

# **BALAJI INSTITUTE OF I.T AND MANAGEMENT KADAPA**

**HUMAN RESOURCE MANAGEMENT**

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**Units covered: half of 3<sup>rd</sup> Unit, 4<sup>th</sup>, & 5<sup>th</sup> unit**

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## (17E00201) HUMAN RESOURCE MANAGEMENT

The objective of the course is to provide basic knowledge of functional area of Human Resource Management. This will be the prerequisite for enabling students to take any HRM stream electives offered in third and fourth semesters.

- 1. Introduction:-** Meaning of HR and HRM, Nature & Scope of HRM, Functions of HRM, Role and Objectives of HRM, Personnel Management, Policies and Strategies of HRM.
- 2. Designing and Developing HR systems:-** Human Resource Planning, Job Design, Job Analysis, Job Evaluation, Job Enlargement, Job Enrichment, Job Rotation, Recruitment & Selection, Placement, Promotion & Transfer.
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- 4. Human Resource Development:-** Concepts, Development Function, Training and Development, Performance Appraisal & Career Planning and Development.
- 5. Recent Trends in HRM:** Outsourcing, Work Life Balance, Quality Circles and Total Quality Management.

**Textbooks:**

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### UNIT-III

## COMPENSATION MANAGEMENT

### 3. INFLUENCING FACTORS FOR DETERMINING COMPENSATION

These factors can be categorized into

- (i) External Factors
- (ii) Internal Factors.

#### ***1. External Factors:***

##### **1. Demand and Supply:**

The **labour market conditions or demand and supply** forces operate at the national and local levels and determine organizational wage structure. When the demand for a *particular type of labour is more and supply is less, then the wages will be more.* On the other hand, if supply of labour is more and demand is less, then persons will be available at lower wage rates also. In the words of *Mescon*, 'the supply and demand compensation criterion is very closely related to the prevailing pay, comparable wage and ongoing wage concepts since, in essence, all these remuneration standards are determined by immediate market forces and factors.

##### **2. Cost of Living:**

The wage rates are directly ***influenced by cost of living of a place.*** *When the prices are stable then frequent wage increases may not be undertaken.* The wage rates are **directly influenced by cost of living of a place.** The workers will accept a wage which may ensure them a minimum standard of living. When the prices are stable, then frequent wage increases may not be required.

##### **3. Trade Unions' Bargaining Power:**

The wage rates are also influenced by **the bargaining power of trade unions.** The strength of a trade union is judged by its membership, financial position and type of leadership. Union's last weapon is strike which may also be used for getting wage increases. If the workers are disorganized and disunited then employers will be successful in offering low wages.

#### 4. Government Legislation:

To improve the *working conditions of workers*, **government may pass legislation for fixing minimum wages of workers**. This may ensure them (workers) a minimum level of living. In underdeveloped countries bargaining power of labour is weak and employers try to exploit workers by paying them low wages. In **India, Minimum Wages Act, 1948 was passed to empower government to fix minimum wages of workers**.

#### 5. Economy:

Economy also has its impact on wage and salary fixation. While it may be possible for some organizations to **thrive in a recession**, there is no doubt that *economy affects remuneration decisions*.

#### 7. Technological Development:

With the rapid growth of industries, there is a shortage of skilled resources. The **technological developments** have been affecting skill levels at faster rates. Thus, the *wage rates of skilled employees constantly change* and an organization has to keep its level up to the mark to suit the market needs.

### II. Internal Factors:

#### 1. Ability to Pay:

The ability of an industry to pay will influence wage rate to be paid, if the concern (enterprise or industry) is running into losses, then it may not be able to pay higher wage rates. **A profitable concern may pay more wages to attract good workers**. During the period of prosperity (wealth), workers are paid higher wages because **management wants to share the profits** with labour.

#### 2. Job Requirements:

The worth of a job can be estimated through job evaluation. Simple, *routine tasks that can be done by many people with minimum skills receive low pay*. On the other hand, **complex, challenging tasks that can be done by few people with high skill levels generally receive high pay**.

#### 3. Management Strategy:

The overall strategy which a company pursues should determine the remuneration to its employees. Where the strategy of the organisation is to achieve rapid growth, remuneration should be higher than what competitors pay.

#### 4. Employee:

##### (i) Seniority:

Unions view seniority as the most objective criteria for pay increases, whereas management prefers performance to effect pay increases.

##### (ii) Experience:

It makes an employee gain valuable insights (an accurate and deep understanding) and generally rewarded.

##### (iii) Potential:

Organisations do pay some employees based on their potential. Young managers are paid more wages because of their potential to perform even if they are short of experience.

##### (v) Luck:

Some people are rewarded because of their sheer(something pure) luck. They have the luck to be at the right place at the right time.

### **4. MONETARY & NON-MONETARY BENEFITS**

#### **4.1 MONETARY BENEFITS**

Monetary rewards are the incentives given to the employees in the form of money. The monetary incentives given to employees are direct benefits to them. The monetary incentives are mostly given based on the performance of an employee. Some employees are motivated only if there is money element involved.

**The monetary incentives Some of the monetary benefits, which are given by the organization are**

- Profit sharing,
- Stock options,
- Bonuses,
- Commissions,
- Merit pay, etc.

#### **4.2 NON-MONETARY REWARDS**

Non-Monetary rewards are the benefits given to the employees of the organization to increase the employee job performance, employee loyalty towards the organization, employee morale, etc. The Non-Monetary rewards does not involve direct money. i.e., the employee doesn't get any money, but he gets various benefits like,

- ✓ Food coupons,
- ✓ Promotions,
- ✓ Company uniforms,
- ✓ Flexible timings,
- ✓ Healthcare Benefits,
- ✓ Life insurance policy, etc.

| MONETARY REWARDS   | NON-MONETARY REWARDS  |
|--|---|
| Monetary rewards are the incentives which involve direct money to the employees.   | Non-Monetary rewards are the incentives which do not involve direct money to the employees.   |
| <b>GIVEN TO</b>  |   |
| Monetary rewards are given to the employees who are extremely performing or extremely talented.  | Non-Monetary rewards are usually given to all the employees of a certain level to offer them convenience and security.  |
| <b>NATURE</b>  |   |
| Monetary rewards can work as a negative force to the organization because the people of the organization who are getting monetary rewards only concentrate on money by leaving the morality. | Non-Monetary rewards always act as a positive force because the people who are getting non-monetary rewards usually don't get attracted to money and focus on the emotional and psychological benefits. |
| <b>PERCEIVED AS</b>  |   |
| Monetary rewards are considered as an expense to the organization because it is an   | Non-Monetary rewards are also considered as an expense to the organization but there is no direct   |

| MONETARY REWARDS                     | NON-MONETARY REWARDS         |
|--------------------------------------|------------------------------|
| additional payment to the employees. | money given to the employee. |

**4.3 FRINGE BENEFITS** (an extra benefit supplementing an employee's money wage or salary, for example a company car, private healthcare, etc.)

Employees are paid several benefits in addition to wages, salary, allowances and bonus. *These benefits and services are called fringe benefits*, because these are offered by the employer as a fringe (additional benefit). Employees of the organization are provided several benefits and services by the employer to maintain and promote employee's favorable attitude towards the work and work environment. It not only *increases their morale* but also **motivate them**.

**According to D. Belcher**, — Fringe benefits are any wage cost not directly connected with the employees productive effort, performance, service or sacrifice.

**According to Werther and Davis**, — Fringe embrace a broad range of benefits and services that employees receive as part of their total compensation, package pay or direct compensation and is based on critical job factors and performance.

External Questions: (Old Question papers)

### UNIT-III

1. Discuss the factors influencing wage and salary structure.
2. Define compensation. Explain the objectives and influencing factors of compensation management.
3. What are internal and external influencing factors in determining compensation?



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## UNIT-IV

### HUMAN RESOURCES DEVELOPMENT

#### BRIEF SUMMARY OF THIS UNIT

Human Resource Development (HRD) is the framework for helping employees to develop their personal and **organizational skills, knowledge, and abilities**. An environment of **trust and respect** can be created with the help of human resource development. **It improves employee participation**. Training is a process which involves the *sharpening of skills, concepts, changing of attitude and gaining more knowledge* to enhance the performance of the employees. Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. It is also known as an **annual review or performance review**.

#### 1. CONCEPTS:-

HRD is mainly concerned with the **developing skills, knowledge and Competencies of people**. It is people –oriented concept. HRD is a positive concept in human resources management. HRD aims at helping people to **acquire competencies** required to perform all their functions effectively & make their organization of well. It can be planned & implemented to benefit both individuals & organizations. The competencies of human resources are developed through HR programmers. HRD plays a significant role in making the human resources vital, use & purposeful.

#### 1.1 Objectives of HRD:-

- a) To prepare the employee to meet the present and changing future job requirements.
- b) To develop creative abilities & talents.
- c) To prepare employees for higher level jobs.
- d) To aid total quality management.
- e) To ensure smooth & efficient working of the organization.
- f) To enhance organizational unit.
- g) The team spirit & functioning in every organizational unit.
- h) Collaboration among different units of the organization.
- i) To broaden the minds of senior managers by providing them with opportunities for an interchange of experiences with & outside.

## 2. DEVELOPMENT FUNCTION:-

### A. Performance Appraisal :-

It indicates whether the employee **needs training to enhance** his efficiency in performing his present job (or) he has enough potential for growth in organization. Under performance Appraisal we evaluate not only the performance of a worker but also his **potential** for development. Performance appraisal is the systematic description of an employee's job-relevant **strengths & weakness**.

### B. Employee Training:-

Employee training is the important **sub-system** of human resource development. Training is the act of increasing the knowledge and skill of an employee for doing a particular job. Organizational **efficiency, productivity, progress** to greater extent depends on training.

### C. Career Planning & Development:-

A career is all the jobs that are held during only working life. Career planning is the process by which one selects career goals & the path to these goals. Career development is those personal improvement one undertaken to achieve a personal career plan.

### D. Organizational Development:-

Change is the law of nature. organizational change implies to the creation of imbalances in the existent pattern. Change requires individuals & organizations to make new adjustments.

### E. Involvement in quality circles:-

It is small group of employees in the same work area (or) doing similar type of work who voluntarily meet regularly for about an hour every week to identify, analyze, solve problem (work) not only to improve quality but also enrich the quantify of work like of employees.

## 3. TRAINING & DEVELOPMENT:-

### 3.1 Training:-

Every modern management has to develop the organization through human resources Development. Employee training is a **specialized function** & is one of the fundamental **operative functions** for human resources management. Training is a **short-term educational process** utilizing a systematic & organized procedure by which employees

learn **technical skill & knowledge** for a definite purpose. **Training** enables an employee to do his present job more efficiently & prepare himself for a higher level job.

**Definition:**

“Training is a learning process whereby people learn skills, concept, attitudes and knowledge to aid in the achievement of goals.” - **Mathis and Jackson**

"Training is the act of increasing the knowledge and skill of an employee for doing a particular job." --- Edwin B. Flippo



**3.2 Purpose of training:-**

Newly recruited employee requires training so as to perform their tasks effectively. Training is necessary to prepare existing for higher-level jobs. Training is necessary when a person moves from one job to another (transfer). After training the employee can change jobs quickly, improve his performance levels & achieve career goals comfortably. Training is needed to bridge the gap between what the **employee** has & what the **job demands**. Training is necessary to make employees **versatile**. They can be placed on various jobs depending on organizational needs.

**3.3 Objectives of Training:-**

1. To prepare the employee both new & old to meet the present as well as the changing requirements of the job & the organization.
2. To prepare employees for higher level tasks. To develop the potentialities of people for the next level job.
3. To ensure economical output of required qualities.
4. To promote individual & collective morale, a sense of responsibility, co-operative attitudes & good relationships.

### 3.4 Benefits of Training:-

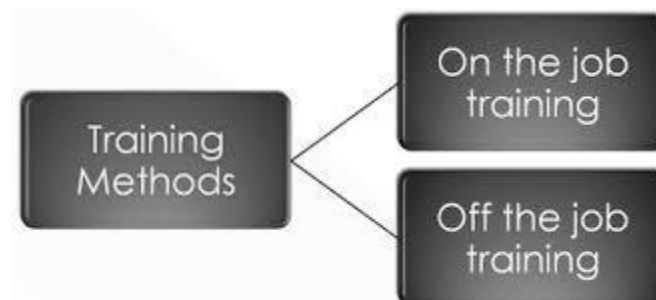
#### Training benefits the organization:-

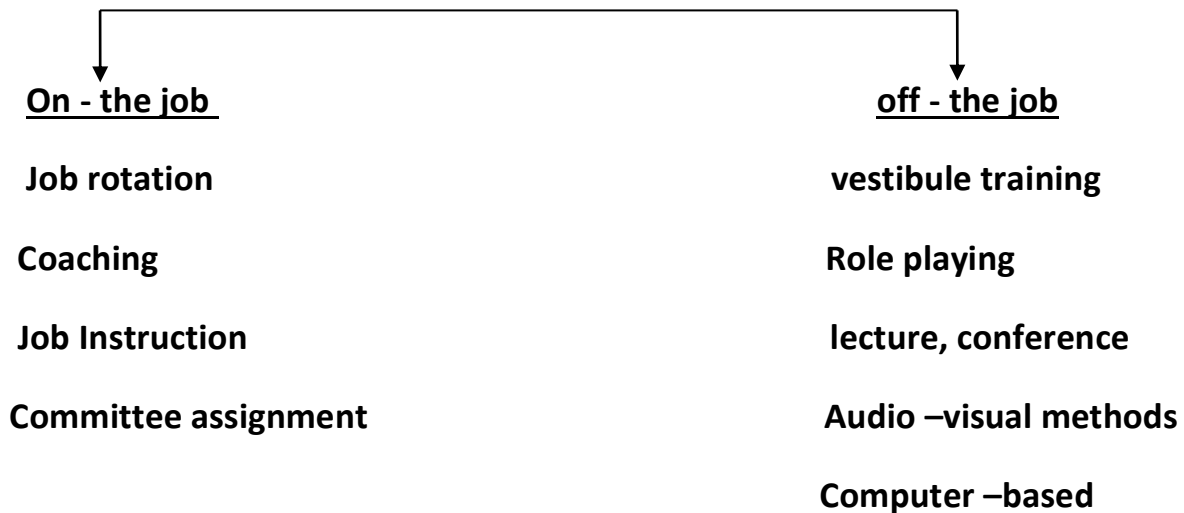
- a. It improves the morale of the workforce. Learn from the trainee.
- b. Leads to improved **profitability** & more **positive attitudes** towards profits orientation.
- c. Improves labor – management relations. Aids in improving organizational communication.
- d. Aids in increasing **productivity (or) quality work**. Helps prepare guideline for work.
- e. Organization gets more effective decision – making and problem solving.
- f. Aids in handling conflict, thereby helping to prevent **stress & tension**.
- g. Helps keep costs down in many areas, eg., production, personal, administration, etc.

#### Benefits to the individual:-

- a) Helps the individual in making better decision and effective problem solving.
- b) Aids in encouraging & achieving self –development and self-confidence.
- c) Helps a person handle **stress, tension, frustration and conflict**.
- d) Provides information for improving leadership, knowledge, communication skills & attitudes.**
- e) Increase job satisfaction & recognition develops a sense of growth in learning. Develops a sense of growth in learning.
- f) Helps a person develop **speaking & listening skills** also **writing skills** when exercises required.
- g) Moves a person towards personal goals while improving interactive skills.
- h) Through training & Development, Motivational variables of recognition, **achievement, growth**, responsibility are internalized & operationally.

### 3.5 Training Methods:-





### 1. ON-THE JOB TRAINING METHODS:-

This type of training is the most commonly used method. The trainees learn under the supervision & guidance of a **qualified worker (or) instructor**. The emphasis is placed on rendering services in the most effective manner rather than learning how to perform the job.

**Example:** New trucking employees could ride with experienced drivers. They could ask questions about truck weigh stations, proper highway speeds, picking up hitchhikers, or any other issues that may arise.

#### Advantages of On-the-Job Training:

- a) It is directly in the context of job.
- b) It is often informal.
- c) It is most effective because it is learning by experience.
- d) It is least expensive.
- e) Trainees are highly motivated.
- f) It is free from artificial classroom situations.

#### Disadvantages of On-the-Job Training:

- a) Trainer may not be experienced enough to train or he may not be so inclined.
- b) It is not systematically organized.
- c) Poorly conducted programs may create safety hazards.

**Methods:****A. Job Rotation:**

It is the process of training employees by rotating them through a series of related jobs. Rotation not only makes a person well acquainted (familiar with) with different jobs, but it also allows to develop rapport with a number of people. Rotation must be logical.

**B. Coaching:**

Coaching is a one-to-one training. It helps in quickly identifying the weak areas and tries to focus on them. It also offers the benefit of transferring theory learning to practice. In India most of the scooter mechanics are trained only through this method.

**C. Job Instruction:**

It is a Step by step (structured) on the job training method in which a suitable trainer (a) prepares a trainee with an overview of the job, its purpose, and the results desired, (b) demonstrates the task or the skill to the trainee, (c) allows the trainee to show the demonstration on his or her own, and (d) follows up to provide feedback and help. The trainees are presented the learning material in written or by learning machines through a series called 'frames'. This method is a valuable tool for all educators (teachers and trainers).

**It helps us:**

- a. To deliver step-by-step instruction.
- b. To know when the learner has learned.
- c. To be due diligent (in many work-place environments).

**D. Committee Assignments:**

Under the committee assignment, group of trainees are given and asked to solve an actual organizational problem. The trainees solve the problem jointly. It develops team work. Assigning talented employees to important committees can give these employees a broadening experience and can help them to understand the personality issues and processes governing the organization. It helps them to develop **team spirit** and work in a united way towards common goals.

**2. OFF-THE JOB TRAINING METHODS:-**

Under this method of training, trainee is separated from the **job situation** & his attention is focused upon the learning the material related to his future job performance. There is an opportunity for **freedom of expression** for the trainee.

### Advantages of Off-the-Job Training

- A. Trainers are usually experienced enough to train.
- B. It is systematically organized.
- C. Efficiently created programs may add lot of value.

### Disadvantages of Off-the-Job Training:

- a) It is not directly in the context of job.
- b) It is often formal.
- c) It may not be based on experience.
- d) It is expensive.
- e) Trainees may not be much motivated.
- f) It is artificial in nature.

### Methods:

#### A. Vestibule Training:

Mostly this method of training will be used to train **technical staff, office staff and employees** who deal with tools and machines. The training is conducted away from the actual work floor by bringing equipments or tools to certain place where training is provided, but not work place. Vestibule training is provided to employees when new or advanced equipment or tools introduced in to the organization to do a particular job by using them. For this purpose such equipment is brought to a separate place to give demonstration and train how to use and that handle it by employees safely. It **prevents trainees to commit costly mistakes on the actual machines.**

#### B. Role Playing:

It is defined as a method of human interaction that involves realistic behavior in imaginary situations. This method of training involves action doing and practice. The participants play the role of certain characters **such as the production mangers, mechanical engineer superintendents', maintenance engineers, quality control inspectors, foreman workers** and the like. This method is mostly used for developing interpersonal interactions and relations. Types of role play may be multiple role play, **single role play, role rotation, and spontaneous role play etc.**

#### C. Lectures and Conferences:

Lectures and conferences are the traditional and direct method of instruction. Every training programme starts with **lecture and conference**. It's a **verbal** presentation for a large audience. The speaker must have considerable depth in the subject. In the **colleges and universities, lectures and seminars** are the most common methods used for training.

**D. Management Games:**

This method requires trainees to gather information, analyze it and make decisions. Business games are primarily used for management skill development. This form of training is based on an artificial environment that simulates the real situation in the management of the organization, whether it's **planning, decision making, control, communications** or management itself. Business games allow monitoring of the consequences of decisions, and respond naturally to various situations.

**Example:**


Computer games (e.g. various turn-based strategies, building games)

Team learning games (e.g. through teambuilding)

**E. Case Study:**

The trainees are given the situation or a problem in the form of a case study, and are required to solve it as per their learning from the training program. The case study method emphasize on approach to see a particular problem rather than a solution. Case Studies try to simulate decision-making situation that trainees may find at their work place. It reflects the situations and complex problems faced by managers, staff, HR, CEO, etc.

**Case Study method focuses on:**

- 
- a) Building decision making skills
  - b) Assessing and developing Knowledge, Skills and Attitudes (KSAs)
  - c) Developing communication and interpersonal skills
  - d) Developing management skills
  - e) Developing procedural and strategic knowledge

**F.Audio-Visual:**

Providing training by way of using **Films, Televisions, Video, and Presentations etc.**

This method of training has been using successfully in **education institutions** to train their students in subjects to understand and **assimilate (take in and understand fully, information or ideas)** easily and help them to remember forever. New companies have come up for providing audio visual material for students in their concern subjects. In the corporate sector, mainly in **customer care centers** employers are giving training to their employees by using **audio visuals material** to teach **how to receive, talk and behavior with the customer.**

## **4.PERFORMANCE APPRAISAL:**

Performance appraisal is a method of **evaluating the behavior of employees** in the work station, normally including both the **quantitative & qualitative** aspects of job performance. Performance appraisal is the systematic description of an employee's job –relevant **strengths & weakness**. It is a **continuous process** in every large scale organization. It is a systematic & objective way of evaluating both work –related behavior & potential of employees. It is not a **post-oriented activity**, but it is an organized process. It identifies the employee's performance and tries to develop a future improvement plan. Performance appraisal determines the capability of the employee to perform the allocated job effectively. Performance appraisal also emphasizes on overall development of employees. It guides **managers** to out like a **coach** rather than **judge**.

### **4.1 Uses of Performance Appraisal:-**

- a) Performance feedback allows the employee, manager & personnel specialist to intervene (occur in the time between events) with appropriate actions to improve performance.
- b) Promotions transfer, & demotions are usually based on past performance.
- c) Poor performance may indicate the need for retraining.
- d) Good performance may indicate untapped potential that should be developed.
- e) Good (or) bad performance implies strengths (or) weakness in the personnel departments staffing procedures.
- f) Poor performance may be symptom of ill-conceived job designs. Appraisals help diagnose these errors.
- g) Performance feedback guides career decisions about specific career paths one should investigate.
- h) Performance evaluations help decision-makers determine who should receive pay raises.

### **4.2 Importance of Performance Appraisal:**

**A. Selection justification:** Performance Appraisal helps the HR managers in validating the selection made by them. It makes them clear as to the strengths and weaknesses of the employees. This can be kept as sample study for future selection of employees.

**B.Compensation:** Appraisal system helps in merit rating from where a good compensation program can be checked out. A compensation system which has good pay, bonuses, variable allowances and benefits is very much reliant on performance appraisal.

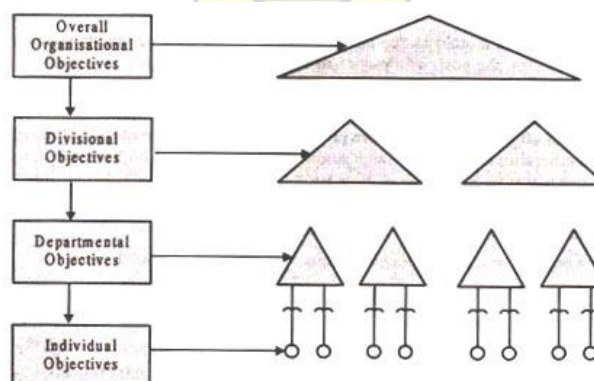
**C.Promotion:** It helps in deciding promotion programs for competent employees. By this, inefficient workers can be either demoted or dismissed from the company.

**D.Employee Development:** A very good appraisal system helps the HR managers in developing good training programs. This helps the employees to discuss their interests in getting trained, in various programs with their managers.

**F.Motivation:** Appraisal can be called as a motivational tool for employees. By setting standards to achieve the targets, the employees are motivated to perform as well as to develop their performance in future.

#### **4.3MBO (MANAGEMENT BY OBJECTIVES):-**

**Management by Objectives (MBO)** is a personnel management technique where managers and employees work together to set, record and monitor goals for a specific period of time. Organizational goals and planning flow top-down through the organization and are translated into personal goals for organizational members. The technique was first championed by management expert Peter Drucker and became commonly used in the 1960s.MBO requires the management to set specific measurable goals with each employee & then periodically discuss the latter progress towards these goals.MBO focuses attention on what must be accomplished (goals) rather than how it is to be accomplished.



**i.set organisational goals:** Establish an organization wide plan for next year & set company goals.

**ii.set departmental goals:** Department heads at this stage take the border company goals (like improving profits by 20% market share 10% etc) & with their superiors, jointly set goals for their departments.

**iii.discuss departmental goals:-** The Department goals are now put to discuss in a departmental meeting with subordinate. This Departmental heads require the subordinates to set their own preliminary individual goals, & departments Goals.

**iv. define expected results:** The Departmental heads & their subordinates agree on a set of participatory set short term, & individual performance targets.

**v. performance reviews:** Departmental heads compare each employee's actual & targeted performance, either periodically, annually. Employees are evaluated on their performance results; MBO is often called a result-based performance appraisal system.

**vi. provides feedback:-**

Both parties now discuss & evaluate the actual progress made in achieving goals, where things have gone off the track, how best to rectify the mistakes made in the part & how the employee could meet the targets next things focusing attention on his strengths.

#### 4.4 Advantages of MBO:

1. The need to clarify objectives is stressed and suggestion for improvement is obtained from all levels of management.
2. All managers have a clear idea of the important areas of their work and of the standards required.
3. The performance of staff can be assumed and their needs for improvement highlighted.
4. Greater participation may improve morale and communication.
5. It makes individuals more aware of organizational goal.

#### 4.5 Disadvantages of MBO:

1. It takes a few years to be effective.
2. Some companies always tend (regularly) to raise goals. If these are too high, employees become frustrated.
3. Appraisals are sometimes made on personality traits (a distinguishing quality or characteristic) rather than on performance.
4. Some employees do not want to be held responsible and goals forced upon them may lead to ill-feeling.

#### 4.4. 360 PERFORMANCE APPRAISALS:-

360-degree feedback is an evaluation method that incorporates feedback from the **worker, his/her peers, superiors, subordinates, and customers**. Results of these confidential surveys are tabulated and shared with the worker, usually by a manager. Interpretation of the results, trends and themes are discussed as part of the feedback. Typical appraisers are superior, peers. Sub-ordinates, employees themselves, users of service & consultants performance appraisal by all these parties are called "**360 Performance appraisal**". From this feedback, the worker is able to set **goals for self-development** which will advance their *career and benefit to the organization*. With

360-degree feedback, the worker is central to the evaluation process and the ultimate goal is to **improve individual performance within the organization**. Under ideal circumstances, **360-degree feedback** is used as an assessment for personal development rather than evaluation.

**There are 3 prime reasons -360 degree performance appraisal.**

1. In order to get an enhanced review about performance and prospective of the future leader.
2. To broaden the insight of manpower development and its needs.
3. In order to collect feedback from all the employees and to ensure the organizational justice.

#### **4.5 Process:**

##### **1.Superiors / supervisors:-**

Supervisors evaluate performance from job description point of view. The immediate superior is in a very good position to evaluate the performance of his subordinates. This is because they have direct and accurate information about the work performance of their subordinates.

##### **2.Peers:-**

Peer or colleagues also evaluate each other's performance. They work continuously with each other, and they know each other's performance. Peer evaluation is used mostly in cases where team work is important.

##### **3.Subordinates:-**

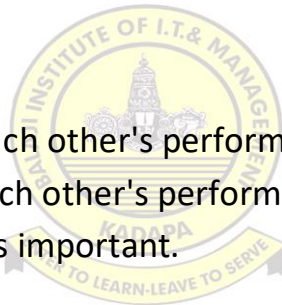
The subordinate can also evaluate the performance of his superior. Subordinates appraisal gives a chance to judge the employee on the parameters like Communication & motivation, superior's ability to delegate the work, leadership qualities etc.

##### **4.Self-appraisal:-**

Self-appraisal is an important part of the performance appraisal process where the employee himself gives the feedback regarding his performance. It gives a chance to the employee to look at **his/her strengths & weaknesses, achievements** etc.

##### **5.External sources (customers & clients /consultants):-**

Customers can also evaluate the performance of the employee who interacts with them. It is also given a lot of importance because the customers & clients are the most important person for the business, organizations use customer & clients appraisals to improve the strengths & remove the weaknesses of the employees.





### Advantages:-

- A. Improve credibility of performance appraisal.
- B. Increase responsibilities of employees to their customers.
- C. Personal development & growth is crucial to a successful career & areas where one needs to improve on can be addressed through a 360 feedback.
- D. A 360 feedback focuses on competencies that reflect that standard for behavior & interaction within an organization. This system provides a comprehensive view towards the performance of employees.
- E. The feedback from colleagues helps to strengthen the self development process of the employee
- F. The different ideas coming from different raters combined provide more accurate 360 degree assessment.
- G. More persuasive opinions can be gathered from different participants.
- H. Here not only manager but colleagues are also responsible for assessment of staff performance which empowers them.
- I. Employees get motivated who generally undervalue themselves.
- J. Honest culture can be established among the organization using 360 degree performance appraisal system

### Disadvantages

1. The process is very lengthy, complex and takes a lot of time.
2. If the feedback got exchange among the employees it can create trouble and tension among the staff.
3. A lot of effort has to be placed in order to train the employee to effectively use the 360 degree appraisal system.
4. It is very difficult to figure out the results.
5. Some feedbacks are useless and need to be deleted carefully.
6. A suspicious environment can be created in the organization as the information is not available to everybody.

## 4.4 METHODS OF PERFORMANCE APPRASIAL:-

### I. TRAIT METHODS

#### a. Graphic rating scale method:-

Graphic rating scale compares individual performance to an absolute standard. This is the oldest & widely used technique. The rating scale is the most common method of evaluation of an employee's performance today. The appraisal are supplied with printed forums one for each employee. These forms contain a number of objectives, behavior & trait-based qualities & characters to be rated like quality & volume of work attitude etc. One reason for the popularity of the rating scales is its simplicity, which permits many employees to be quickly evaluated.

#### EXAMPLE:-

|  |                |      |              |      |             |
|--|----------------|------|--------------|------|-------------|
| Employee name –                                  | job title -    |      |              |      |             |
| Department -                                     | rate -         |      |              |      |             |
| Data -   |                |      |              |      |             |
|  | Unsatisfactory | fair | satisfactory | good | outstanding |
| a.<br>uality of work. Neatness,<br>actuary work. |                |      |              |      |             |

|   |  |  |  |  |  |
|---|--|--|--|--|--|
| b.<br>co-operation (ability to work with others to produce desired goals) |  |  |  |  |  |
| c.<br>attitude enthusiasm & co-operatives on the job                      |  |  |  |  |  |

**A. ranking methods :-**

Under this method the employees are ranked from best to worst on some characteristics. The rater first finds the employee with the higher performance and the employees with the lowest performance in that particular job category.

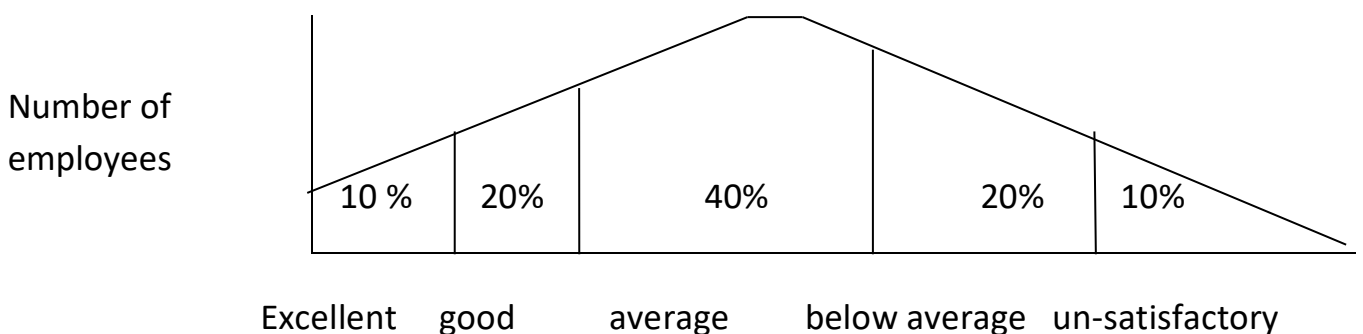
Ranking can be relatively easy & in expensive.

**B. paired comparison method:-**

This method is relatively simple. Under this method, the appraiser ranks the employee by comparing one employee with all other employees in the group one at a time. This method seems to be logical; it is not applicable when a group is large.

**C. forced distribution method:-**

Under this system, the rate is asked to appraise the employee according to a predetermined distribution scale. This method is developed to prevent the raters from rating too high (or) too low.



## **II.BEHAVIORAL METHOD :-**

### **A.behavioral check list method:-**

A check list is designed with the list of statements that describe the behavior essential for employee performance. Employee performance is rated based on the behavioral skills that the employee possesses to the total statements.

**Example: Let us see the below statements or descriptions used as checklist:**

- |  |        |
|--|--------|
| (a). Is the employee actually interested in the job? | Yes/No |
| (b). Do they give respect to their superiors?        | Yes/No |
| (c). Do they follow the directives?                  | Yes/No |
| (d). Mistakes are made frequently?                   | Yes/No |

### **B.Critical incident method :-**

Under this method, the supervisor continuously records the critical incidents of the employee performance (or) behavior relating to all characteristics (**both +ve & -ve**). The supervisor rates the performance of his subordinates on the basis of notes taken by him.

### **C.behaviorally anchored rating scales (bars) :-**

BARS method combines elements of the traditional rating scales & critical incidents method. Using BARS, job behaviors from critical incidents effective & ineffective behaviors are described more objectively.

## **HOW TO CONSTRUCT BARS :-**

### **step-i:- collect critical incidents :-**

People with knowledge of the job to be probed (physically explore or examine) like job holders & supervisors, described specific examples of effective & ineffective behavior related to job performance.

### **step-ii :- identify performance dimensions :-**

The people assigned the task of developing the instrument cluster the incidents into a small set of key performance dimensions. Generally most of the performance rates take place between 5 & 10 dimensions.

**step-iii :- reclassification of incident :-**

Another group of participations who are knowledgeable about the job is instructed to retranslate (or) reclassify the critical incidents generated (step-II) previously.

**step-iv:- assigning scale values to the incidents :-**

Each incident is then rated on a one-to-nine scale with respect to how well it represents performance on the appropriate dimension.

**step-v:- producing the final instrument :-**

About six (or) seven incidents for each performance dimension –all having met both the retranslating & standard deviation criteria.

**Example: BARS (Behaviorally Anchored Rating Scale)**

| Performance     | Points | Behavior   |
|-----------------|--------|--|
| Can be laid off | 7      | Employee can be expected to give important suggestions |
| Good            | 6      | Employee can be expected to commence resourceful ideas |
| Beyond Average  | 5      | Can expect him to do well                              |
| Average         | 4      | Can cope with difficulty to reach goals                |
| Below Average   | 3      | Can be given training                                  |
| Poor            | 2      | Can be demoted   |
| Extremely Poor  | 1      | Can be laid off  |

**5. CAREER PLANNING & DEVELOPMENT :-**

Career is defined as a person's course or progress through life. Career Planning is a continuous life long process of developmental exercise. It defines life, career, abilities, and interests of the employees. It can also give professional directions, as they relate to career goals. It helps individuals develop skills required to fulfill different career roles. Career planning encourages individuals to explore and gather information, which enables them to syn-thesize, gain competencies, make decisions, set goals and take action. It is a crucial phase of human resource d

### 5.1 Need for career planning:-

To attract competent persons & to retain them in the organization. To provide suitable promotional opportunities. To enable the employees to develop & make them ready to meet the future challenges. To correct employee placement. To improve motivation & Morale. To reduce employee dissatisfaction & turn over.

#### The major objectives of career planning are as follows:

- a) To identify positive characteristics of the employees.
- b) To develop awareness about each employee's uniqueness.
- c) To respect feelings of other employees.
- d) To attract talented employees to the organization.
- e) To train employees towards team-building skills.
- f) To create healthy ways of dealing with conflicts, emotions, and stress.

### 5.2 advantages of career planning & development:-

#### A. FOR INDIVIDUALS:-

- a) The process of career planning helps the individuals to have the knowledge of various career opportunities.
- b) It helps the organization identify internal employee who can be promoted.
- c) It improves employee's performance on the job by tapping their potential abilities & further employee growth.
- d) Internal promotions, up gradation & transfers motivate the employees, boost up their morale & also result in increased job satisfaction.

#### B. FOR ORGANIZATIONS:-

- 1) Efficient career planning & development ensures the availability of human resources with required skill, knowledge & talent.
- 2) The efficient policies & practices improve the organization's ability to attract & retain highly skilled & talent employees.
- 3) A proper career planning ensures that the woman and people who belong to backward communities get opportunities for growth & development.
- 4) By attracting & retaining the people from different cultures, enhances cultural diversity.
- 5) Protecting employee's interest results in promoting organizational good will.

**CASE STUDY :**

A policy is a plan of action. It is a statement of intention committing the management to a general course of action. When the management drafts a policy statement to cover some features of its personnel programmes, the statement may often contain an expression of philosophy and principle as well. Although it is perfectly legitimate for an organization to include its philosophy, principles and policy in one policy expression.

1) Why organizations adopt personnel policies explain the benefits?

**Ans:**

**A. Recruitment and Selection**

Policies pertaining to the recruitment and selection process are the foundation of building any workforce. You must have a plan for creating applications, how to prequalify applicants, how applicants move up to become a candidate and other employment procedures. This set of policies also benefits current employees who refer applicants to your business.

**B. Training and Professional Development**

Provisions for employee training and development are included in human resource policy documents because it informs employees of the kind of professional development available to them. In addition, policies related to training and development assistance in the formulation of employee development plans or performance improvement plans. Training and development policies serve as an outline of educational benefits available to current employees.

**C. Employment Rules**

Employees are accustomed to learning specific workplace rules such as dress code, discipline procedures, parking, attendance and working hours, holidays, employee benefits and payroll dates. The human resources policy on these issues is easily accessed by employees who have questions, or reviewed by new employees eager to learn more about their new employer. The benefit is that you have a written commitment to employees about the operation of the business.

2) Explain few personnel policies?

**Ans:MAIN POLICY STATEMENTS**

**A. Employment Policy**-----to obtain suitable qualified and experienced personnel and to enable them to derive satisfaction from employment by offering them attractive wages, good working conditions, security and opportunities for promotions.

**B.Welfare policy**-----to safeguard the health and safety of all employees and to provide such welfare and social activities as are sincerely desired by employees and are mutually beneficial to them and company.

**C.Wage and salary policy**-----to pay wages and salaries that compare favorably with those of other firms locally within a structure that has due regards for recognized differentials and individual ability.

External Questions: (Old Question papers)

UNIT-IV

1. What are the issues with on-the-job training? What are the best types of training?
2. What are the different approaches to measure performance of an employee? Explain?
3. Explain the significance and advantages of career planning and development?
4. Write short notes on MBO, 360 degree appraisal and critical incident methods.?
5. Explain in detail various methods of training?
6. What are BARS and paired comparison methods of performance appraisal?

## (17E00201) HUMAN RESOURCE MANAGEMENT

The objective of the course is to provide basic knowledge of functional area of Human Resource Management. This will be the prerequisite for enabling students to take any HRM stream electives offered in third and fourth semesters.

- 1. Introduction:-** Meaning of HR and HRM, Nature & Scope of HRM, Functions of HRM, Role and Objectives of HRM, Personnel Management, Policies and Strategies of HRM.
- 2. Designing and Developing HR systems:-** Human Resource Planning, Job Design, Job Analysis, Job Evaluation, Job Enlargement, Job Enrichment, Job Rotation, Recruitment & Selection, Placement, Promotion & Transfer.
- 3. Compensation Management:-** Introduction, objectives of wages and salaries administration, influencing factors for determining compensation- Monetary and non monetary benefits.
- 4. Human Resource Development:-** Concepts, Development Function, Training and Development, Performance Appraisal & Career Planning and Development.
- 5. Recent Trends in HRM:** Outsourcing, Work Life Balance, Quality Circles and Total Quality Management.

**Textbooks:**

- Personnel and Human Resource Management – Text and cases, P. Subbarao, Himalaya.
- Human Resource Management, Noe A.Raymond, John Hollenbeck, Barry Gerhart and Patrick Wright, Tata McGraw Hill.

**References**

- Human Resource Management, Aswathappa, 4<sup>th</sup> Edition, TMH 2006
- Human Resource Mangement, Ian Beardwell & Len Holden-Macmillan India Ltd.
- Managing Human Resources: Productivity, quality of work life, profits- Wayne F.
- Cascio TMH.
- Strategies HRM by Rajeev Lochan Dhar, Excel Books.
- Human Resource Management, Text and Cases, VSP Rao, Excel Books 2006.

## UNIT-V

### RECENT TRENDS IN HRM

#### BRIEF SUMMARY OF THIS UNIT

Every organization has to meet the HR Management Trends, strategic objectives and maximize the performance of the employee. Technology and demographic developments are some common trends. Total quality management (TQM) is a management approach *to long-term success of the organization*.

#### 1. OUTSOURCING:

Outsourcing has become a major trend in human resources over the past decade. It is the practice of sending certain job functions outside a company instead of handling them in house. More and more companies, large and small, are turning to outsourcing as a way to grow while restraining (prevent someone from doing something) payroll and overhead costs. In recent years, **outsourcing HR related activities** is a common and popular exercises which is adopted by both small and large organizations. All the outsourced activities will be managed and administrated by the external firm on behalf of its client.

##### 1.1 STAGES OF OUTSOURCING:-

**A. planning for outsourcing;**- The first stage of this process can be seen as planning for outsourcing. Different resources are grouped and the various issues related to the information management and resources, management is tackled effectively. Different types of strategic possibilities and the consequences are analyzed. There is a complete study of organizational vision, structure, value chain, competencies, strategic, and transformational tools.

**B. analysis:** - The main focus of this stage is on the performance and cost. *The cost of the activity and the cost of failure of project, both are estimated in this stage.* The standardization of both cost and performance is done. At last, **risk assessment, valuation of assists, determined of total costs and pricing models, and final targets** are completed.

**C. selection:-** The selection of the service provider is done by the firm under this stage. Different types of **qualifying and evaluation bases are determined**. Lot of care is taken in the entire process. The determined of total *cost of buying, short listing of service providers, and final selection* is done at the end of this process. Ultimately, the senior management review the entire process once again.

D. **negotiation:** The proper planning is done for *the negotiations on various issues* are settle down. preparation of **term sheet** is done and finally the negotiations take place. A relationship is declared if everything goes as per the plan.

E. **managing the relationship:** Finally, a relationship is built. There will be some **modifications** in the management style and *a supervisory council* is created. Different supervisory roles are carried out below par performances are tackled, and solutions are sought.

### 1.2advanatages of outsourcing:

#### 1. Facilitates better manpower:

**Better quality of manpower** can be received with the help of outsourcing firms. **They also provide the information** and practice related to the certain activity or task. These firms can have the expertise in doing the different activities of HR as this is their core business activity.

#### 2. Boosts employee morale:

In order to improve the **morale of the employees** and preserving the strong culture in the organization. certain employees and activities which are not aligned with the organization can be outsourced.

#### 3. Minimizes risk:

The risk, associated with the business can be controlled through outsourcing. The firms which have the latest information on various updated laws of **central and local government are hired by the organizations**. These firms can be quite useful in order to avoid the costly lawsuits which could result from the employee side, In case these laws' may not followed and implemented in the workplace.

### Other Advantages

1. Enhanced business efficiency
2. Effective handling of business jobs
3. Better time management&Tax benefits
4. Trained but skilled manpower available at very low rates
5. Expertise, resources, and up-to-date technological solutions from the outsourcing solution provider reduces need for investment on these by the client
6. Increased productivity as more manpower can be made use of at lower costs
7. Competitive advantage through greater productivity
8. Increased focus on core competencies
9. Sharing of business risks

### 1.3 Disadvantages of outsourcing:

#### 1. Loss of control:

Losing management control of business functions mean that you may no longer be able to control operations and deliverables of activities that you outsource.

#### 2. Threat to confidentiality:

Some of the vital information of the company can be leaked to its competitor when these activities are outsourced. There is always a probability, this information can be leaked from the side of outsourced firm.

#### 4. affects company good will:

It is quite common to have layoffs (a temporary or permanent discharge of a worker or workers.) when any activity is outsourced. The level of dissatisfaction among the remaining employees can be increased due to these practices.

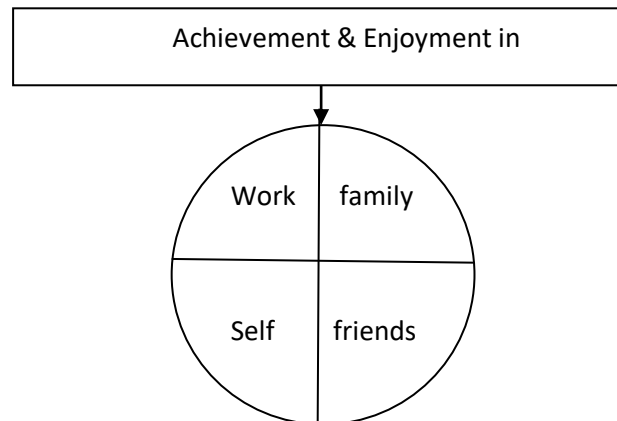
#### Other Disadvantages

1. Potential joblessness for the organization
2. Lack of communication
3. Delayed services
4. Contract confusion
5. Possibility of hidden costs.
6. Disclosure of confidential information to the outsourcing provider leading to a possible security threat
7. Slow response time or delivery
8. Loss of direct control over company management
9. Reduced sales owing to unsatisfied customers



## 2. WORK-LIFE BALANCE:-

Work-life balance is a concept including proper prioritizing between **“work” (career & ambition) & lifestyle (health, pleasure, family etc)**. Work-life balance is *flexibility*. Work life balance is a method which helps employees of an organization to balance their personal and professional lives. Work life balance encourages employees to divide their time on the basis on priorities and **maintain a balance by devoting time to family, health, vacations etc** along with making a career, business travel etc. It is an **important concept in the world of business** as it helps *to motivate the employees and increases their loyalty towards the company.*

**Work like balance:****2.1 ADVANTAGE OF WORK - LIFE BALANCE:****1. improved loyalty and commitment:**

Greater commitment and loyalty of the employees can be gained when their needs and requirements are understood by the employers.

**2. improved productivity:**

Improved performance and efficiency can be obtained at individual level resulting from the greater commitment and loyalty which will also boosts the overall organizational productivity

**3. reduced absenteeism:**

The problem of absenteeism can be reduced with the help of effective work -life balance and the associated costs can be controlled.

**4. Reduced employee turnover:**

Effective work- life balance initiatives in an organization prevent employee turnover and thus different costs associated with employee selection, induction and training are reduced.

**5. Increased employee participation:**

Work-life balance also motivates the employees to participate in different productive activities of the organization. They offer their ideas and suggestions to the employers for the betterment for the organization.

**6. improved attraction and retention of employees:**

The employer can become popular in the labor market and thus it will be attracting and retaining more talented candidates.

## 2.2 Guidelines for improving work life balance:-

### 1. Identify employee's needs:

First of all it is important to know the various kinds of conflicts related to the work/home which are being faced by the employees. For this, employers should identify the employees with young children or older parents and evaluate their home situations along with evaluating the work related consequences (like amount of overtime worked and the number of days of absent) due to their family commitments.

### 2. Focus on transitional (belonging or relating to a change) culture:

In order to promote work-life balance in the organization the employers focus should be on the **organizational culture**. The organizational culture should be flexible enough to implement the work- life balance. Each and every employee should be eligible for the **flexibilities** in the organization and they should not be treated as **disloyal or poor performers**. They should be made feel that not only their presence, but their performance and work results are crucial for the organization.

### 3. Improve personal and organizational efficiency:

Ensuring the smooth functioning of the 'work' part is very critical to accomplish the work- life balance. In order to control **the stress and reducing the work hours** with the similar level of productivities, the skills such as effective handling of information, **time management**, prioritizing and delegations become quite vital.

### 4. Inform and train managers:

Designing work-life policies is not sufficient to bring a work-life balance in the organization. The **consistent and effective implementation** of such policies is required for it. A special training is required for managers to make them understand the benefits available to the employees and to make them able to counsel employees for choosing the suitable plan. *Performance appraisals and annual training plans should include the work- life issues.*

## 3. QUALITY CIRCLES (QC):-

A Quality circle is a **participatory management technique** that enlists the help of employees in solving problems related to their own jobs. Employees who participate in *quality circles* usually receive **training** in formal **problem solving methods-like brain-storming, Pareto analysis(Pareto Analysis is a statistical technique in decision-making used for the selection of a limited number of tasks that produce significant overall effect) etc.** A quality circle is a volunteer group

composed of members who meet to talk work-place & **service improvement** & make presentation to their management with their ideas. It enable the *enrichment of the lives of the workers* can create harmony ( **work happily together without any big problems** )& high performance. **The concept of QC originally began in the United States & was exported to Japan in the 1950s.**They meet regularly to identify, analyze & solve the problems that arise during the course of their work & their association with the organization. *Quality circles built mutual trust & create greater understanding between the management & the workers.*

### 3.1 Objectives of quality circles:-

- A. Improvement in quality of product manufactured by the organization.
- B. The basic objectives of quality circles are to develop & utilize human resources effectively, to develop quality products, improve the quality of work life & sharpen & utilize an individual's creative abilities.
- C. To give enhance to the employees to use their wisdom and creativity.
- D. To fulfill the self esteem and motivational needs of employees.
- E. To improve the quality of work life at employees.
- F. To encourage team sprit cohesive culture among different levels sections of employees.
- G. Promote personal and leadership development.
- H. Increase employee's motivation.

### 3.2 Advantages of quality circle:-

#### Work group:-

- a) An optimistic atmosphere which faster team spirit is established.
- b) Members start feeling as a part at the company which gives way to better job satisfactions.
- c) It enhances the morale self esteem at the members as they feel that their ideas are vital.
- d) The members at the group develop a sense of dedication towards their group as well as towards their work.
- e) The members of the group can secure their job the ways to resolve the group conflicts are also formulated.

**Management:**

- 1) QC brings relief to the management by solving the problem before it become worse.
- 2) Better quality and enhanced output are secured by the managers managers face lesser number of issues related to grievances complicit unpunctuality absenteeism and other issue with adversely affect the productive.
- 3) The training and experience at QC indents the knowledge and develop the skills at the managers and their subordinates.
- 4) It gives way to opening and smooth functioning at various channels of communication.

**Organization:**

- a) One work performance of entire organization is enhanced which advance the process of achieving organizational goals.
- b) Every person concerned with the organization makes effort for improvement in some or the other aspects.
- c) The morale self confidence of the workers is enhanced.
- d) The focus at everybody is on working thoroughly and enhancing quality.
- e) The execution and maintained at quality circle is comparatively cost effective thus saves lot of funds.
- f) There is better sync harmonization and coordination between the management the group of workers.
- g) The worker have better satisfaction and hence the number of human resources complaints declines.

**SUGGESTIONS FOR EFFECTIVE USE OF QUALITY CRICLE:**

- A. Obtain managerial support and involvement for the programme.
- B. Identify goals for the programmed to solve all problems in the origination.
- C. Make sure manages realism that any changes will take time.
- D. Inform all employees about the philosophy and goals of the program keep the programmer voluntary.
- E. Provide training for managed as co-ordinators.
- F. Implement the suggestions made by employees.
- G. Give recognition for employee's efforts.

**3.3 techniques of quality circles:**

These methods of techniques which are mainly used by QC to discuss different problem are as follows:

**A. brainstorming processes:**

In this method, a **liberal atmosphere is created in order to persuade (to make someone do) the members to come up with innovative ideas.** There is *no room for criticism* in such a liberal atmosphere. Every suggestion is recorded sincerely as the motive is to extract a pool of several suggestions. At a larger stage pros and cons of various ideas are considered prior to reaching at an ultimate result.

**B. cause and effect diagrams:**

Members are required to discover the *causes for the problem* under consideration. They are also required to recognize a significant effect on the problem due to this cause. It is followed by the recognitions of other causes and then their significant effects. Finally when this cause and effect relationship is represented through a diagram, it takes the form of a fish bone, hence, it is also known as "Fishbone Diagram".

**C. sampling and charting methods:**

In this method, the members are required to **scrutinize** the various events. Their results and the nature of their consequences. They graphically represent their **positive or negative findings** either sequentially or through some other relationship in order to show a clear picture of the problem.

**4. TOTAL QUALITY MANAGEMENT (TQM):-**

*TQM is a continuous process improvement for individuals, group of people, & total organization.* Total quality is defined as a *people focused management system* that aims at continual increase in **customer satisfaction** at continually lower cost. TQM is about changing the way things are done within the transition's life time. People must know **what to do, how to do.** It is a management approach focusing on **the improvement of quality and performance in all functions, departments,** and processes across the company to provide quality services which exceed customer expectations. TQM expands the scope of quality of every department from *top management to lower level employees.* It enables management to adopt a strategic approach to quality and put **more effort on prevention rather than on inspection.** Through TQM, all employees are trained in a **professional manner and encouraged to make decisions on their own to improve the overall quality and attain higher standards.** Through TQM, companies increase *customer satisfaction, reduce costs, and faster team work.* Companies can also gain higher returns on sales and investment. Total quality means better access to **global markets, greater customer loyalty, wider recognition as a quality brand, etc.**

TQM: **"Doing the Right Thing, Right the First Time, All the Time;** always striving for Improvement & always satisfying the Customer.

**4.1 PRINCIPLES- CORE CONCEPTS OF TQM**

| PRINCIPLES OF TQM       | CORE CONCEPTS OF TQM            |
|-------------------------|---------------------------------|
| DELIGHT THE CUSTOMER    | A. CUSTOMER SATISFACTION        |
|                         | B. INTERNAL CUSTOMER ARE REAL   |
| MANAGEMENT BY FACT      | A. ALL WORK IN PROCESS          |
|                         | B. MEASURNMENT                  |
| PEOPLE-BASED MANAGEMENT | a. TEAM WORK                    |
|                         | b. PEOPLE MAKE QUALITY          |
| CONTINUOUS IMPROVEMENT  | a. CONTINUOUS IMPROVEMENT CYCLE |
|                         | b. PREVENTION                   |

**II.PRINCIPLES OF TQM:-****1 delight the customer**

The focus is on the external customer delight means being best at what really important to the customer making the continuous cages to satisfy the customer is an integral part of TQM.

**2. Management by fact:-**

The management should know the **quality of the product or service** that the customer is presently using this quality level is used as each mark to improve it future.

**3. People –based management:-**

The management should make the employees understand **what to do, how to do it, get the feedback about their performance**. The quality is heavily influenced by the continues emolument of the people rather than by the systems, standard & technology.

**4. CONTINUOUS IMPROVEMENT:-**

It is management and a long-term process. It is not a **short-term programmed based on goals (or) targets** or a project. TQM is a *Continuous improvement based on the incremental change*.

**II.CORE-CONCEPTS FOR IMPROVEMENT:-****1.DELIGHT THE CUSTOMER****a. customer satisfaction:-**

Companies should understand the importance of the external customer as the external customer is the main sources of income. Companies should enhance the satisfying factors and reduce the factors those cause grief.

**a. internal customer is real:-**

Internal customers are as important as external customers are they continuously influence the quality maintained. They also influence speed, efficiency, preferences and cost. All work is process.

**2. MANAGEMENT BY FACT****a. all work in process:-**

Business process is a combination of members, materials, manpower & machines that taken together product a product (or) service.

**b. measurement:-**

Measurement of present level of quality is more important in order to determine the future quality level.

Internal quality measurement of product like.

1. Breach of promise& Performance to standard

3. Reject level

4. Accidents

5. Process in control

**3. PEOPLE-BASED MANAGEMENT****a. Team work:-**

People work together in terms to accomplish the most difficult goals.Team work enables the people to work from a cross-functional Approach.

**b. People make quality:-**

Mostly organizational efforts influence to quality. Organizational efforts influence the individuals and teams in the organization to commit to the quality.

**4.CONTINUOUS IMPROVEMENT****a. Continuous improvement cycle:-**

Identify the present level of quality standard, establishing the customer's needs, establishing the ways & means to produce the product (or) render service to meet the customer's needs. Measuring the success and improving the quality continuously are the parts of the continuous improvement cycle.

**b. Prevention:-**

Preventing the failures to occur is the central system of total quality management. Foreseeing the possible failures and take steps in advance to prevent them from occurrences. Feeding for information forward helps to prevent the failures.

**Other principles:****A. Customer Centric Approach:**

**Consumers are the ultimate judges** to determine whether *products or services* are superior quality or not. There is no matter how many resources are pooled in training employees, upgrading machines and computers, incorporating quality design process and standards, bringing new technology, etc. Companies must remember to implement TQM across *all fronts keeping in mind the customers*.

**B. Employee Involvement:**

Ensuring total **employee involvement in achieving goals and business objectives** will lead to employee *empowerment and active participation* from the employees in decision making and addressing quality related problems. Employee empowerment and involvement can be increased by making the workspace more open and devoid (entirely lacking) of fear.

**C. Continuous Improvement :**

A major component of TQM is **Continuous improvement**. It will lead to improved and **higher quality processes**. It will ensure companies will find new ways and techniques in producing better quality products, production, be more competitive, as well as exceed customer expectations.

**D. Strategic Approach to Improvement:**

Businesses must adopt a strategic approach towards quality improvement to achieve their goals, vision, and mission. A strategic plan is very necessary to ensure quality becomes the core aspect of all business processes.

**E. Integrated System :**

Businesses comprise of various departments with different functionality purposes. These functionalities are *interconnected with various horizontal processes* TQM focuses on. Everyone in the company should have a thorough understanding of the quality policies, standards, objectives, and important processes. It is very important to promote a **quality work culture** as it helps to **achieve excellence** and surpass (**exceed; be greater than**) customer expectations. An integrated system ensures continual improvement and helps companies achieve a competitive edge.

**F. Decision Making :**

For efficient TQM, companies must collect and ***analyze data to improve quality, decision making accuracy, and forecasts***. The decision making must be statistically and situational based in order to avoid any room for emotional based decisions.

**G. Communications:**

Communication plays a crucial role in TQM as it helps *to motivate employees and improve their morale during routine daily operations*. Employees need to be involved as much as possible in the day to day operations and decision making process to really give them a sense of empowerment. This creates the environment of success and unity and helps drive the results the TQM process can achieve.

**4.2 HUMAN RESOURCES MANAGEMENT & TQM:-**

Human resources play a vital role in total quality management.

The following forces shape the human resources management towards TQM like.

- ✚ Economic liberalization announced by governess of India in 1991.
- ✚ Mounting competition among the industries across the globe.
- ✚ Successful organizations proactively and systematically understand & respond to current and future external customer needs.
- ✚ The information technology revolution is reshaping the core competencies needed in a knowledge economy.
- ✚ Organizational & human resources leaders are being challenged to become effective strategic partners in the creation of word-class work cultures.

**TQM, HR Managers actively involve in the following activities**

- ✓ Utilizing the expressive of practitioners from other organizations.
- ✓ Reviewing current practices, behavior & attitudes in the organization & assessing their degree of fit with TQM.
- ✓ Developing a TQM directory of internal resources & expertise. Designing & delivering senior management development courses that set the proper town for TQM.
- ✓ Shaping the type of organization structure, culture, & Ethical climate appropriate for introducing & sustaining TQM.

### 4.3 Impact of TQM on Human Resource Management

#### 1.TQM and HR Practice:

If an organization is running successfully with a **high quality of HR practices, TQM** is there. But **TQM is not HRM**. In simply TQM is the *art of managing the whole to achieve excellence*. Then the organizational commitment and job involvement of employees are also increase. So, when the HRM practices in its maximum level it is called TQM.

#### 2.TQM and job analysis:

Usage of TQM techniques on job analysis such as **job design, job enrichment, job enlargement etc** to produce job specification and job description of the company gains immense benefits in terms of quality results when compared to an organization which does not practice TQM in job analysis. By using **TQM in job analysis efficiency, effectiveness and productivity of employees increases**. It also causes *cost minimization, increased health and safety level of employees* resulting to increase in employee satisfaction and quality of work life. When TQM is not practicing in job design and job analysis it will cause to **lower productivity, employee turnover. Absenteeism, complains, unionization and resignation**.

#### 3. TQM and Team Work:

Team work facilitates job satisfaction and job involvement, and TQM encourages job satisfaction and job involvement. The development of people and their involvement in improvement of activities both individually and through teamwork is a key feature in a company's approach to TQM. The organizations with TQM practices encourage teamwork from their HR practices where a HR manager's role in teamwork is very important.

#### 4.TQM & Training & Development

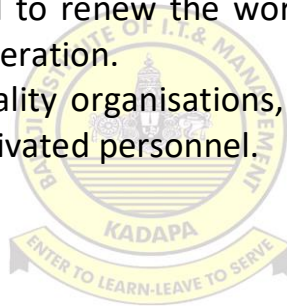
There should be an affective training and development procedure in an organization. If there is an **effective training & development programme**, the **output of employees** will be a quality one. First organizations are identifying the training needs of employees by *performance appraisal*. The training will be having for limit number of people in the organization. Training will be develop the technical skills of low level of employees. Development procedure is helpful to develop the **managers' skills of executive level**.

#### 4.4 Total Quality HR Policy

A total quality HR policy must be dedicated at all levels of its operations, to provide quality services that meets the initial and on-going needs and expectations of the employees and customers through continuous improvement of all operations ensuring continued success of the organization.

**For example: the Nestle HR Policy** includes the following which depicts the emphasis of quality:

- ✚ “The prime responsibility of the HR managers and their staff is to contribute actively to the quality of HR management throughout the organization by proposing adequate policies, ensuring their consistent application and coherent implementation with fairness”.
- ✚ “Each new member joining Nestlé is to become a participant in developing a sustainable quality culture which implies a commitment to the organisation, a sense for continuous improvement and leaves no place for complacency.”
- ✚ Encourage the personnel to renew the work community and to constantly improve the quality of operation.
- ✚ Quality people make quality organisations, and that’s why our business is based on expert and motivated personnel.



#### CASE STUDY :

##### CARCOM: THE TQM INITIATIVE

'Carcom' is a supplier of automotive safety components employing around 700 staff which is located on two sites in Northern Ireland. The company was originally American owned but after a joint venture with Japanese partner in the late 1980s, it was eventually bought out by the latter. The quality initiative began in 1988-89 with a five-year plan based on the Kaizen philosophy, this concept having been picked up from the Japanese partner. This was driven by senior management in response to what they saw as increasing customer demand and operating considerations. The achievement of ISO 9001 registration in 1990 brought together processes carried out by departments which had previously been undertaken in isolation. The company is now focusing on Kaizen with the principles of improvement, customer delight, systems focus and participation. A range of quality management tools and techniques are used. A TQM steering committee is responsible for overall direction but there is also a further steering committee to oversee implementation of the Quality Improvement Teams (QITs) as well as a full time coordinator. There are teams of shop floor operators based on

natural workgroups, and these tend to focus on product problems and environmental issues (such as working conditions). In contrast, Kaizen teams focus on process improvements (for example, die change) and problem-solving workgroups are established in response to specific customer concerns (for example, warranty claims). Senior managers stress that a long-term approach is now being taken which is in contrast to some of the programmes in the early 1980s. These former piecemeal initiatives included quality circles which had been characterized by considerable changes in personnel, with a number of champions having moved on leaving behind a flagging initiative. In contrast, the company is now taking time to get the processes right and providing a central focus through quality for change. Cultural change is the aim but it is recognized that only incremental progress can be achieved and that a supportive attitude is required from management. Thus, QIT members are given extensive training and are encouraged to tackle problems which give early success and build teamwork, rather than put pressure on teams to deliver immediately on big issues.

Questions :

1. Analyze the links between TQM and HRM with reference both to this case study and more generally?

Ans: In this case we generalized it as, The achievement of ISO 9001 registration in 1990 brought together processes carried out by departments which had previously been undertaken in isolation. The company is now focusing on Kaizen with the principles of improvement, customer delight, systems focus and participation. A range of quality management tools and techniques are used. A TQM steering committee is responsible for overall direction but there is also a further steering committee to oversee implementation of the Quality Improvement Teams (QITs) as well as a full time coordinator. There are teams of shopfloor operators based on natural workgroups, and these tend to focus on product problems and environmental issues (such as working conditions). In contrast, Kaizen teams focus on process improvements and problem-solving workgroups are established in response to specific customer concerns. The links between human resources and quality were made explicitly by the MD Training budgets have actually increased in volume and monetary terms despite the company's recently recorded trading losses. Recruitment and selection are becoming more sophisticated as the company wish to identify team workers

2. How might the principles of TQM be applied to a personnel function ?

Ans: The principles of TQM be applied to a personnel function can take a wide variety of forms, ranging from direct downward communication from managers to other employees or the seeking of employee opinions via problem-solving groups through to high-level meetings between directors and trade union

representatives on Works Councils or Company Boards. The subject matter equally can vary from the mundane to the strategic, focusing on social and sports items through to high-level financial and commercial information. The differentiates between employee involvements defined as: Education, communications, customer care, as in all the case organizations. Amended job responsibilities, hierarchically and at the same skill level, as at Photochem. Problem solving and the tapping of employee opinion, as at Electron.

External Questions: (Old Question papers)

1. Briefly explain the obstacles associated with TQM implementation?
2. Discuss five possible actions that could be taken to ensure success in outsourcing contracts?
3. Define total quality management. Discuss the basic concepts of TQM?
4. Outline three possible reasons for the failure of an outsourcing contract?
5. What are merits and demerits of outsourcing?
6. How total quality management is a tool for gaining competitive advantage?

