resourcing*", CIPD, London.
4. Stewart, J. and McGoldrick, J. (eds) (1996) *Human Resource Development: Perspectives, Strategies and Practice*, London: Pitman Publishing.
5. Arthur, Diane (2nd Ed.) (1995). *Managing Human Resources in Small & Mid-Sized Companies*. New York: AMACOM
6. Ulrich, Dave. (2001). *The HR Scorecard: Linking People, Strategy, and Performance*. Cambridge, MA: Harvard Business School Press,.
7. Sparrow, Paul (2003). *Employment Relationships: Key Challenges for HR*. Boston: Butterworth-Heinemann.

## **Unit III: International HR Activities**

### **Structure:**

#### **1.0 Learning Objectives**

##### **1.1 Introduction**

##### **1.2 International HR activities**

##### **1.3 Essential Knowledge requirements of Managers**

##### **1.4 Approaches to Recruitment in IHRM**

##### **1.5 Cross Cultural Issues**

##### **1.6 Concept of Cross Culture**

##### **1.7 The importance of cross-cultural human resource management**

##### **1.8 UNDERSTANDING CULTURE**

##### **1.9 UNDERSTANDING CROSS-CULTURAL THEORY**

##### **1.10 The Five Culture Dimensions theory**

### **Section 1.0 Learning Objectives**

**After going through this unit you should be able to:**

- What is International Human Resource Management (IHRM).
- Understand Concept and dimensions of International HRM
- Concept of International HRM

#### **1.1 Introduction**

In a globalized market place multinational organizations are the key players and contemporary HRM cannot confine themselves to an understanding of people management in their own countries. Developing awareness of IHRM is a must in globalised market place. Managing people in international arena requires HR managers have a proper knowledge of certain functional areas that include understanding of:-

#### **1.2 International HR activities**

Multinational companies can use four basic strategies, like

- i. International Strategy,
- ii. Multi Domestic Strategy,
- iii. Global Strategy And
- iv. Transnational Strategy.
- v. Strategic Alliance

**International strategy:** MNCs can use this strategy to transfer the valuable skills and products developed in the home country to the foreign markets where such skills and products are not available. This strategy yields results under certain conditiona like

- a. the company has core competencies that the foreign competitors do not possess them,
- b. the firm faces less competition and stress for local reaction and cost reductions.

**ii. Multi domestic strategy:** MNCs adapting this strategy can customize their products and marketing strategies according to the demand of the host country requirements and environment. The MNCs can establish their production, marketing, finance and R & D facilities in various host countries. For example, Unilever established Hindustan Lever Limited in India. Similar examples include Nestle, Procter and Gamble and ColgatePamolive etc.

**iii. Global strategy:** MNCs can use this strategy and have cost benefit through cost minimization and increase their profit. Therefore, these firms produce standardized products, by establishing the manufacturing and other facilities in certain locations where the cost of production/operations is the lowest.

**iv. Transnational strategy:** MNCs can achieve this strategy by taking advantage of experience-based economies and location based economies. MNCs should handover experience-based core competencies and customise their product according to the need of the local requirements. Emphasis should be to transfer experience based economies and skills should be to train and transfer knowhow not only home firm to foreign subsidiary, but also from foreign subsidiary to home company and from one foreign subsidiary to another foreign subsidiary. This process of knowhow and learning process is termed as 'global learning'. This process of simultaneous value creation is called 'transnational strategy'. The firms adapting this strategy simultaneously reduce cost and increase value creation.

**v. Strategic Alliance:** Strategic alliance is an agreement between two or more competitive international business firms to serve a global market. Strategy alliance normally take place among the MNCs carrying-out the similar line of business that they operate.

### 1.3 Essential Knowledge requirements of Managers:-

- i) Expatriation and repatriation.
- ii) Compensation plans.
- iii) Taxation.
- iv) Currency exchanges rate.
- v) Employee health and safety aspects in the new countries, etc.

In a global market place, as companies move quickly into their respective newer markets they are faced with the problems of uncertainties. They need to consider a various factors like:-

#### **Factors influencing global market**

- i) Cultural issues.
- ii) Environmental problems.
- iii) Resource capability and
- iv) HRM etc.

These factors can influence their survival and performance in overseas market. The complexity of operating in different countries along with employing of different national is a key variable of IHRM, which includes the same functions as domestic HRM. Therefore, IHRM is about the world wide management of HR and the main aim of IHRM is to facilitate the multinational companies to be successful global market place.

The IHRM need to follow very different IHRM policies and practices and should change according to the business strategy of the organization. This also depends on the

different stage of international corporate evolution, such as domestic, international, multinational, and global. Linking the HRM approaches and practices critical and should to fit into the external environment in which the company operates.

***Check your Progress***

1. What are the factors influencing global market?
2. What are the essential knowledge requirements of HR managers?

#### **1.4 Approaches to Recruitment in IHRM**

The main aim of any recruitment policy is to select the right people for the right job at the right time, IHRM is not indifferent to any other approach thus, IHRM department of international companies may adopt one of the following specific approaches available for recruiting employees for global operations.

**i. Centralised vs. Decentralised Recruitment:** Recruitment methods vary from one MNC to another MNC. Some MNCs favor to have centralized recruitment method by recruiting the candidates for subsidiaries also while some other MNCs prefer the subsidiaries to recruit their own candidates through decentralized policies. There are certain advantages and disadvantages in this methods.

Merits of centralisd recruitment:

- a. The average cost of recruitment per candidate/unit will be relatively less due to economies of scale.
- b. It ensures broad standardization among human resources of various subsidiaries and headquarters in in terms of skills, education, knowledge, talent etc.
- c. It eliminates malpractices, abuse of powers, favouritism, nepotism, bias etc.
- d. It facilitate inter transferability of staff among various subsidiaries and parent company.
- e. It helps the line managers of various subsidiaries and parent company to focus on their operational activities by relieving them from the recruitment functions.
- f. It enables the organisation to have centralised selection procedure, promotional, transfer procedure, career planning and development, etc.
- g. It enables centralised training programmes resulting in uniformity and minimises average cost of staff.

Despite these advantages of centralised recruitment some MNCs resort to decentralised recruitment for the following reasons.

#### **Merits of Decentralised Recruitment**

Subsidiary units focuses only on those sources/places where it normally gets the suitable candidates.

- a. The subsidiary units selects the most suitable candidates according to the requirements of the jobs regarding cultural, traditional, local factors, social factors etc.
- b. Subsidiaries units can recruit candidates as and when they are required without any delay.
- c. Subsidiary units enjoy freedom in finding out, developing the sources, in selecting and employing the suitable candidates.
- d. Subsidiary would relatively enjoy advantage about the availability of information, control and feedback and various functions/processes of recruitment.

- e. Subsidiary units would enjoy better familiarity and control over the employees it recruits rather than on employees selected by the parent company.

**ii. Subsidiaries:** Parent companies at times source prospective employees from their subsidiaries operating in various countries, for headquarters as they develop the human resources for higher level jobs. This can help the MNC to plan for careers of its employees and boost morale of employee, satisfaction, loyalty and commitment to the company.

**iii. Parent Company:** Likewise subsidiaries may recruit prospective employees from the parent companies. The advantage of this method is that parent country nationals have prior knowledge of the company products/services, operations, procedures and organizational culture. This will help in reduction of cost of recruitment to the company in addition to satisfying employee's needs for promotion and fulfilling their career goals.

**iv. Campus Recruitment:** Fresh candidates of different types can be recruited from various educational institutions like Colleges and Universities imparting education in Science, Commerce, Arts, Business Management, Engineering and Technology, Agriculture, Medicine, Computer Science, etc., for both parent and subsidiaries companies. Most MNCs use this source, perform the function of selection after completing recruitment in the campus of the Institute itself with a view to minimising time lapse and to securing the cream before it is attracted by some other organizations students to grab them before the rivals do.

**v. Consultants:** Consultants like ABC perform the recruitment functions on behalf of a client company by charging a fee. Line managers are relieved from added burden of recruitment functions and can focus on their operational activities and recruitment functions is entrusted to a private agency or consultants. But it is expensive method and ineffectiveness in performance. Most of the MNCs depend on this source for highly specialised positions and executive positions.

### **Recruitment Techniques for IHRM**

MNCs contact potential employees or provide necessary information or exchange ideas or stimulate them to apply for jobs. MNCs use different types of techniques to motivate internal and external candidates to apply for their jobs.

- a. Promotions: the internal candidates would be encouraged to take up higher responsibilities and express their willingness to be engaged in the higher level jobs.
- b. Transfers: Employees will be encouraged to work in the new subsidiaries if MNC wishes to transfer them.
- c. Employee Referrals: MNCs, recently started using employee referrals as a technique to recruit the employees. Existing employees of MNCs recommend the candidates through their known sources or professional networks for jobs.
- d. Scouting: sending the representation of the MNCs to various sources of recruitment with a view to persuading the candidates to apply for jobs.
- e. Advertising: It provides the candidates different sources of information about the job and company and stimulates them to apply for jobs.

**Modern Sources and Techniques of Recruitment:** A number of modern recruitment sources and techniques are being used by the MNCs in addition to traditional sources and techniques. These sources and techniques include walk in and consult in, head-hunting, body-shopping, business alliances, and tele-recruitment.

## **SELECTION**

After motivating the prospective candidates to apply for jobs to work with an organization, MNCs start the selection process.

Most of the MNCs select people based on the talents, job duties and job description and majority of the employees of international firms normally are expatriates either parent country nationals or third country nationals. Expatriates work with the people of different cultures and respond differently for the same communication. They often communicate in foreign language and live in societies with rules and norms different to them.

### **Preparing for Foreign Assignment**

This stage involves preparing the employee for foreign assignment and family members for foreign orientation. These activities involve language training, foreign social and cultural orientation to employee and family members and job training to employee. This is important because employee face new challenges of working in new organizations, in new jobs and with new colleagues that are different cultural, social and educational background.

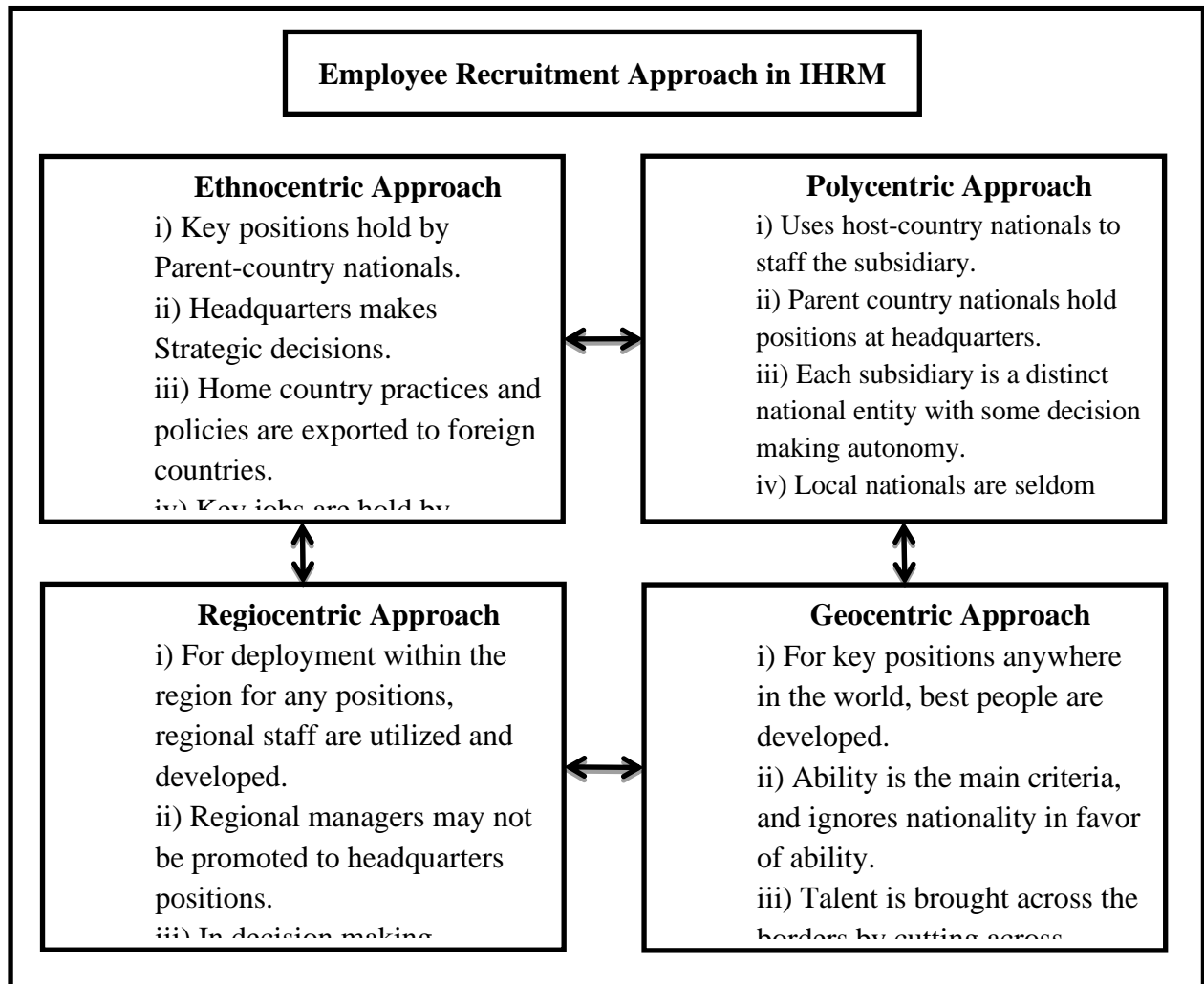
The following selection techniques should be followed for overseas employment in order to minimize the rate of expatriate failure. They are:

- a. Self-orientation
- b. Orientation towards others
- c. Ability to perceive accurately
- d. Cultural variations
- e. Technical and managerial competence
- f. Adaptability
- g. Age, experience and education
- h. Spouse educational background, interests and adaptability
- i. Achievement motivation and leadership
- j. Family status
- k. Language
- l. Strong desire to transfer knowledge and skills
- m. Positive attitude.

Though the recruitment and selection variables in MNCs vary compared to that of domestic companies, the basic selection procedure set for domestic companies with certain modifications can be followed in MNCs. Recruitment and selection process in MNCs as well as domestic companies employing expatriates would be as follows:



## Approaches for recruiting employees for global operations:-



### ***Check your Progress 1***

What are the major categories of IHRM?

## **1.5 Cross Cultural Issues**

Globalisation has necessitated the need for managing diversified international cultures and sub culture effectively in the ethnic mix of workforce working in multinational and foreign companies. Cross-cultural management has come to the fore as an important indicator of organizational success.

### **IHRM manager's knowledge of cultural difference among nations:-**

- i) Effective communication with customers, suppliers, business associates and partners in other countries with foreign employee.
- ii) For conducting negotiations and bargaining with the other parties in business activity.
- iii) To understand the ethical stands and social responsibility in various countries

Example:- A company may face Cross-cultural issues when companies decide to outsource work to new countries, or when a company enter into new forms relationships with overseas partners or, finally, as a result of increased migration of workers. As a result,

organizational decision-makers have increasingly sought to understand the ways in which culture intervenes at workplace level.

### **1.6 Concept of Cross Culture**

It is the process of achieving established organizational goals by effective planning, organizing, directing, coordinating, and controlling of the organizational resources in a cross-cultural environment.

Cross-cultural HRM is the most important part in a series of activities based on characters of culture differences of employee's selections, performance assessment, salaries management etc, for enhancing the effectiveness and efficiency of HR allocation and application, in the background of cross-culture of the business enterprise.

At the heart of "cross cultural" is the concept of "culture" and to fully understand the implications of multiple cultures within an organization, it is important to understand the basic concept of culture. Cultural anthropologists define culture as a set of beliefs that govern behavior. The contemporary definition of organizational culture (OC) includes what is valued, leadership style, the language and symbols, the procedures and routines, and the definitions of success that characterizes an organization.

### **1.7 The importance of cross-cultural human resource management**

Cross-cultural human resource management brings trust improvement between employees. The trust between employees from effective communications and understandings, which can bring employees together, make group a team. This effort can make the employees feel at home in the company and part of his/her company, increase the sense of belonging and therefore enhancing the loyalty of employees.

**There are three major steps involved in changing an organization's culture:-**

- i) **Knowing the existing culture**  
Understanding the current culture or the way in which things are now is the for most work before any organization can change its culture. It must first take time to understand the mission, vision, beliefs, values and shared meanings that prevail in the organization.
- ii) **Come to a decision on new culture**  
The organization has to decide what the organizational future culture should look like.
- iii) **Making the employees understand**  
Employees in the organization must decide to change their behavior to create the desired organizational culture.

The hardest step in culture change is changing the attitude and behaviour of employees born and brought u in different societal cultural background.

### **1.8 UNDERSTANDING CULTURE**

Culture is a method of shared meaning and understanding held by the members of the society which differentiates them from each other's. Culture is mostly determined by the economic conditions and climate of a region or a country. Since economic conditions and climate differ from region to region and country to country, culture also differs from region to region and country to country. Definite needs of the people like physiological and sociological, viz., food, water, clothing, housing and security are common regardless of the region or country. Therefore economic and social behavior of people across the world have some common features though the presentation of the general behavior may vary. These variations are due to

the availability of varied inputs for food, clothing, shelter and social relations together with the variations in climatic conditions.

### **CULTURE COVERAGE AND DETERMINANTS**

Taylor defined culture as a complex knowledge, belief, art, morals, law, customs and other abilities and habits learnt by man as a member of society.

Pascale defines culture as knowledge the people use to understand, experience and produce social behaviour. Thus, this knowledge is used to form beliefs and values, create attitudes and influence behaviour.

There is no denying of the facts that people learn a lot from the environment through its exposure to social environment, technological environment, economic environment, political environment, international environment and natural environment. Thus, culture is something that we learn from:

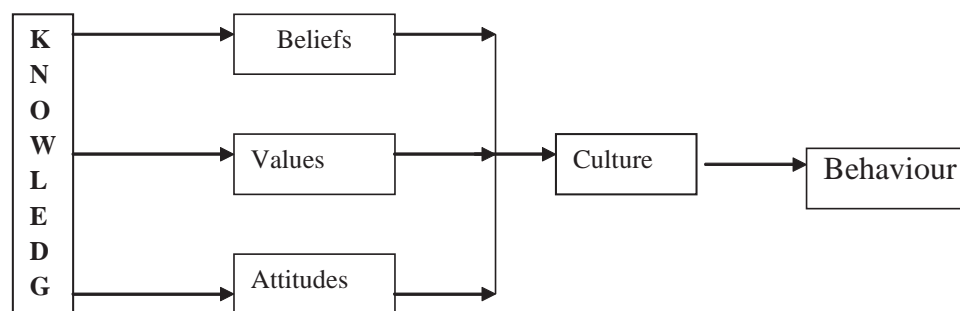
- a. Environment and interaction at workplace and social spheres.
- b. Exchanged between two people or among several people.
- c. Trans-generational, in the sense that it is transferred from one generation to other generation.
- d. Adaptive as individuals adapt the cultures of other persons or societies.
- e. Descriptive as it defines boundaries between groups.

#### ***Check your Progress 2***

1. What are the models for cultural assessment?
2. What is the importance of cross cultural HRM?

### **1.9 UNDERSTANDING CROSS-CULTURAL THEORY**

The term “cross-cultural” emerged in the social sciences in the 1930s, largely as a result of the Cross-cultural Survey. Cross-cultural may refer to -



**Fig. 1.4: Factors that influence on Formation of Culture**

The significant part of the cross-cultural studies is cross-cultural communication. The aim of cross-cultural communication is seeking to expand globally its presence of employees. Businesses firm offer language training to their employees to prepare their employees for overseas work in the globalizing market. Programs developed to train employees to understand how to act when abroad it also includes focus on culture training. The main theories for cross-cultural communication are based on the work of Edward T. Hall, Richard D. Lewis, Geert Hofstede, and Fons Trompenaars.

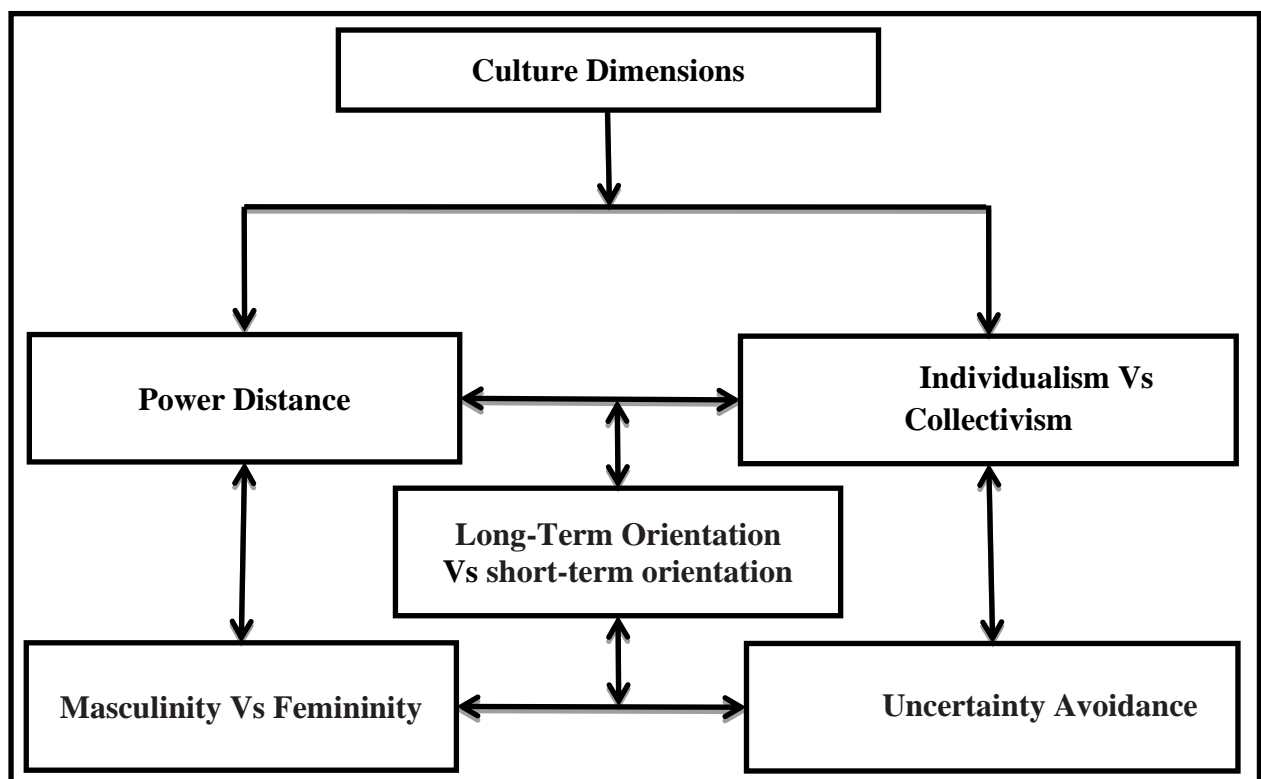
Edward Hall developed the concept of “High context culture” and “low context culture”. Hall first created the concept of “proxemics”, he describes the subjective dimensions that

surround each of us and the physical distances one tries to keep from other people, according to subtle cultural rules.

**Proxemics** - describe set measurable distances between people as they interact. Body spacing and posture, according to Hall, are unintentional reactions to sensory fluctuations or shifts, such as subtle changes in the sound and pitch of a person's voice are part of proxemics.

### 1.10 The Five Culture Dimensions theory

Geert Hofstede conducted a study based on a set of cultural dimensions affecting human thinking, feeling, and acting, and the behavior of organizations. In a study of IBM employees in 64 countries, Hofstede determined four value dimensions along which countries varied: Power Distance (PDI), Individualism versus Collectivism (IDV), Masculinity versus Femininity (MAS), and Uncertainty Avoidance (UAI). Succeeding research on 23 countries resulted in a fifth dimension: Confucian Dynamism (LTO).



#### Culture Dimensions theory:-

##### i) **Power Distance:-**

It measures how comfortable individuals in a culture are with inequality in the power distribution. It also measures, how much less powerful organizational members accept the unequal distribution of power?

##### ii) **Individualism versus Collectivism:-**

By the method of Individualism versus Collectivism (IDV), group cohesiveness is measured. A culture is individualistic if there is low cohesiveness between individuals; a culture is collectivist if there are tight bonds between individuals. In exchange for unconditional loyalty and lifetime of protection, in collectivist societies people are integrated from birth into strong cohesive in-groups.

- iii) **Masculinity versus Femininity:-**  
It measures how much assertiveness and competition are highly valued? In feminine cultures values of caring and modesty are more highly valued. This dimension becomes relevant when considering the reasons why companies may choose not to disclose the value of human assets. Companies chose not to disclose for fear of losing their competitive advantage. Since competition is highly correlated with masculine cultures, and that increased value on competitiveness may affect a company not to disclose their non-financial metrics.
- iv) **Uncertainty Avoidance:-**  
It measures how much individuals feel threatened by uncertain situations? Nations with low uncertainty avoidance have a high tolerance for uncertainty and expect their members to feel comfortable in unstructured circumstances. Such society has fewer rules.
- v) **Long-Term Orientation versus short-term orientation:-**  
(LTO) measures long-term or short-term orientation. It also refers to the extent to which a culture programs, its members accept the delayed gratification of their material, social, and emotional needs. The strategic planning window is shorter-term than comparative windows for long-term-oriented cultures that focus on virtue and ancestry.

### **Let us sum up**

The move from a local to a global focus affects the HR activities. Basically MNCs uses four types of approaches to managing and recruit in their subsidiaries: ethnocentric, polycentric, region-centric, and geocentric. Most firms pass through several stages of organizational development as the nature and size of their international activities grow. Export, Sales Subsidiary, International Division, Licensing, Acquisition and Transnational. However, it is important for MNCs to make adjustments as required while moving along the path to multinational status in their international operations

### **Terminal questions**

1. What are the factors influencing global market?
2. What are the essential knowledge requirements of HR managers?
3. What are the models for cultural assessment?
4. What is the importance of cross cultural HRM?
5. What are the approaches to recruitment in IHRM?

### **Suggested readings:**

1. Gary Dessler, (2000), 8th Edition, "*Human Resource Management*", Prentice Hall Incorporated, Upper Saddle River, New Jersey.
2. Noe, R.A. Hollenbeck, J.R. Gerhart, B. and Wright, P.M. (2000) *Human Resource Management*, 3rd Edition, McGraw-Hill, New York.
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## **Unit IV: Expatriate Problems of International HRM**

### **Structure:**

#### **Structure:**

- 1.0 Learning Objectives**
- 1.1 Introduction**
- 1.2 The Expatriate Problems**
- 1.3 Types of International Training for expatriates**
- 1.4 Repatriation Process**
- 1.5 Challenges in Repatriation**

#### **1.0 Learning Objectives** Understand the change process of HRD

- Understand the challenges and various role played by HRM.
- The role played by HR professionals in HRD for potential source of sustained competitive advantage.

Identify HRD evaluation tools.

**After going through this unit you should be able to:**

- 

#### **1.1 Introduction**

International human resource managers of MNCs face a wide range of challenges and difficulties in managing the performance of different types of employees. These challenges include:

- a. Company versus subsidiaries
- b. Standard norms versus Customized norms
- c. Environmental Dissimilarities
- d. Rationality of Performance Criteria
- e. Time and Distance Variations
- f. Levels of Maturity
- g. Rater's Competence and Rater Biasness
- h. Host country Environment
- i. Cultural Adjustments

The exposure to globalization has leads to relevant challenges for the MNCs. Most of the organization faces difficulty because there is no direct and an immediate connection between the head-quarter and the subsidiaries this may sometimes lead the whole organizations to face problem of proper communication and transfer of knowledge and affect the performances of the plants in the foreign markets. Moreover, many MNCs consider that, hiring local people to fill important position in their subsidiaries without global and efficient skills and without knowing the company's culture may have negative impact and hamper on the success in the market and lose their competitive advantages against rivals. To fix those problems, MNCs have ask employees to take up "international assignment" for a particular period of time. This process of transferring employees for international assignment for the period of work which can range from few months to years as experienced by an employee is called expatriate. The aim is to cover a managerial position in the foreign subsidiary which in turns helps in exchange of better work conditions, major responsibility or career improvement.

## **1.2 The Expatriate Problems**

For any multinational company the role played by expatriates play in a very. A good expatriate will always bring competitive advantage to any company in terms of cost cutting and profitability. There are certain quality criteria that are considered to be indispensable for any expatriate like:-

### **Quality criteria for expatriates:-**

- i) Adaptability is to adapt to the new changing cultural environment overcoming in order to overcome strong culture shock.
- ii) Professional ability is the working ability an expatriate should have in terms of decision making while representing the parent company.
- iii) It is considered that younger people can adapt more easily to a new environment and learn a new culture faster, while elder people have more experiences.
- iv) The expatriate awareness of the local language will make it easier to understand and can easily communicate with local employees and reduce many problems.

In order to be successful in accomplish goals in the context of global economy there is higher needs and new standards in terms of selection, training, and motivation their future expatriates. Cross cultural training is important component in the world of international business. Cultural differences exist at home and abroad and international interaction crates problems caused by people's differences in values, beliefs, perceptions, background.

Expatriates have to develop their intercultural communication competence in order to be productively in the global village and as the workforce within nations becomes more culturally diverse, it is necessary to train people to deal effectively with the complexities of new and different environments.

### **Benefits that can be achieved by providing expatriates with cross-cultural training:-**

- i) It is a means for conscious switching of international management mode to a culturally appropriate, adaptable and acceptable one.
- ii) It helps in coping up with unexpected events or culture shock in a new culture.
- iii) It helps in reducing the uncertainty of interactions with foreign nationals.
- iv) It helps expatriates in reducing stress and disorientation.

## **1.2 Types of International Training for expatriates:-**

The main objective of international training for expatriates is to develop an understanding of cultural differences and the ability to work with host country nationals (HCNs), to facilitate management knowledge and transfer of know-how.

It should be noted that a subsidiary staffing composition in subsidiaries of MNCs is defined as the distribution of expatriates is referred to as parent-country nationals (PCNs), host country nationals (HCNs) and third country nationals (TCNs), and their composition varies along the different aspect of nationality heterogeneity.

**There are three different types of training for MNCs:-**

- i) **Pre-field or Preparatory Training for Expatriates:-**  
Pre-departure training ensures that the expatriate has the essential skills and knowledge for their assignment.
- ii) **Post-Arrival Training for Expatriates:-**  
This training is conducted after the expatriate has gone abroad; it helps the expatriate feel at ease with the local environment.
- iii) **Training for HCNs and TCNs:-**  
The aim is to increase the understanding of corporate strategy, culture and socialization.

### **Check your Progress 2**

What is the need for training of expatriates?

## **1.3 Repatriation Process**

### **Repatriation**

Repatriation is the process of returning to one's home country from an overseas job. It should be noted that few expatriates remain overseas for the duration of their stay with the multinational company. On completion of the foreign assignment, the multinational company brings the expatriate back to the home country, although it should also be noted that not all international assignments end with a transfer home: rather, the expatriate is reassigned to another international post.

A company's repatriation process and effectiveness depends on the quality of how the repatriates are being managed and developed which is crucial for the success of the international business. Because of steep competition Multinational corporations (MNCs) need to expand globally and increase the presence of expatriates to remain competitive in the market. The main purpose of sending employees abroad is to enable the expatriates to increase knowledge that would be transferred to the company that can be beneficial for both the organization and the individual expatriate in the future. It becomes very imperative for companies to constantly look for different ways to expand and gain managerial control in the subsidiaries. The international assignment consists of three main stages-

- a. selection and pre-departure
- b. foreign assignment and
- c. the repatriation

The repatriation is often considered to be one of the important issues of the executive this is because of the fact that after any international assignment overseen by executives the journey of going back 'home' tends to cause a situation of high anxiety for the repatriate. The situation is often challenging. But it is observed that many corporations do not have proper policies and procedures arranged for the return of repatriates.



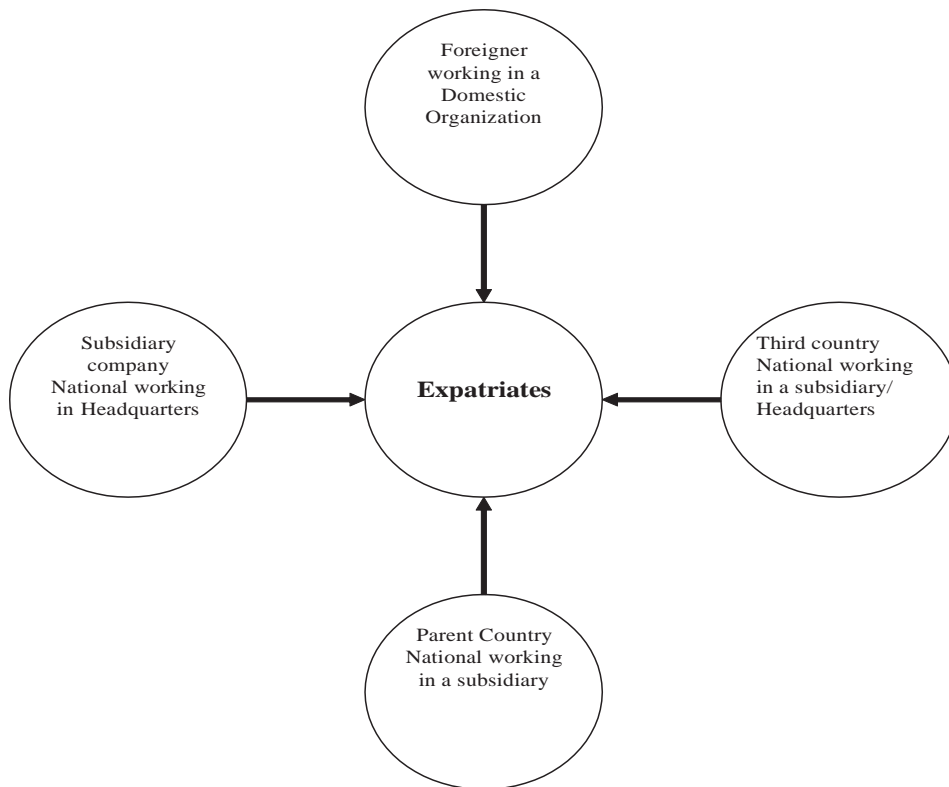


Fig. 5.5: Types of Expatriates

### **The Repatriation Process:-**

i) **Preparation:-**

Developing plans for the future assignment and gathering information about their new job position. The firm may provide a checklist of items to be considered before the returning home e.g., closure of bank accounts and settling bills.

ii) **Physical Relocation:-**

This refers to removing personal effects, breaking ties with colleagues and friends, and traveling to the next posting, usually the home country.

iii) **Transition:-**

This means settling into temporary accommodation where necessary, making arrangements for housing and schooling, and carrying out other administrative tasks like renewing driver's license, applying for medical insurance, opening bank account. Some companies hire relocation consultants to assist in this phase also.

iv) **Readjustment:-**

This involves coping with reverse culture shock and career demands. The employee has to face with the reverse cultural shocks and because of expatriates career demands that occur with the reentry in the home organization MNCs may face difficulties. The process will be even tougher if the expatriate has experienced a successful environment in the host culture.

## Factors affecting the reentry process

The main challenges faced by the MNCs in the repatriation process stems from the factors that characterize the repatriates. can be divided in two main categories

- a. The individual repatriates' characteristics: Age, gender, personality, religion and marital status.
- b. The external situation variables: Culture distance, length of stay, Time since return, Contact with host-country individuals, Contact with home-country individuals and accommodation condition.

### 1.5 Challenges in Repatriation

The reentry phase of expatriate may include a number of problems that are related directly to the repatriates' attitude and the effect that an international assignment may have on future employment prospects. Expatriates often find facing readjustment problems, and quit the organizations.

#### Reasons for repatriate's turnover upon return from international assignments

There are primarily six factors for employee turnover upon return from international assignments:-

##### Factors for employee:-

- i) **Financial and Psychological Shock:-**  
Reverse culture shock on of expatriate reentry to the home country proved to be more stressful than entry to the assignment country.
- ii) **Lack of Repatriation Training:-**  
Expatriate executives sent abroad usually feel that their return to the home office is not handled well. Repatriation training helps the person to readjustment and reduces the reentry culture shock.
- iii) **Career Development:-**  
Lack of career development planning is a major reason for expatriate turnover. The greatest impact on the potential of the returning employee was the absence of career development planning.
- iv) **Corporate Values:-**  
Corporate Values are reflected in management actions. Repatriates top concerns on return to their home country are
  - a) Recognition for the assignment
  - b) New job Location
  - c) Career planning
  - d) Compensation
- v) **Status Problems:-**  
Sometimes the expatriate might have been forgotten when decisions about promotion are made back at headquarters.
- vi) **New Role Demands:-**  
Reentry poses a challenge for the repatriate and frequently reveals a mismatch of expectations, which affect the repatriates' perception of the new role, especially if an anticipated promotion does not materialize.

#### ***Check your Progress 2***

1. What is the need for training of expatriates?
2. What is the process of repatriation?
3. What are the reasons for repatriate turnover?

Nonetheless, a precise international assignment policy is not possible for a MNC to overcome all the challenges in the repatriation process. This is due to the facts that the reentry process remains a difficult step to be managed and evaluate any MNCs. Apart from this there is a huge gap between the theoretical and practical approach on the reentry program adopted by MNCs.

### **Let us sum up**

Although IHRM is a very challenging task to deal with but to overcome these problems we need to understand the main factors that may have a positive or negative impact on the repatriates when they return in the home environment and the way MNCs deals with these challenges.

### **Terminal questions**

1. What is the need for training of expatriates?
2. What is the process of repatriation?
3. What are the reasons for repatriate turnover?
4. Why do we need to train expatriates?
5. What are the types of training for expatriates?

### **Suggested readings:**

1. Gary Dessler, (2000), 8th Edition, “*Human Resource Management*”, Prentice Hall Incorporated, Upper Saddle River, New Jersey.
2. Noe, R.A. Hollenbeck, J.R. Gerhart, B. and Wright, P.M. (2000) *Human Resource Management*, 3rd Edition, McGraw-Hill, New York.
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4. Stewart, J. and McGoldrick, J. (eds) (1996) *Human Resource Development: Perspectives, Strategies and Practice*, London: Pitman Publishing.
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## **BLOCK 5: RECENT TRENDS IN HRM**

### **Structure:**

- 1.0 Learning Objectives**
- 1.1 Introduction**
- 1.2 QUALITY**
- 1.3 Quality Control and Statistical Theory**
- 1.4 Total Quality**
- 1.5 Total Quality Management (TQM)**
- 1.6 Historical Review (Evolution in short-chronological order )**
- 1.7 Dimensions of Quality**
- 1.8 Basic Concepts: TQM requires six basic concepts**
- 1.9 Principles of Total Quality Management:**
- 1.10 Benefits of TQM**

### **Section 1.0 Learning Objectives**

**After going through this unit you should be able to:-**

- TQM.
- Evolution of TQM
- Principles of TQM
- Benefits of TQM
- Understand employee's empowerment process.
- Professional Employer Organization
- Various reasons for employees Moon Lighting.
- Various challenges of dual career group

### **Unit I: Total Quality Management (TQM)**

#### **1.1 Introduction**

Because of globalization and integration processes the current business environment seeks a stable position with a perspective of further development. Under the strong competitive forces a firm's success depends on the capabilities of its members i.e. HR. Although there are many studies which examine new trends in HRM the most important topics are: - globalization and its impacts, knowledge management, work-life balance, flexible working hours, talent management, changes in compensation and benefits etc.

The role of the HR manager is evolving with the change in competitive market environment. Most problems, challenges, opportunities and frustration in an organization's are employees related. Globalization has become a business strategy norm since organizations compete for consumers across nations. Thus, globalization has forced HR practitioners to add value by changing and integrating HR throughout the organization as the core business process. Therefore, to keep up with the current market trend, employee's motivation plans and introduction of benefit motivates the employees to take greater interest in the firm's development plan. Moreover, employees participate in the processes results in positive changes in the company.

#### **1.2 QUALITY**

Quality is a bi-product of the work we do or in other words it is a bi-product of a performance. The result is reflected in the level of assurance while performing the work. Examples such as: Great quality product at cheaper price, Quality Hawaii chappal etc., are being mentioned. Quality is stated in many ways:

- a. **Quality in terms of Excellence:** Once quality is stated in terms of excellence, it cannot be measured as it loses its measurability. Every individual has dissimilar level of his own brilliance while working in his work. But many a time's people interpret and correlate high cost with high quality. Ex. (Rolex watches, BMW automobiles).
- b. **Quality in terms of Value:** Usefulness is defined in terms of value. It can also be defined as the performance and features in relation to the cost and worth of the product. Many a times the utility is valued more than the cost of the product.
- c. **Quality in terms of customization and performance:** the customer quotes their requirements and the level of customization and specification and accordingly the products are manufactured to their prerequisite. Quality is amount or levels of satisfaction it can give to the customer to satisfy implicit and explicit needs of the customer.

### **Prerequisite of Quality**

- a. Good quality of products and services will give organization competitive edge.
- b. Good quality products and services minimizes costs due to recycle value and scrap value.
- c. Good quality products and services rises productivity, profits, brand image, product image and company goodwill.
- d. Good quality products and services creates satisfied customers for future and repeat purchase.
- e. Good quality products and services morale of employees and productivity.

### **1.3 Quality Control and Statistical Theory**

The main motive of Quality Control is to identify and eliminate problems in the production line and to reduce the level of defective products in manufacturing product. Statistical theory had a crucial role in this area. In the 1920s, Dr W. Shewhart postulated the application of statistical methods for management of quality and quality assurance. This theory is considered to be the first modern control chart and confirmed that abnormality in the production process leads to deviation in product quality. Therefore, the aim was to eliminating deviation in the manufacturing process for good standard end products.

#### **Statistical Quality Control:**

- i. It focuses on product quality and identification of defect and to have control of quality issues.
- ii. It involves testing samples and statistically infers compliance of all products quality.
- iii. It is carried out at all stages in the production process.
- iv. It depend on on skilled personnel and professionals quality control for product manufacturing.

### **Quality in Japan**

In the 1940s, Japanese products where seen as inexpensive, substandard replications of the original product. Japanese industrial leaders identified this problem and aimed to produce innovative high quality products. In the 1950s, the concept of quality control and management developed quickly and became a main focus of Japanese management. The idea of quality was not to confine the concept to the management level but to all the levels of management. This gave rise to Quality circles in the early 60s. A quality circle is a volunteer group of employees who meet and discuss on subjects to develop any characteristics of workplace, and make presentations to management with their ideas. For example employee motivation is a bi-product of quality circles. They also came up with the idea of improving not only quality of the products, but also every aspect of organisational issues which is also a bi-product of quality cycle. This set the stage for start of the idea of total quality.

## **1.4 Total Quality**

The term total quality was used first by Feigenbaum at the first international conference on quality control in Tokyo in 1969. TQM refers to broader subjects within an organisation. Ishikawa also deliberated total quality control in Japan, This concept is different from the western idea of total quality. TQM refers to the company-wide quality control that comprises all employees, from top management to the workers, in quality control management.

## **1.5 Total Quality Management (TQM)**

Successful companies acknowledges the significance of customer-defined quality which can have tremendous impact on business. For this reason many competitive firms continually increase their quality standards. Total Quality Management (TQM) is describes as a management approach for long-term success through customer satisfaction.

In the 1980s to the 1990s, there was a new phase of quality control and management. This later came to be known as Total Quality Management (TQM). After the successful implementation and addressing quality issues in Japan, western companies started to introduce their own quality initiatives. TQM, was developed with the aim of quality-focused strategies, programmes and techniques throughout this period, became the center of focus for the western quality movement.

## **1.6 Historical Review of TQM**

- i. In the middle ages individuals perceived quality in terms of long hours of on the job training. Here, the manufacturer would act as the inspector. For example today we see such skilled craftsmen like carpenters, idol makers and others, who make their own product and inspect it.
- ii. In the early 20th century, F.W.Taylor, the father of scientific management, gave new theory of segmenting planning function from execution function. He categorized the total work as segmented and into specific work tasks for focusing on increased efficiency. The quality assurance of the items/products produced was to be looked after by the inspectors. During manufacturing process, defects were to be examined and eliminated by inspectors before passing it on to the next stage or to the customer. Eventually this lead to the creation of separate quality departments to pass materials produced. Consequently it led to a lot of indifference attitude among employee and thinking that quality personnel were responsible for quality goods produced.
- iii. In the early 40s and 50s the scarcity of civilian goods made production a top priority. Quality was not considered to be top priority for the managers and remained the domain of the specialist managers. Edward Deming learned statistical quality control from Shewart and proposed it to the Japanese along with Joseph Juran.
- iv. In late 1970s and 1980s US managers were making frequent trips to Japan to see the portent in Japan on Quality issues.
- v. During late 1980s automotive industry in US stressed on SPC. Suppliers and their suppliers were required to use these techniques.

## **1.7 Dimensions of Quality Manufacturing**

- a. Performance and Features
- b. Reliability and Durability
- c. Service and Reputation
- d. Response

Performance: product's primary operating features. Automobile- Braking Distance, Acceleration, Steering, Handling, etc.

Features: Additional provisions provided in the product. Automobile: Stereo systems, Antilock Brakes, Air conditioning

**Reliability:** Probability of product surviving over a specified period of time under specified conditions. Automobile: Able to start on cold days, Good mileage

**Durability:** The amount of use one gets from a product before it physically deteriorates or until replacement is preferable. Automobile: Corrosion resistance, Upholstery wears.

**Serviceability:** The speed, courtesy and competence of repair work. Automobile: Ease with which the cables can be replaced.

**Reputation:** The name the supplier has made over time. Automobile: Maruthi Suzuki service.

**Response:** Willingness to help customers and provide prompt service. Automobile: Replacement of defective parts – TATA Indica, Honda, Mobile: Nokia battery replacement

Thus, "TQM is a management approach for firm, focused on quality and on the participation of all its members with the aim of long-term success through customer satisfaction, and benefits to all members of the organization and to society."

According to Edward Deming, TQM is the method of producing an organizational commitment culture in the direction of continuous improvement of skills, teamwork, processes and service quality and customer satisfaction.

### **1.8 Basic Concepts: TQM prerequisites**

- a. Dedicated and involved management: TQM is a continuous long term activity that must be imbibed in the culture of any firm. This process involves, long-term-top-to-bottom- organization support. Management must take part in the quality program, develop clear vision, set goals and direct the programs.
- b. Dedicated focus on the customer: The main stress is effective TQM that is directed towards activities to fulfill the need of the customer, both internally and externally.
- c. Effective participation and execution: Implementing TQM effectively falls in everyone's responsibility. All personnel are to be trained in TQM, its tools. They must be authorized to perform processes in an optimal manner.
- d. Continuous improvement in production processes: It is the responsibility of all employees to continually strive to improve all business and production systems.
- e. Suppliers as Partners: 40 to 60 % of the product cost is outsourced. All supplier organizations have to be treated as partners and as extension of one's organisations.
- f. Performance measures: Measure and prosper. Satisfaction of customers is the main priority, absenteeism etc is the main focus of the firm.

### **1.9 Principles of Total Quality Management:**

The eight principles are:

- a. Customer-Focused Organisation
- b. Leadership
- c. Involvement of People
- d. Process Approach
- e. System Approach to Management
- f. Continual Improvement
- g. Factual Approach to Decision Making and
- h. Mutually Beneficial Supplier Relationships.

**Principle 1** – Customer oriented: Organizations depend on their customers and therefore should identify current and future needs of the customer as the main priority to address their needs and expectations.

- a. Identify customer needs and expectations for products, distribution, price, dependability, etc.
- b. Guarantee a constant approach among customers and others like owners, people, suppliers,
- c. To meet local communities and society needs at large and their expectations.
- d. Communicate the needs and expectations throughout the organisation.
- e. Measure customer satisfaction.
- f. Maintaining customer relationships.

**Principle 2** – Leadership: To form and maintain harmony in the internal environment in which people can become fully involved in achieving the organisation's objectives.

- a. Proactive.
- b. Identify and respond to changes.
- c. Anticipate the needs of all stake holders including customers etc.
- d. Build a clear vision of the organisation's future.
- e. Develop values and ethical role models.
- f. Build trust and eliminate fear.
- g. Inspire, encourage and recognize people's contributions
- h. Teach, train and coach people.
- i. Setting up challenging goals and targets, and
- j. Implement a strategy to achieve these goals and targets.

**Principle 3 - Participation of People:** to ensure full involvement of the people in the organization and enables their abilities to be used for the organization's benefit.

- a. To take responsibility to solve problems.
- b. To make continuous improvements and enhance competencies.
- c. Share knowledge & experience in teams.
- d. Focus on the creation of value for customers.
- e. To be innovative in furthering the organisation's objectives.
- f. Motivate people and make them feel proud to be part of the organisation.

#### **Principle 4 - Process Approach**

To achieve a desired result is achieve it more efficiently and optimum utilization of resources.

- a. Build framework for the process to achieve the objectives.
- b. Identify and measure the inputs and outputs of the process.
- c. Assess possible risks, consequences and impacts of processes outcome.
- d. Establish clear responsibility, authority, and accountability for managing the process.
- e. Recognize internal and external customers, suppliers and other stake holders of the process.



**Principle 5 - System Approach:** Identify and manage a system of interrelated processes for a given objective. The main objective is to improve the organisation's effectiveness and efficiency.

- a. Identifying the processes that affect a given objective.
- b. Aim to achieve the objective in the most efficient way.
- c. Recognize the interdependencies among the processes of the system.
- d. Continually improve the system through measurement and evaluation, and
- e. Estimate the resource requirements.

**Principle 6 - Continual Improvement:** Continuous improvement should be a permanent objective of the organisation.

- a. To make continuous improvement of products, processes and
- b. Apply the basic improvement concepts of improvement.
- c. To make periodic assessments.
- d. Continuous improvement of the efficiency and effectiveness
- e. Set measures and goals to guide and track improvements.
- f. Recognize improvements.

**Principle 7 - Accurate Approach to Decision Making:** Effective decisions are based on the analysis of data and information.

- a. Make assessment from the collected data and information relevant to the objective.
- b. Data and information are sufficiently accurate, reliable and accessible.
- c. Analyse the data and information.
- d. Recognize the value of appropriate statistical techniques, and
- e. Make decisions and take action based on the results.

**Principle 8 – Mutual advantage for Supplier:** Interdependence of organisation and suppliers enhances the ability of both to create value.

- a. Identify and select key suppliers.
- b. Establish supplier relationships that balance short-term gains with long-term.
- c. Established clear and open communications.
- d. Establish joint development and improvement of products and processes.
- e. Share information and future plans, and
- f. Identify supplier improvements and achievements

TQM has progressed over a period of time through practice and through its subsequent development. The technique is focused primarily on customer and to satisfy them. The approach is to produce by continuously improving the process and make improvement so as to provide the best to the customer.

### ***Check your Progress***

1. What do you mean by TQM?
2. What are the main ideas of TQM?

### **1.10 Benefits of TQM:**

- i. Quality improvement
- ii. Participation of the employees
- iii. Team work
- iv. Building relationship
- v. Customer satisfaction
- vi. Employee satisfaction.
- vii. Rise in productivity and profit

### **Execution of TQM**

Implementation is a crucial aspect of TQM in any organization. Even a good system fails if the employees find it difficult to accept and if it is badly implemented. Here the role of Leadership is critical in every stage of implementation. For effective implementation of TQM in organizations the following needs to be followed:

- i. Management needs to be trained in TQM concept. Managers need to ensure the effective implementation of TQM in the organizations where it is implemented.
- ii. Timing of the implementation is important.
- iii. It is the task of the quality council to take up the implementation activities of TQM.
- iv. There should be active participation of the Middle managers in the implementation of TQM
- v. Clarity in discussion regarding the purpose, approach and end result of the effort being taken to implement TQM with the union.
- vi. It is important, at this stage, to communicate to everyone in the organization about the implementation of TQM.
- vii. Employees need to be trained in the appropriate tools and techniques of TQM.

### **TQM is built around four main ideas:-**

- i) Do it correctly in the first attempt: identifying and eliminating causes of quality issues should be the priority in order to make the product produced defect free.
- ii) Customer-oriented: identifying the customer's need and want and to find ways to keep them satisfied and act in response appropriately.
- iii) Continuous improvement: Kaizen practitioners view quality as an endless exercise, they experiment, measure and improve continuously. Which ultimately leads to lower costs, less waste and quicker cycle times
- iv) Built Team work: employees are to be trained properly and provided with all relevant results. TQM is built around employees, their needs, aspirations and expectations.

### **Limitation of TQM**

- a. TQM is a slow moving process. The benefit will be reflected after a longer period of time
- b. TQM largely depends upon participative management.
- c. TQM needs leaders to lead the employees for quality management
- d. TQM not suitable for a developing economy due to unfavorable approach of management and employees.

### **Let us sum up**

Total quality is the mobilization of the whole organization to achieve quality continuously for long term economic benefit. TQM aim is aimed at the efforts in relation to definition, circumstances and application. TQM vision are to increase for future quality goals.

### **Terminal questions**

1. What do you mean by TQM?
2. What are the main principles of TQM?
3. How would you implement TQM?

### **Suggested readings:**

1. Gary Dessler, (2000), 8th Edition, “*Human Resource Management*”, Prentice Hall Incorporated, Upper Saddle River, New Jersey.
2. Noe, R.A. Hollenbeck, J.R. Gerhart, B. and Wright, P.M. (2000) *Human Resource Management*, 3rd Edition, McGraw-Hill, New York.
3. Taylor, S, (1998), “*Employee Resourcing*”, CIPD, London.
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5. Arthur, Diane (2nd Ed.) (1995). *Managing Human Resources in Small & Mid-Sized Companies*. New York: AMACOM
6. Ulrich, Dave. (2001). *The HR Scorecard: Linking People, Strategy, and Performance*. Cambridge, MA: Harvard Business School Press,.
7. Sparrow, Paul (2003). *Employment Relationships: Key Challenges for HR*. Boston: Butterworth-Heinemann.

## **Unit II: Human Resource Empowerment (HRE)**

### **Structure:**

#### **1.0 Learning Objectives**

##### **1.1 Introduction**

##### **1.2 Empowerment**

##### **1.3 General benefits**

##### **1.4 Need for HRE**

##### **1.5 Forms of Empowerment**

##### **1.6 HRE processes**

##### **1.7 Employees Empowerment**

##### **1.8 Employee's participation**

##### **1.9 Employee Leasing/ Professional Employer Organization (PEO)**

### **Section 1.0 Learning Objectives**

#### **After going through this unit you should be able to:-**

- Understand employee's empowerment process.
- Professional Employer Organization
- Advantages of employees empowerment
- Process of employee empowerment

## **Unit II: Human Resource Empowerment (HRE)**

### **1.1 Introduction**

People are change agent in organizations. The organizations aim is to manage people for creativity and innovation. Any new organizations always stress the relations between employees. Organizations for survival and development depends on its human resources. Today organizations aims at how to prepare human resources for future eventualities. Literature have shown that it is very important to invest in its human resource. The aim of any organization should be to develop leadership quality in its human resource and give empowerment in a strategic way. These strategies should use for building necessary skills and appropriate knowledge in human resources basically for problem solving and motivate them for personal and organizational income.

Today, many organizations seek excellence but only few have achieved success. One of the main reason for this failure can be attributed to the lack of deep understanding of the concept of excellence and its criteria. Since most of the organizational are moving toward total quality management (TQM) and continuous improvement it seems that empowerment of employees is considered as an accepted macro strategy for continuous improvement in overall performance aspects. Empowerment is considered as a vital factor in almost all scientific references of TQM because empowerment are closely related to quality management which have direct effect on the vital element affecting organizational success or failure.

### **1.2 Empowerment**

The term empowerment in management has its root in the period of establishing people-oriented systems where organization encouraged employee's participation in decision process terms of team-making, participation and total quality management. Although the term has evolved over the period of time but basically the term still signifies employees' empowerment. Employees' empowerment involves a set of systems, methods and activities that aims at increasing competences and capability of individuals so that there is increase

output and development of the organization. It is the process of continuous improvement of organizational performance by way of increasing and expanding authority of competent individuals.

### **1.3 General benefits**

There is a rapid change in the way business is conducted because of the steep competition and hence there is change in the business climate and with the increase in global brands and multinational organizations with world-wide supply chains. Many organizations are becoming increasingly aware of the direct economic value of HRE and effort are made to rip the benefit associated along with it. By integrating HRE as a strategic investment into their core business strategy and management operations, organizations can have a positive impact on society and improve their own reputation by producing environmentally friendly products. Thus through this method firms focus not just on generating profits for from short term goal but also position themselves for the future. Thus, an integrated HRE into the organizations core business strategy and management operations can have a direct impact to their profits.

### **1.4 Need for HRE**

HRE is easy to practice and easy to implement in any organization, even for organizations completely unfamiliar with the Excellence Model. HRE is based on proven successful Excellence Model therefore it can have positive effect on their overall approach to Business Excellence. Nevertheless, HRE can be beneficial and create a HRE performance and for that we need to ascertain gaps in their current HRE implementation.

### **1.5 Methods of Empowerment**

Different methods of empowerment were applied in practice by different organization like empowerment through involvement, empowerment through commitment, and psychological empowerment. There are certain steps involved in this process

- i. Empowerment through involvement. Employee involvement practices means employers can attempts to provide workers with any real control. Thus, increasing employee involvement will help in attaining improvements in service quality.
- ii. To offer a mechanism for managers and employees: Meet on regular basis to discuss operational issues. This will help in efforts to incorporate ideas and experiences of employees in managerial decision-making processes and increase commitment through Empowerment which will in turn improve in enhancing profit.
- iii. Psychological empowerment is another way of empowerment and it comprises of participative decision making that is considered one of the most effective dimensions of psychological empowerment. Psychological climate reflects a judgment by the employees about the degree to which the work environment is beneficial to their sense of well-being.
- iv. Check your Progress*
- v. 1. What are the benefits of HRE?
- vi. 2. What is empowerment?

### **1.6 HRE processes:**

The process of employee participation that is designed to give employees with the chance to influence and make them take part in decision making on matters relating work which might affects them. In other words employees are involved in decision making processes, rather than simply acting on orders. As such it may involve processes and mechanisms such as:-

- i) Collective bargaining
- ii) Work councils
- iii) Joint consultative committees

- iv) Employees share schemes
- v) Worker director

### **1.7 Employees Empowerment**

Employee's participation in the work place is part of a process of empowerment. This is a method of decentralizing powers within the organisation to individual decision process and moves further down the line. In the empowerment process team work is a the key. Team members are encouraged to make decision for themselves in self managing teams.

Here, the employees are expected to make decision for them and for the organization. This is the key motivational tool. Employee's involvement is also referred to as employee's involvement (EI).

### **1.8 Employee's participation**

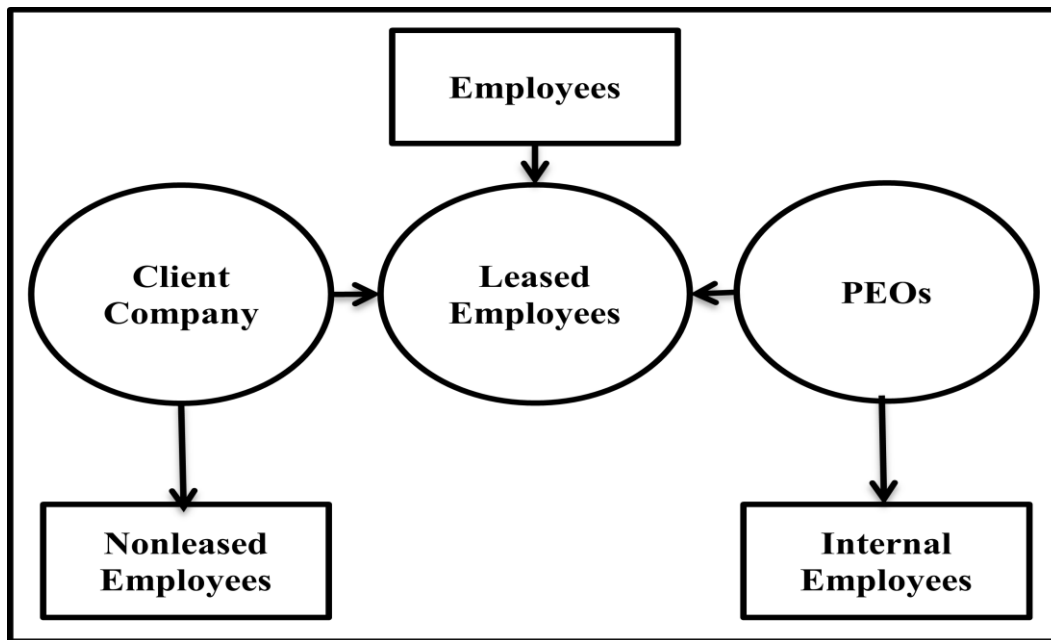
- i) Quality circles- employee's works on project or task with considerable responsibility.
- ii) Suggestion schemes- employees are given chance to suggest new ideas to managers within the organization and in return they receive rewards.
- iii) Consultation exercise and meetings- employees are motivated to share ideas.
- iv) Delegation of responsibilities within the organization- ground level employees is given considerable responsibility since they deal with customers on day-to-day basis. Such employees need to be trusted to make decisions for the organization.
- v) Multi channel decision making processes- decisions are not only made in downward direction but they also result from communication upwards, sideways and in many other directions within the organization.

#### ***Check your Progress 2***

1. Did you understand Employees empowerment?

### **1.9 Employee Leasing/ Professional Employer Organization (PEO)**

An employee leasing company/ Professional Employer Organization (PEO) is an organization in the business of leasing employees to client firms. Professional Employer Organization (PEO)/Employee leasing companies enter into contracts with businesses entity known as clients, under which most of the client's workforce would be employed by the leasing company and leased to the client. Basically, client begin employee leasing arrangement by laying off its employees first and most of them are immediately be hired by the leasing company, often on the same or very similar terms, and leased back to the client to perform the same work they were performing when they were the client's employees.



In other words Employee leasing is the process of transferring employees from a company to the payroll of ‘X’ employee leasing services, and then releasing them back to the company on a temporary basis. This allows ‘X’ Consulting to become the legal employer, thus taking over all HR management tasks.

**It is a business by:-**

- i) Contract is based on fee.
- ii) Places employees of the client company on the leasing company payroll. In turn,
- iii) The leasing company leases employees back to their original employer for an unlimited time.
- iv) Provide the perfect way out for busy entrepreneurs by taking over all the hiring responsibilities.
- v) Relieved of administrative tasks like Payroll, taxes, workers’ compensation, employee benefits etc.
- vi) Company can focus on core task of running your business rather than dealing with administrative nitty-gritty’s.
- vii) Reduces risks associated with direct recruitments.

## **Let us sum up**

### **Terminal questions**

1. What do you know about HRE?
2. What is process of Employees empowerment?
3. What is employee leasing?

### **Suggested readings:**

1. Gary Dessler, (2000), 8th Edition, “*Human Resource Management*”, Prentice Hall Incorporated, Upper Saddle River, New Jersey.
2. Noe, R.A. Hollenbeck, J.R. Gerhart, B. and Wright, P.M. (2000) *Human Resource Management*, 3rd Edition, McGraw-Hill, New York.
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## **Unit III: Moon Lighting by Employees**

### **Structure:**

- 1.0 Learning Objectives**
- 1.1 Introduction**
- 1.2 Background Of Moonlighting**
- 1.3 Moonlighting Categories**
- 1.4 Moon Lighting by Employees**
- 1.5 Benefits of Moonlighting**
- 1.6 Features of moonlighting**
- 1.7 Impacts of Moonlighting and Its Issues**
- 1.8 Dual Career Group/ Dual-career couples**
- 1.9 Challenges**

### **Section 1.0 Learning Objectives**

**After going through this unit you should be able to:-**

- Various reasons for employees Moon Lighting.
- Various challenges of dual career group

## **Unit III: Moon Lighting by Employees**

### **1.1 Introduction**

Human Resource Management (HRM) is undergoing a change and new strategies to handle the employees successfully are being developed. The most important advantage an employee gets from a job is the financial reward or remuneration. There are different reasons workers sometimes take up two positions or a company along with the current job which is known as Moonlighting. However, from the perspective of both workers as well as employers it does undergo from certain drawbacks. Through persistent moonlighting, the part-time job never converts to permanent predominant occupation while the employee has an intention to change professions in the case of transitory moonlighting.

Moonlighting is the method of taking up a second job, apart from your main income stream. The practice is claimed to be common. In the old days when 90 % of the employees were farmers and mostly occupied by agricultural activities, the first task was to grow anything under the sun and the chickens etc. and at the end of sunset they call it a day. Then there was transistor period of technology and industrialization and with increase in the economic welfare with savings and money. A man could make a better living for five days a week, working 8 hours and live a comfortable life rather than to work for 10 or 12-hour days had traditionally. This gave people more time with his family every day at home and involved in other leisure activities. However, there are also people, especially young people and obligations in the family, who preferred to increase income to even instances, the person who prefers more money than leisure now needs to seek a second job instead of working more hours at his full time job — thus, moonlighting. And the less the week of service, the greater the moonlight

### **1.2 Background of Moonlighting**

There have been a tremendous change in lifestyle of every person in recent past as per the growing needs of individuals including instances of more working women moonlighting. There are different population groups in the society and the change in the prospects for jobs

are attracting to moonlighting for a variety of monetary and non-monetary benefits in order to raise their salaries and also gain work experience. Literature have shown that there are numerous motivations factors that lead women and men to moonlight. This techniques is not safeguard and has both positive and negative effect, where legal issues are also involved. It is a difficult task for both workers and employers to maintain a good relationship there is continuous attempt to preserve without any friction in the organization between employee and employer and therefore avoid moonlighting.

### **1.3 Moonlighting Categories**

- i. Blue Moonlighting: This happens when employee in the current job becomes dissatisfied with his / her salary, he/she starts searching for a part-time job. But when the employee cannot find a part-time job, his / her attempts to go in question.
- ii. Quarter Moonlighting: This happens when an employee takes up part-time work along with his / her current job and spends some of his / her time on the part time job, it is called quarter moonlighting. This is normally done by the employee to augment his / her current salary and meet the basic desires.
- iii. Half Moonlighting: This happens when employee dedicates half the time to the part-time job or the newly established company. The part-time job or company helps the employee to live a fulfilling life.
- iv. Full Moonlighting: This happens when the employee dedicates all of the time to part-time job or new company in complete moonlighting.

### **1.4 Moon Lighting by Employees**

Moonlighting or multiple-job holding is an important employment marketing phenomenon. The term “moonlighting” refers to an employees or individuals individual who not only works on his primary job but also works on a secondary job on the side on a particular given time. Employees traditionally moonlight to earn extra money. In other words it is an act of employee of doing more than one job in a particular time. This practice of moonlighting by employee might separate his/ her interest from the main job and can create problems for the company.

### **1.5 Benefits of Moonlighting**

Moonlighting helps the employee in

- i) Earning extra money in light of monetary problems of the employees.
- ii) Its multiple motives and gender differences.
- iii) Managing larger family households.

Factors responsible for moonlighting:-

- i) Economic factors.
- ii) Sociological.
- iii) Demographic roots.
- iv) Less labor supply and the less wage rate (wage/income constrain).
- v) Wage rate of a moonlighting job is lower than the wage rate of the primary job and vice versa

### **1.6 Features of moonlighting**

- i) Common among rural workers than urban workers.
- ii) The trend is higher through subsidiary employment in agricultural and casual activities and low in regular sectors.
- iii) Income and skill diversity were having significant impact on job satisfaction.
- iv) It provides opportunity to learn new set of skill at the cost of additional time.
- v) Evident in female workers primarily employed in agricultural sector.

- vi) Urban workers employed in non-agricultural activities choose to moonlight through self employment.
- vii) People are prepared to work as long as they enjoyed their work and did not feel the burden of putting extra hours.
- viii) Moonlighting through regular employment in agricultural sector is very exceptional.

**Moonlighting enhances the satisfaction level in terms of:-**

- i) Fulfillment of salary needs and family needs.
- ii) Difference between what is expected and what actually happened.
- iii) Fulfillment of work values, equity and fairness of treatment, and
- iv) Certain personality traits which led to job satisfaction.

### **1.7 Impacts of Moonlighting and Its Issues**

Many young firms refuse to report their first part-time hires. The difficulty of labor laws and enormous amounts of paperwork can discourage a new entrepreneur, especially when someone is required just for a few hours a week. The initial emerging early jobs can be a crucial step for a stable, accessible economy to grow. In some segments of the building and design industries, day workers fill the immediate gaps during labour shortages. Private sales, registration, paperwork required and government reporting can be prohibitive for a single day's work. That promotes undeclared short-term labourer work. A large workload is unreported for a day or two only. While the laws of housekeepers make exceptions for the homeowner, it is extremely important for companies to carry out and file documentation worth many hours, even for a single hour. The sums for tax collection agencies are too low to seek and the legal stuff is too arduous to file and thus true nano-employment among businesses is uncommon. It is however a valuable resource for many small companies.

Unrecognized work probably represents the first step towards starting a private business in career fields such as construction or advertising. Once, for the limited amount of work done, paperwork, enforcement and knowledge of labor laws are unaffordable. While unauthorized, side business produces comparatively little income and so are seldom the tax enforcer's target. Eventually, enrolled employees have enough work to be able to avoid their employer and become self-employed. Then, documentation is usually filed, and self-employment taxes are reported. The practice then becomes a legal and competitive part of the economy. Those unable to find employment through the documented community, even those with past criminal records or current charges as well as undocumented immigrants, can be fairly successful and self-sufficient. It stops them from doing less-wanted items such as theft and drug use. In the cottage industries self-employment is often not reported at first. For example, a home cook may sell a couple of pies to friends and colleagues without filing the necessary sales taxes or self-employment taxes. Even though this is generally illegal, it can lead to a company that is legal and profitable, and is often how small companies start. The tax system in some countries is attempting to set minimum thresholds for the sums that are responsible.

Nevertheless, the duty of dealing with the bookkeeping standards still remains to show one is excluded. Short-term employment rate is often uninvestigated but can be very effective. For example, a youth hired to help build a shed or barn gets transferable skills and responsibilities. If work had to be published, most young people would not be working for short-term projects.

### 1.8 Dual Career Group/ Dual-career couples

Dual-career couples/group can be defined as two people in a committed relationship each, with a career and where both partners are working professionals. Dual career group helps in achieving the psychological as well as financial satisfactions. Dual career groups are increasing because more females are highly committed for quality of work. It provides economic freedom and better social status.

Although, any family with both adults working, parenting a child and juggling the multiple roles of earning while raising a family faces important challenges like:

#### 1.9 Challenges

- i) Long working hours.
- ii) Learning commitments.
- iii) Responsibilities for home and family.
- iv) limited opportunities for career advancement.
- v) Conflicts and fatigue
- vi) Quality work-life and
- vii) The fact that women assume more of the responsibilities for household chores than do men.
- viii) Promotional transfer of the expatriates.
- ix) Travel, “trailing spouses,” and “commuter marriages.”
- x) The Impact on Home and Family.
- xi) The Impact on Personal Well-being, finance and time.

#### Advantages of Dual Career Group/ Dual-career couples are:-

- i) Extra income for the family.
- ii) More equality
- iii) Happier family

#### Disadvantage:-

- i) Reduction of job mobility of spouses.
- ii) Work family conflict
- iii) Household responsibilities.

#### *Check your Progress*

1. What do you understand by employee moonlighting?
2. What is Dual career group?

Although, any family with both adults working, parenting a child and juggling the multiple roles of earning while raising a family faces important challenges like:

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- iii) Household responsibilities.

**Let us sum up**

To support employees involved in moonlighting is completely up to the employer. Thus. It becomes all the more important to have clearly defined policies around it. The HR should talk with the employees in the organization and then educate them about these policies.

**Terminal questions**

- 1. What is Dual career group?
- 2. What is moonlighting?
- 3. What are the features of moonlighting?
- 4. What are the benefits of moonlighting?
- 5. What are the impact of moonlighting?

**Suggested readings:**

- 1. Gary Dessler, (2000), 8th Edition, “*Human Resource Management*”, Prentice Hall Incorporated, Upper Saddle River, New Jersey.
- 2. Noe, R.A. Hollenbeck, J.R. Gerhart, B. and Wright, P.M. (2000) *Human Resource Management*, 3rd Edition, McGraw-Hill, New York.
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