Vardhaman Mahaveer Open University, Kota

Human Resource Development

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Unit - 1 : Concept of HRD

Structure of Unit

1.0 Objectives

After completing this unit, you would be able to understand:
- The concept of HRD.
- HRD Goals.
- Theoretical framework of HRD
- Principles of HRD
- Elements of HRD
- New framework of HRD
- Challenges in HRD

1.1 Introduction

Generally, the basic employee management areas comprise the HRM processes. These include processes such as recruitment and selection, compensation and benefits, performance appraisal, employee and labour relations, occupational health and safety and classification and compensations. Often the HRD processes are encompassed in the HRM processes. HRD processes promote the development of resources in an organization, including organization development, performance management, training and on-the-job learning, orienting, coaching, mentoring etc. Today, there are essential HR processes that need the consideration from both the HRM and HRD perspectives. These processes are e.g. human resource planning and foresight, recruitment and organizational design. Development of human resources is essential for any organisation that would like to be dynamic and growth-oriented. Unlike other resources, human resources have rather unlimited potential capabilities. The potential can be used only by creating a climate that can continuously identify, bring to surface, nurture and use the capabilities of people. Human Resrouce Development (HRD) system aims at creating such a climate. A number of HRD techniques have been developed in recent years to perform the above task based on certain principles. This unit provides an understanding of the concept of HRD system, related mechanisms and the changing boundaries of HRD. Human Resource Development (HRD) is the framework for helping employees develops their personal and organizational skills, knowledge, and abilities. Human Resource Development includes such opportunities as employee training, employee career development, performance management and development, coaching, mentoring, succession planning, key employee identification, tuition assistance, and organization development.

1.2 Concept of HRD

For many people HRD is synonymous with organising training courses in the workplace. That is part of HRD, but there are also broader and deeper concerns. This introductory module will describe the key concepts and core processes associated with HRD in work organisations. The focus of all aspects of Human Resource Development is on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers. Human Resource Development can be formal such as in classroom training, a college course, or an organizational planned change effort. Or, Human Resource Development can be informal as in employee coaching by a manager. Healthy organizations believe in Human Resource Development and cover all of these bases.

Human Resource Development is the part of human resources management that specifically deals with training and development of the employees in the organization. Human resource development includes training a person after he or she is first hired, providing opportunities to learn new skills, distributing resources that are beneficial for the employee's tasks, and any other developmental activities.

1.2.1.Definitions

Human Resources Development (HRD) as a theory is a framework for the expansion of human capital within an organization through the development of both the organization and the individual to achieve performance improvement Adam Smith states, "The capacities of individuals depended on their access to education". The same statement applies to organizations themselves, but it requires a much broader field to cover both areas.

Human Resource Development is the integrated use of training, organization, and career development efforts to improve individual, group and organizational effectiveness. HRD develops the key competencies that enable individuals in organizations to perform current and future jobs through planned learning activities. Groups within organizations use HRD to initiate and manage change. Also, HRD ensures a match between individual and organizational needs.[

HRD (Human Resources Development) has been defined by various scholars in various ways. Some of the important definitions of HRD (Human Resources Development) are as follows:

- According to **Leonard Nadler,** "Human resource development is a series of organised activities, conducted within a specialised time and designed to produce behavioural changes."

- In the words of **Prof. T.V. Rao,** "HRD is a process by which the employees of an organisation are helped in a continuous and planned way to :

(i)   acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles;

(ii)   develop their journal capabilities as individual and discover and exploit their own inner potential for their own and /or organisational development purposes;

(iii)   develop an organisational culture in which superior-subordinate relationship, team work and collaboration among sub-units are strong and contribute to the professional well being, motivation and pride of employees.".

- According to **M.M. Khan,** "Human resource development is the across of increasing knowledge, capabilities and positive work attitudes of all people working at all levels in a business undertaking."

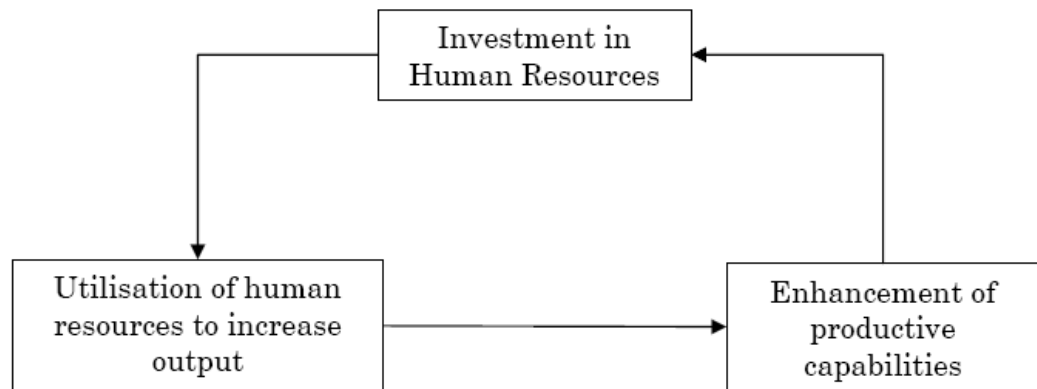Human resources development is a continuing process comprising three interdependent components:

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                    ┌──────────────────┐
              ┌────▶ │   Investment in  │ ◀────┐
              │      │  Human Resources │      │
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│ Utilisation of   │                 │  Enhancement of  │
│ human resources  │────────────────▶│    productive    │
│ to increase      │                 │   capabilities   │
│ output           │                 │                  │
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Fig. 1.1

• **Investment in human resources** to enhance productive capabilities: At a national level, investment in human resources must be turned into effective utilisation of those human resources if national output is to be increased on a sustainable basis. At an individual level, investment in human resources improves earning capabilities. Therefore individuals and families have more money to do many things including pay for their own further skills development. There is a very strong link between investing inhuman resources development and improvements in the quality of life. Improvements in nutrition, health and education are key elements of an improved quality of life and must be considered important investments in human resources, particularly in Investment in Human Resources.

• **Utilisation of those human resources to produce increased output**: Utilisation of human resources to increase output Enhancement of productive capabilities developing countries. Human beings cannot be developed if they do not have enough food, are in poor health or cannot read or write. For developing countries, it is extremely important that all members of the society have access to human resource development activities, especially the poor, women and populations in rural areas.

• **Enhancement of productive capabilities:** Participation of the human beings who have improved resources (better education, better skills levels etc.) in the consumption of that increased output through a better quality of life. Participation and choice are key elements in this view of human resource development. The financial reward obtained from participation in production activity is the main

way that individuals are able to participate in the quality-of-life benefits that are created by development. Increased job satisfaction and a sense of personal worth arising from increased productivity are also very important contributions to quality of life. The enhanced capabilities created by development enlarge the choices made available to both individuals and nations.

Historically, HRD has referred to developing human resources in order to increase economic productivity and therefore a nation's wealth that is, very closely linked with economic outputs. However, within current definitions and discussions, especially in the context of developing countries, there is more emphasis on the human aspects of HRD. So, in the development context the meaning of the term's human resources development and human development are very much interconnected.

According to the American Society of Training and Development (ASTD), HRD is the integrated use of training and development, organizational development, and career development to improve individual group, and organizational effectiveness. Society 'is faced with new challenges and changes daily which increase the need to provide employees with appropriate learning experiences. Moreover, HRD helps organizations to provide learning related to the goals of the organization and to its employees. This learning is accomplished by providing training, education, and development.

McCarthy, Garavan and O'Toole (2003) consider HRD to be a set of activities that occur on several levels in an organization rather than just act as a business function. Integration on the levels takes place in HRD philosophy, policies, processes, and activities.

1.2.2. Features of Human Resource Development

The essential features of human resource development can be listed as follows:

- HRD is a process of developing and unleashing human expertise through organization development (OD) and personnel training and development (T&D) for the purpose of improving performance. The domains of performance include the organization, work process, and group/individual levels.

- Human resource development is a process in which employees of the organisations are recognized as its human resource. It believes that human resource is most valuable asset of the organisation.

- It stresses on development of human resources of the organisation. It helps the employees of the organisation to develop their general capabilities in relation to their present jobs and expected future role.

- It emphasise on the development and best utilization of the capabilities of individuals in the interest of the employees and organisation.

- It helps is establishing/developing better inter-personal relations. It stresses on developing relationship based on help, trust and confidence.

- It promotes team spirit among employees.

- It tries to develop competencies at the organisation level. It stresses on providing healthy climate for development in the organisation.

- HRD is a system. It has several sub-systems. All these sub-systems are inter-related and interwoven. It stresses on collaboration among all the sub-systems.

- It aims to develop an organisational culture in which there is good senior-subordinate relations, motivation, quality and sense of belonging.

- It tries to develop competence at individual, inter-personal, group and organisational level to meet organisational goal.

- It is an inter-disciplinary concept. It is based on the concepts, ideas and principles of sociology, psychology, economics etc.

- It bring reforms on employee welfare and quality of work life. It tries to examine/identify employee needs and meeting them to the best possible extent.

- It is a continuous and systematic learning process. Development is a life long process, which never ends.

1.2.3 Difference between HRD and HRM

Both are very important concepts of management specifically related with human resources of organisation. Human resource management and human resource development can be differentiated on the following grounds:

- The human resource management is mainly maintenance oriented whereas human resource development is development oriented.

- rganisation structure in case of human resources management is independent whereas human resource development creates a structure, which is inter-dependent and inter-related.

- Human resource management mainly aims to improve the efficiency of the employees whereas aims at the development of the employees as well as organisation as a whole.

- Responsibility of human resource development is given to the personnel/human resource management department and specifically to personnel manager whereas responsibility of HRD is given to all managers at various levels of the organisation.

1.2.4. Core HRD Beliefs

- Organizations are human-made entities that rely on human expertise in order to establish and achieve their goals.

- Human expertise developed and maximized through HRD processes and should be done for the mutual long-term and/or short-term benefits of the sponsoring organization and the individuals involved.

- HRD professionals are advocates of individual/group, work process, and organizational integrity.

- HRM motivates the employees by giving them monetary incentives or rewards whereas human resource development stresses on motivating people by satisfying higher-order needs.

1.2.5. Principles of HRD:

The principles designed deal with both the purpose of HRD systems and the process of their implementation. Some of these principles include:

- HRD systems should help the company to increase enabling capabilities. The capabilities outlined in their report include: development of human resources in all aspects, organizational health, improvements in problem solving capabilities, diagnostic skills, capabilities to support all the other systems in the company, etc;

- HRD systems should help individuals to recognize their potential and help them to contribute their best towards the various organizational roles they are expected to perform;

- HRD systems should help maximize individual autonomy through increased responsibility;

- HRD systems should facilitate decentralization through delegation and shared responsibility; 5. HRD systems should facilitate participative decision-making;

- HRD system should attempt to balance the current organizational culture with changing culture; and

- There should be a continuous review and renewal of the function.

1.2.6. Elements of HRD

The Integrated HRD systems approach of Pareek and Rao (1975) has the following elements:

(i) A separate and differentiated HRD department with full time HRD staff.

(ii) Six HRD subsystems.

(iii) Inter-linkages between the various subsystems.

(iv) linked to other subsystems of Human Resource Function.

1.2.7 Typical HRD Practices

Major activities of HRD include:

- executive and supervisory/management development
- new-employee orientation
- professional-skills training
- technical/job training
- customer-service training
- sales-and-marketing training
- health-and-safety training

1.2.8 HRD Positions/ Designations

HRD Positions/ Designations in businesses, health care, non-profit, and other fields include:

- HRD manager
- Vice-President Of Organizational Effectiveness
- Training Manager Or Director

- Management Development Specialist
- Blended Learning Designer
- Training-Needs Analyst
- Chief Learning Officer
- Individual Career-Development Advisor

1.2.9. Pre-requisites of Effective Human Resource Development

Human resourced development facilitates development of and enabling culture in an organization enabling culture means creating an environment where employees are motivated to take initiative and risk they feel enthused to experiment, innovation and they make things happen. To archive and to create the effect the effective HRD certain points must be studied and considered seriously for having effective HRD program me. So, the following prerequisites are essential,

1. **Approach to Top Level Management:-** The main goal of the HRD is to develop the capabilities of each employee as an individual, in relation to his present job and future role. The can be done only having a knowledge of capabilities. Limitations and problems of the employees of the concern. Obviously this information can be collected by top level measurement by being in touch with the employees at all levels of measurement. Top executives should frequently visit the work place of the workers and spend time with them. So the top-level management must try to know the capabilities and problems of the workforce of the organization as all levels. By adopting this approach top management can better utilize the capabilities of the available workforce and creating trust among the people of the organization. The also help in reducing the communication gap and resolve grievances, If any, between workforce and management

2. **Communication System and Feedback:-**   A successful implementation also depends on proper communication and feedback system. A proper communication should be developed and implemented. It should be such which provide all important information to the employees from the beginning to the end This system should be format as well as informal. As we know a communication system is connected with feedback so the Importance of feedback should be understood in full and reliable feedback system should be structured.

3. **Conditions for Growth and Development:-** Human resources are the most important assets in the organization. They can be developed to an unlimited extent. For that a healthy organizational climate (openness, trust collaboration) should be developed. The progress of the company must be shared with the employees; their efforts should be appreciated and recognized by giving those rewards, promotions, incentives etc. Their excellence should be rewarded in an appropriate and acceptable way. At the same balanced can also be given, if required, in normal or exceptional circumstances. So a balanced environment among all these should be maintained, so as to create the conditions for development of workers.

4. **Investments in HRD Program me:-** There are no shortcuts to success. The maintenance of a healthy working climate and the development of its human resources is very complicated process. So to ensure the desired results the top level management and HRD professionals must invest

proper time, funds and energy in each and every program me related to HRD The top level management must clear the path, create a development climate and help the employees to realize their potential.

5. **Proper utilization of Human Resource Kills:-** HRD managers must try to make proper utilization of available and potential human resource skills. Manpower planning and right sizing of human resources may be used for this purpose.

6. **Decentralization:-** There should be proper system of involvement of persons of all levels of management. If the proper importance is given to each person this creates the sense of belonging and commitment among the worker. Although major policy decisions, may be centralized but other important decisions should be made with the involvement of various subordinates. A balanced approach should be maintained in the centralization and decentralization.

So by aborting the above pre-requisites even ordinary people can produce extraordinary results. The in the concern itself grow and help the organization to realize their goals and progress.

1.3 Benefits of Human Resource Development

Human resource development now a day is considered as the key to higher productivity, better relations and greater profitability for any organisation. Appropriate HRD provides unlimited benefits to the concerned organisation. Some of the important benefits are being given here:

- HRD (Human Resource Development) makes people more competent. HRD develops new skill, knowledge and attitude of the people in the concern organisations.

- With appropriate HRD programme, people become more committed to their jobs. People are assessed on the basis of their performance by having a acceptable performance appraisal system.

- An environment of trust and respect can be created with the help of human resource development.

- Acceptability toward change can be created with the help of HRD. Employees found themselves better equipped with problem-solving capabilities.

- It improves the all round growth of the employees. HRD also improves team spirit in the organisation. They become more open in their behaviour. Thus, new values can be generated.

- It also helps to create the efficiency culture in the organisation. It leads to greater organisational effectiveness. Resources are properly utilised and goals are achieved in a better way.

- It improves the participation of worker in the organisation. This improves the role of worker and workers feel a sense of pride and achievement while performing their jobs.

- It also helps to collect useful and objective data on employee's programmes and policies which further facilitate better human resource planning.

- Hence, it can be concluded that HRD provides a lot of benefits in every organisation. So, the importance of concept of HRD should be recognised and given a place of eminence, to face the present and future challenges in the organisation.

- Systematic planning to support organizational mission

- Increased capacity to achieve the organization's goals

- Clear definition of each employee's work responsibilities and link to organization mission

- Greater equity between compensation and level of responsibility

- Defined levels of supervision and management support

- Increased level of performance and efficient utilization of employees skills and knowledge

- Cost savings through improved efficiency and productivity

- Increased ability to manage change

1.4 Goals of HRD

The purpose of HRD is to enhance learning, human potential and high performance in work related systems. Defining HRD objectives is important because it provides a framework for clarifying and understanding of the growing capabilities of HRD as a field of practice. HRD is an expansive and often nebulous field that includes a complex range of activities and interventions (e.g. training, education, coaching, counseling, career development, work system design, process improvement , organizational development and so on) that are used in different ways to produce a variety of specific outcomes. Also the practice of HRD includes a range of philosophical orientations, each of which has profound implications for how HRD is carried out. Finally HRD practice draws on a variety of scientific discipline like economics, psychology, sociology, adult learning, anthropology, ethics, systems management and leadership, human resources management , industrial management and organization change and development.

Despite the complex and evolving nature of the field, some initial steps have been taken toward arriving at the consensus on the core purpose of HRD. Employees and organizations will experience inevitable change. Human resource development (HRD) enhances employee competence in their jobs by increasing knowledge, abilities, and skills. In this environment, the employee will be primarily responsible for career development but the company will also have responsibilities that include clearly stating the company's corporate strategy, its goals and providing information about its business. The organisations must follow those type of strategies which help in accomplishing organisational goals with an addition to develop the human resource.

Strategy:

The business strategy must be linked with the human resource strategy. It is essential to consider the differing characteristics of people when setting a plan for an organization to follow. The stage of development- embryonic, high-growth matures, or aging- that the company is in will determine the HRD goals. Companies that are just starting out are interested in strong managers. The next

stage is characterized by high growth. While vying for a place for their product in the market, they are also spending a lot of time developing their intellectual capital, i.e., their people. When at the mature stage, companies begin to put more limits on employee actions. Good managers at this stage can assemble employees to be able to perform tasks in the best way possible. Companies that are aging will be very concerned with economic survival and will need a staff that can revitalize it. Organizational culture will be strongest when the company is at the mature stage. "Culture is the pattern of basic assumptions a given group has developed in learning to adapt to both its external environment and its internal environment". Corporate commitment must exist for establishing and clearly communicating organizational culture. Managers who have well-developed human resource skills will recognize the value in a strong culture. They will be better suited and committed to aiding their staff in personal career development. There can be varying cultures across organizations. People who choose jobs that are in line with their own values and culture are likely to be more productive and well suited to work together [Blake]. Successful human resource managers must tie human resources to business strategy goals.

HRD can assist managers in adopting strategic thinking and can facilitate the implementation of business strategies. The role of human resource staff is changing all the time. Their responsibility in the future is to staff projects with people committed to fulfilling business strategy. Human resource functions such as compensation, benefits and recruiting can be out-sourced. The judgment, knowledge, and foresight needed to staff effectively and efficiently will be the most important role of the human resource manager.

Developing the skills of this carefully chosen staff is essential to achieving business strategy. Continual education for employees is one of the most vital organizational strategic goals. When the right people are hired and their skills are developed on an ongoing basis, the human resource manager is insuring the staffing needs for future projects and goals. It only makes sense to keep good quality people and develop their skills to be exactly what you need. Their ability to adapt and change for newer projects will be a reflection of the development preparation that they have received.

Employees need to have good people skills in every organization. This certainly helps them to relate to customers. It also aids the organization by having a staff that can work well together. The development of human-relation skills can help to improve communication, which decreases conflict in the long-run. Better understanding and effective communication abilities will no doubt increase productivity amongst staff. This creates a more positive work environment that motivates employees. Human-relation skill development means improved performance, which is a main business strategy goal.

Assessment:

Part of development includes realizing the skills and abilities that employees already have. Even the most well trained employees will perform poorly if they are not assessed properly. Reinforcing previously covered information, teaching new concepts, and introducing new ideas are development aspects that must be measured and assessed. Employees need to know what is expected of them. Acceptable performance can only be known if the employees are assessed and if the assessment information is communicated to them. Then, the measurement of

what people have1eamed after training will be more accurate. Feedback from managers to subordinates and vice versa is essential to the development function.

Research conducted over the past 70 years indicates tests to evaluate intellectual ability, the ability to draw conclusions from verbal or numerical information, and an individual's interests can help in selecting successful managers [Cascio]. An employee needs to be assessed-for readiness to accept management responsibilities. Assessment centers can focus on business simulations as well as formal assessments. These programs allow the employee to develop his/her skills in a structured and focused process. This kind of development encourages promotion and increases job satisfaction. Weaknesses are identified and the employee is empowered to tailor development to fit his or her future career plans.

These centers use multiple assessment techniques, such as situational tests, tests of mental abilities, and interest inventories. They also use standardized methods to make inferences from these techniques as well as pooled judgments from multiple assessors to rate each candidate's behaviour. The assessment center prediction doesn't help very much if you are only trying to predict performance in management such as the clarification and evaluation of the promotion system in an organization. They are, however, helpful in capturing the promotion policy of the organization. Both job and person analyses need to be included in assessment of the trainee.

Personality, motivation and the actual task can affect self-efficacy. This trait plays a big part in eventual performance on the job. Development aimed at improving skills should increase self-efficacy. It is important to remember that no one predictor of performance is perfectly valid and some mistakes in selection are inevitable. Conscious selection of managers and lower level employees based on their fit with demonstrated job requirements, the strategic direction of a business, and organizational culture will minimize mistakes and enable you to make optimum choices.

Post development evaluation criteria and processes are essential. People-management and management of change issues are the key future training and development needs for both multinational and indigenous organizations. Senior and line managers use quantitative measures such as optimal utilization of human resources, increased productivity and enhanced employee flexibility to evaluate HRD success. HRD specialists and individual learners place more emphasis on qualitative criteria such as the number of training days, how many and who participated, and improved performance and career options. Individual learners were primarily concerned about their enhanced employability resulting from certification, the range of competencies developed and the financial investment in their training.

Return on investment:

By retaining employees, the value of their development increases. They will increase productivity and contribute to the over-all success of the organization. Their expanded knowledge makes them valuable assets for the company. Overtime, this added value will more than cover the costs of their development.

This reflects a payback model with an emphasis on quantitative and tangible results. However, senior managers, education providers, and HR and HRD specialists believe in the pay-forward model, i.e., results should accrue in the longer term primarily as cultural change and increased incorporation of corporate

goals by individual employees. The pay-forward model "... is more in tune with the contribution ..." HRD specialists believe they can make.

Technology:

The responsibility for managing new technological advances has fallen on the human resource manager. Proper development of technical skills from understanding how to use a computer to interfacing with networks is increasingly difficult. If technical goals and strategies are expanded, the job of developing employees will be more focused.

Technological changes will alter the face of communication and also the way in which employees learn. People should be encouraged to develop their abilities individually especially with the ease of delivery of information through the Internet. Sharing knowledge, exchanging resources and learning can be improved within an organization. Interactive forums and tutorials allow learning to be done from even the most remote area. Real-time conferencing allows employees to be students in virtual classrooms.

All levels of business functions need technological development. HRD should focus on competent trainers. These will be the people with initial responsibility for working on technical skills. Then, as programs are further developed, people will welcome the' technological change as it works its way into the organizational culture. For example, if the accounting department is up and running with new systems, why isn't the administrative level? Employees will welcome chances to develop their technical skills to keep the internal competitive climate more equal.

Changes in organizational structure will enable management to develop technical skills. They should allow an organization to restructure by enabling employees to learn, make contacts, and develop more efficiently. This can be done with effective strategic goals that allow development to take place. An example would be to have development designed internally, but the actual training would be out-sourced.

Electronic performance support systems (EPSS) are the latest wave in the training and development arena. These systems use computers to gain access to information, save it, and distribute it throughout an organization. This helps development because employees can gain a lot of information in a short period of time on an individual and basis staff support is minimal. HRD managers must know this system and how it relates to the work procedures of the organization.

Preparation for technology is the key. Seeking out instruction from people with technological backgrounds is a first step. Check out on-line tutorials with commercial services. Seminars, conferences and training programs are the best places to get the most up to date technological development information for yourself as well as for subordinates. Many academic programs offer technological expertise. Books, magazines, and journals on technology are readily available. They also give information about the internet, EPSS and other on-line services. There are thousands of on-line sites that deal directly with technology and its impact on human resource development.

1.5 Theoretical Framework of HRD

The Human Resource Development as a Function has evolved in India very indigenously from the year 1975 when Larsen & Toubro Company conceptualized HRD as an integrated system and decided to separate it from Personnel. Since then, in the last 25 years most organizations have started new HR Departments or re-designated their Personnel and other departments as HRD Departments. Today there are high expectations from HRD. Good HRD requires well structured function and appropriately identified HRD systems, and competent staff to implement and facilitate the change process.

In 1975 Larsen & Toubro a prominent Engineering Company in India had appointed two consultants from the Indian Institute of Management, Ahmedabad to study the performance appraisal system and make recommendations for improving it. The two consultants (Pareek and Rao, 1975) studied the system through interviews etc, and suggested a new system. Pareek and Rao (1975) recommended that "... Performance Appraisal, Potential Appraisal, Feedback and Counselling, Career Development and Career Planning and Training and Development get distinct attention as unique parts of an integrated system which we call the Human Resources Development System". Pareek and Rao (1977) in their second report of the Human Resources system in L&T recommended that the personnel function be viewed as Human Resources Function (HRF) and suggested a trifurcated function: Personnel Administration, HRD and Worker Affairs.

The consultants differentiated the HRD from other components of HRF and also integrated structurally and system-wise. Structurally the HRD is to be a subsystem of HRD and integration of this with the other two subsystems (Personnel Administration and Worker Affairs) to be done by the Director level person (for example Vice-President Personnel & HRD), through task forces and sub-system linkages. Inter system linkages were outlined between various HRD subsystems to have an integrated system.

The discipline of HRD, in order to understand, explain, and carry out its process and roles, relies on three core theories. They include: (1) psychological theory, (2) economic theory, and (3) systems theory.

- **Psychological theory** captures the core human aspects of developing human resources as well as the socio-technical interplay of humans and systems.
- **Economic theory** captures the core issues of the efficient and effective utilization of resources to meet productive goals in a competitive environment.
- **Systems theory** captures the complex and dynamic interactions of environments, organizations, work process, and group/individual variables operating at any point in time and over time.

The three component HRD theories and their integration are visually portrayed as a 3-legged stool (Fig.1.2). The legs represent the component theories and the stool's platform represents the full integration of the three theories into the unique theory of HRD. While the stool rests firmly on the floor or the host organization, an ethical rug serves as a filter through which the integrity of both HRD and the host organization can be maintained.
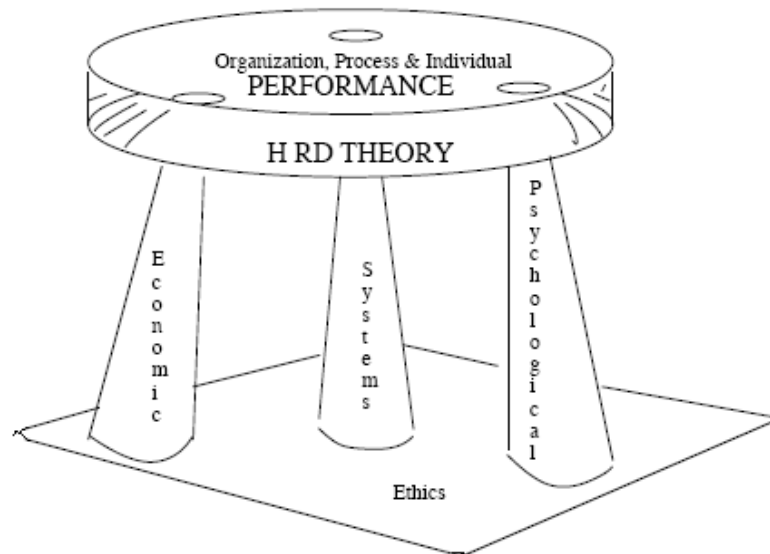
Fig. 1.2 The Theoretical Framework of HRD

1.5.1. Other framework of HRD

As HRD came to prominence in the last decade, other frameworks and models came into existence. Some of these are briefly reviewed here.

The Strategic HR Framework Approach: This framework formulated by Ulrich and Lake (1990) aims to leverage and/or align HR practices to build critical organizational capabilities that enable an organization to achieve its goals. This framework offers specific tools and paths to identify how a firm can leverage its HR practices. Business strategy, organizational capabilities and HR practices are the three important elements in this framework.

The Integrative Framework: The integrative framework offered by Yeung and Berman (1997) identifies three paths through which HR practices can contribute to business performance:

(1) by building organizational capabilities;

(2) by improving employee satisfaction; and

(3) by shaping customer and share holder satisfaction.

Human Capital Appraisal approach: This approach outlined by Friedman et al (1998) of Arthur Anderson consulting company is based on the belief that there are five stages in the management of human capital: clarification stage, assessment stage, design stage, implementation stage and monitoring stage. There are five areas of human capital management: Recruitment, retention and retirement; Rewards and performance management; career development, succession planning and training; organizational structure, and human capital enablers. A 5×5 matrix using these five stages and five areas could be used to evaluate and manage the human capital well. For example in the clarification stage the managers examine their human capital programs to fit into their strategy and overall culture. They may also examine each of the areas to fit into the strategy etc.

Yeung and Berman (1997) argued for dynamic changes in HR measures to refocus the priorities and resources of the HR function. They argued that HR measures should be business driven rather than HR driven; impact driven rather than activity driven; forward looking and innovative rather than backward looking; and instead of focusing on individual HR practices should focus on the entire HR system, taking into account synergies existing among all HR practices.

1.6 Challenges Faced by HRD

The future looks even more exciting and threatening. Organisations are gearing up for the difficult times ahead by tapping all the resources on hand. Organisations realize that their people or employees would be one of the prime resources for establishing a competitive edge in the future. Consequently, organisations would require workable strategies to align the individual talents/strengths of their people towards business goals. This is where Human Resources professionals can play a deciding role. They have to face newer challenges, take up different, unprecedented roles and in the process help the business achieve its goals. What challenges are organisations most likely to face in the changed business scenario? What strategies & structural changes will help organisations respond to these challenges?

Despite its popularity, practitioners struggle with its usefulness as a means for articulating the value of HRD activities. Several factors contribute to this dilemma: business has changed, and the role of HRD within an organization has changed. Specifically:

- Business changes such as globalization, technology, accelerating speed of change.

- Changes in work requirements, such as the expectation of just-in-time responsiveness, "24/7" productivity, cross-training, and the shift from manufacturing to service / information.

- Acceptance that HRD is a subsystem within the larger open system of a business; serving the greater business purpose and integrally linked to the business.

- Desire of HRD professionals to be strategic partners with business managers.

When Henry Ford proudly looked at the assembly-line winding its way on the shop-floor like a noisy car-vomiting snake, little would he have imagined that, soon this snake is .going to be one of the most endangered species of its kind. The false economies in mass production and in huge inventories have been unceremoniously cast away today in this customer- pampering competitive market. Buzzwords like Right-sizing, Downsizing, Rationalisation, Golden Hand-shake have been welcomed by businesses while referring to the sheer number of employees. Manufacturing strategies such as "Flexible Manufacturing systems", "Computer Integrated Manufacturing", "Enterprise-wide Resource planning" is making the rounds of the shop-floors today. If this is the present, what is the scenario going to be in the foreseeable future?

1.6.1. Future of HRD

The future most definitely is going to be full of challenges, and businesses are going to be guided by continuous change on an uncertain and unclear path. The future business scenario would be marked by the below mentioned features:

• **Rapid changes in Technology**: The world is facing a rapid change in technology and so is our organsiations. The biggest and foremost challenge which comes before HRD is to make its workers/employees equipped with the changing technologies. HRD managers have to **upgrade the employee's skills and competencies** in order to make the best use of the improvements in technology for business growth. Technological change has led to increase in jobs but the education system (both Quality and Quantity) must drastically change and become globally competitive in order to make best use of employment opportunities.

• **Changing environment**: As a result of Globalization, Indian Organizations have undergone **drastic transformation** in structure/strategy to be adoptive to changes. This compels them to increase their **ability to learn** and collaborate and manage work force diversity, complexity and uncertainty. HRD professionals will have to **create models and processes** for attaining global agility, competiveness and effectiveness. "The only thing which remains constant is change and HRD professional has to **make people accept the change."**

- **Transnational suppliers and customers:** Transnational suppliers and customers have now to be given a new face, as they need to play a transformational role in the changing scenario.

- **Fierce competition**: With the advent of globalisation, and entry of MNC's & rapid changes in technology the Indian organisations face a fierce competition. To stand in the market and face the competition successfully has become one of the important challenges of HRD.

- **Innovation for survival:** Nothing is permanent except change. The biggest challenge, which comes before HRD professionals, is to provide development opportunities, latest updation of skills to the present employees. To meet the challenges and fierce competition Innovation is a key to success.

- **World-class Quality-demand of customer**: In today's market Customer is the King. The products are to be manufactured as per the need, demand, want & desire of the customer. Every customer in the market looks for value of money. With increase in competition, and awareness of the customer to maintain quality at an affordable price is the need of an hour.

- **Mergers, Takeovers and Acquisitions**: With increase in competition, entry of MNC's mergers, takeovers and acquisitions are bound to take place. With cross cultural mix, with diverse culture of various employees working in an organisation the HRD department is responsible for providing all kind of developmental opportunities to its employees.

- **High product differentiation achieved by very low manufacturing costs**: Providing a distinct and a different product in the market which can satisfy the needs of the customer. With the increase in competition and ease in availability of substitutes the product should be differentiated with low manufacturing costs. Achieving a differentiation with low cost poses a challenge for HR manages.

- **Extremely short lifecycles of products/services**: As the memory of people is short so are now the lifecycles of product/services short.
- **Quicker response to market.** A good MIS accompanied with good HRD can enjoy the quicker response to market.

The new business environment also poses some challenges to the HR Professional, which he/she should gear himself for:

- **Countering Erosion of trust:** The work place could become a very insensitive place because of business-decisions like lay-offs, Golden Handshakes, etc which might leave those lefts behind in a state of fright and suspicion. It is upon the HR Professional to take up this challenge of bringing in some sensitivity and trust into the work place.

- **Re-humanising:** The past decade saw major efforts in the direction of humanising the work-place. The future might again require major efforts on part of the HR Professional to make bonds which have got more or less severed due to the onset of e-mail, telecommunication, flexitime etc. Employees would see less of each other due to the convenience offered by modern technology.

- **Managing the Contingent Work-force**: A by-product of business strategy of keeping the permanent work force as small as possible, is that, there would be a substantial number of peoples who would be required on contingencies only. This work-force chips in a fairly big way towards the business goals without being treated as part of the organisation. The contingent component could comprise of consultants, specialists, project teams, part-timers, temporary appointee's etc. and the HR Person needs to make them feel required and appreciated.

- **Double-income families**: The trend already is towards both the husband-wife going out of their homes in pursuit of their careers. This trend is only going to increase which would require the HRD to be responsive to their needs. An HR Department which could provide a in-house Leisure-planner, a Travel Manager, and an entertainment adviser would be appreciated.

- **Faster, Non-Fussier Response**: The old bureaucratic ways of queries being replied to after filling up scores of forms and of policies, procedures being kept away in wraps should be challenged. A fresh air of transparency should be allowed to blow across the HRD setup.

- **Individual attention**: As customizing is taking place in the services being offered and products being manufactured keeping in mind the needs of the discerning customer, so should the HR Professional handle the work force. Each individual is different from the other and hence deserves to handle differently. Discard those reams of policies and procedure manuals if they are not tuned to treat the individual knowledge worker in adjust manner.

- **B2B (Back to Basics)**: The HR professional would have to go back to that basic behavioural knowledge and put them to use in order to do justice to the multi-hued workforce. For quite some time these behavioural inputs have been put onto the back burner and more administrative aspects have gained importance, which in turn has been the reason for the HR function to be treated as a non-critical function.

- **Environmental-Scanning**: The latest trends in business and in its own function need to be known to the HR professional more than ever before for adding value to the function. For this the HR professional needs to be in touch with the external environment through any medium possible.

- **Challenges to organization structure**: How the Organisation responds to the tremendous demands made by the market would be the key? The whole organisation structure would need to be more organic than ever before to be able to survive and remain World-class. The stringent and ever increasing demands of the discerning customer would mean that organisations respond to the demands of the market before the competitor does. The structure would have to be lean enough to create synergy and dynamism for disseminating communication quickly across all levels. On the other hand the organisation would require highly competent individuals who take the process of innovation and knowledge-enhancement seriously.

- The business scenario would impact the Organisation structure and on its Manpower Resources because of the change in existing and future organization.
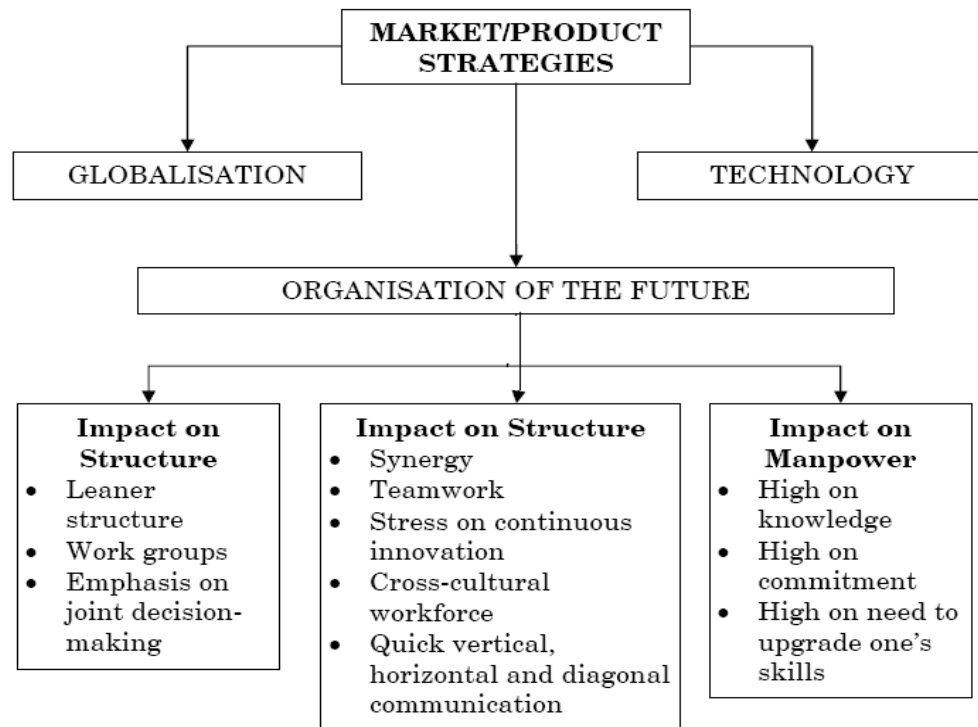

Fig. : 1.3

Increased competition, technological development, and shorter product life-cycles all suggest that organisations must be able to respond more quickly to changes in the future than they have in the past. These conditions will require that the organisations operate differently. These differences will be seen in structure, decentralized decision-making, fewer or no job classifications, multi-skilled work forces, more effective communication among functional groups. To bring about

these changes within the organisation, the HR Professionals need to get in their expertise and help evolve systems, which support the business needs. The key even then would lie with the Human Resources and not with the computers, not with the CNC machines. The most efficient information systems would be only as good as the "people" who make up the fabric of the company.

1.7 Summary

Human Resource Development being one of the most integral parts of Human Resource Management explains the need that the workforce/employees should be developed in such a manner that they prove an asset to the organisation. With minimum resources and less wastages an optimum production can be carried out. HRD helps organisations to provide learning related activities to its employees and employers. Learning related activities include training the employees, educating them and developing them so that the major objective of HRD is accomplished i.e. to develop HR in such a way that it proves an asset to the organisation. As HRD came into existence various models related to HRD are also there such as The Strategic HR Framework Approach, the Integrative Framework, Human Capital Appraisal Approach, HRD Score Card Approach, PCMM Approach. The future looks even more exciting and threatening. The type of challenges which the organisations are going to face in near future results in (i) rapid changes in technology, (ii) transnational suppliers and customers, (iii) fierce competition, (iv) innovation for survival, world-class quality-demand of customer, (v) mergers, takeovers and acquisitions, (vi) high product differentiation achieved by very low manufacturing costs, (vii) extremely short lifecycles of products/services. To face these challenges the HR should have certain well-defined goals in front of them in terms of strategy, assessment, return on investment and technology.

1.8 Self Assessment Questions

1. "Organizations don't change, People change, and then people change organizations." How does HRD change people?
2. Does HRD help in enhancing Quality of Life? If yes, how and also cite at least two examples to justify the statement.
3. Cite a practical example for the challenges faced by any Indian Organisation? What efforts are being put forward to face these challenges?
4. How do you sell the idea of the HR department to the managing partner?
5. If you were an HRD manager what would have been your role in today's scenario to manage resistance to training?

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Unit - 2 : HRD Matrix and Climate

Structure of Unit

2.0 Objectives

After completing this unit, you would be able to:
- Understand HRD matrix
- Evaluate Interrelationship between HRD instruments, processes, outcomes and organizational effectiveness.
- Understand HRD climate in Indian industries
- Knows Contributors to HRD climate
- Examine Sector wise HRD climate and practices

2.1 Introduction

The common concerns about HRM are found amplified in the context of HRD, and performance in work and organisations. The promised ends are tantalising: win–win outcomes for individuals, organisations and nations in the global economy – HRD for individuals to gain entry to work and occupations with career success, HRD for organisations to improve and enhance standards of performance and success, and HRD for nations to compete and prosper. These are the promised ends of HRD, and although achieving them can bring the greatest gratification, it also involves some of the greatest work that many individuals, organisations and nations will encounter. Human Resource Development (HRD) is an interdisciplinary field with the focus on systematic training and development, career development, and organizational development to improve processes and enhance the learning and performance of individuals, organizations, communities, and society (Academy of Human Resource Development [AHRD], 1999). Human Resource Development is a process, which is linked to organizational effectiveness. There are many instruments of Human Resource Development. These Human Resource Development instruments help to create human resource development climate and process. Such human resource development climate should result in more competent, satisfied and committed people; ultimately, these HRD outcomes improve organizational effectiveness. Prof. T.V. Rao has developed a model, which explains the interrelationship between human resource development instruments, process, outcomes and organizational effectiveness known as HRD Matrix.

2.2 What is HRD Matrix?

HRD Matrix identifies the interrelationships between HRD instruments, processes, outcomes and organisational effectiveness. HRD instruments include performance appraisal, counseling, role analysis, potential development, training, reward system, job enrichment, etc. These mechanisms may vary depending upon the size of the organisation, the commitment of the top management, the environment, the culture and climate, the perception of the people, technology used, methods employed by the competitors, etc. It is in the interest of the organisation that the top management should give due weightage to these factors to keep the workforce motivated all the time providing challenging jobs and designing career planning and suitable compensation packages so that trained employees may not leave the organisation.

These instruments lead to generation of HRD processes like role clarity, development planning, development climate, risk-taking and dynamism in employees. Such HRD processes should result in more competent, satisfied and dynamic people is likely to do better than which does not believe in HRD concept and committed people who, by their contributions, would make the organisation grow. Such HRD outcomes influence organisational effectiveness in the long-run. It may be noted that organisational effectiveness also depends on a number of other variable like environment, technology, competitors, etc.

The HRD matrix shows the interrelationship between HRD instruments, processes, outcomes and organizational effectiveness (Fig.,2.1).

- **HRD mechanism or sub-systems or Instruments**: These include performance appraisal, counseling, role analysis, potential development, training, communication policies, job rotations, rewards, job enrichment programmes, etc. These instruments may vary depending on the size of the organization, the internal environment, the support and commitment of the top management, the competitive policies etc.

- **HRD Processes and climate variables**: The HRD instruments lead to the generation of HRD processes like role clarity, performance planning, development climate, risk-taking, dynamism in employees. Such HRD processes should result in more competent, satisfied and committed people that would make the organization grow by contributing their best to it.

- **HRD Outcomes variables:** HRD instruments and processes make people more committed and satisfied, where they tend to give their best to the organization enthusiastically.

- **Organizational Effectiveness:** The HRD outcomes influence the organizational effectiveness, which in turn, depends on a number of variables like environment, technology, competitors, etc.
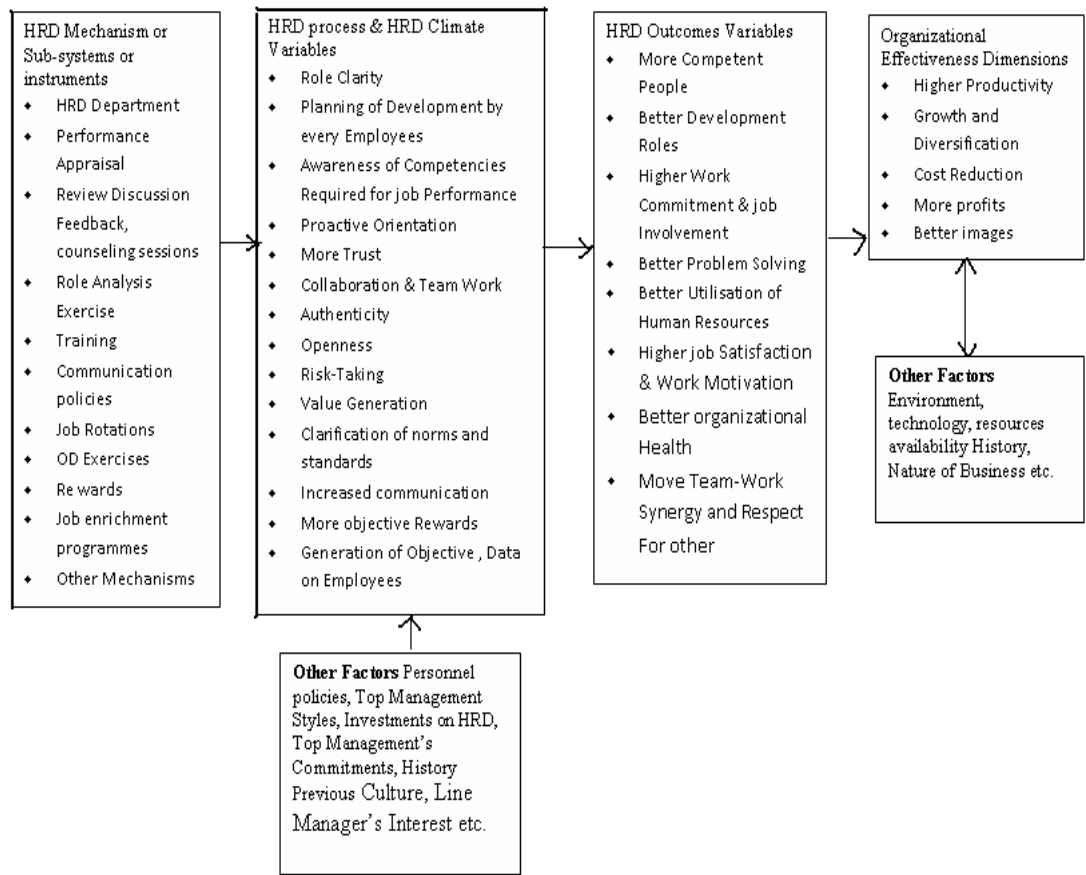
HRD Mechanism or Sub-systems or instruments	HRD process & HRD Climate Variables	HRD Outcomes Variables	Organizational Effectiveness Dimensions
• HRD Department • Performance Appraisal • Review Discussion Feedback, counseling sessions • Role Analysis Exercise • Training • Communication policies • Job Rotations • OD Exercises • Re wards • Job enrichment programmes • Other Mechanisms	• Role Clarity • Planning of Development by every Employees • Awareness of Competencies Required for job Performance • Proactive Orientation • More Trust • Collaboration & Team Work • Authenticity • Openness • Risk-Taking • Value Generation • Clarification of norms and standards • Increased communication • More objective Rewards • Generation of Objective , Data on Employees	• More Competent People • Better Development Roles • Higher Work Commitment & job Involvement • Better Problem Solving • Better Utilisation of Human Resources • Higher job Satisfaction & Work Motivation • Better organizational Health • Move Team-Work Synergy and Respect For other	• Higher Productivity • Growth and Diversification • Cost Reduction • More profits • Better images

Other Factors Environment, technology, resources availability History, Nature of Business etc.

Other Factors Personnel policies, Top Management Styles, Investments on HRD, Top Management's Commitments, History Previous Culture, Line Manager's Interest etc.

Fig. 2.1 A Schematic Presentation of Linkages between HRD Instruments, Processes, Outcomes and Organizational Effectiveness. (T.V Rao, The HRD Missionary, Oxford IBH, New Delhi, 1990)

2.3 HRD Mechanisms

With reference to the dimensions/components/sub-system of HRD, many thinkers and professionals have given divergent views and designed the mechanisms of HRD in different ways. HRD mechanism in sub-systems should be periodically reviewed to ensure/check whether it has resulted in developing desired HRD climate or not. Some of the important human resource development instruments are explained in detail as under:

1. PERFORMANCE APPRAISAL AND MANAGEMENT

Performance appraisal is the process of determining how well a worker is performing his job. It provides a mechanism for identification of qualities and deficiencies observed in an employee in relation to his job performance. The object of appraisal is to determine the present state of efficiency of a worker in order to establish the actual need for training. Performance appraisal consists of a framework of planned goals, standards and competence requirements and plays an important role in integrating the   individual's needs with the organizational needs. Prof. T.V Rao has rightly stated that performance appraisal system has a dual approach (i) Evaluation Approach and (ii) Development approach. Development oriented performance appraisals have gained momentum in the

recent years. Further, achieving human resources development goals through training and development is better than achieving goals through performance appraisal alone.

The process of performance appraisal consists of:

- **Setting standards for performance**: Job Descriptions Defines what people do and how they work together. It helps the organization to assess it stands in terms of its competence of the human resources required at different levels of the organizational hierarchy as against desired/expected level of human resources requirements. it also at identifying the improvement potential of its human resources. According to Byars and Rue, "performance appraisal not only let the employee know how well he is performing but should also influence the future level of effort, activities. Result and task direction"

- **Communicating the standard to the employees**: Staff Supervision Provides a system to develop work plans and monitor performance.

- **Measuring the performance**: Performance Evaluation Provides information to staff and organization on level of performance. It helps in comparing the actual performance with the standards set. It enables the organization to evaluate the present position, strength and weaknesses of its human resources.

2. TRAINING AND DEVELOPMENT

Training and Development are the human resource development instruments or sub-systems used by every organization. The importance of training has increased as a result of fact and constant improvement in the technology. Training is an act of increasing the skill and knowledge of an employee to do a particular job. It aims to increase the efficiency of an employee for a specific job. On the other hand employee development aims at overall development of the employee. It is a future oriented training program. It is aims at development of the employee to occupy senior management positions. So most of the organizations believe not only in recruiting the best in the industry but also in developing their competence

Training is a process that involves the acquisition of skills, concepts and attitudes in order to increase the effectiveness of employees in doing particular jobs. Training is expected to provide the needful stimulus to initiate impulses of changes in management and to improve efficiency, productivity and administrative effectiveness.

- **Staff Training:** A cost-effective way to develop staff and organizational capacity.

- **Management/Leadership Development:** Leadership and good management are keys to sustainability.

- **Links for External Pre-Service Training**: Pre-service Training based on skills needed in the workplace is cost effective.

3. POTENTIAL APPRAISAL

In organizations that subscribe to HRD, the potential (career enhancement possibilities) of every employee is assessed periodically. Such assessment is used for developmental planning as well as for placement. Pareek, Udai and Rao in their discussions of potential appraisal say that in most Indian organizations, the normal practice is to promote people on the basis of past performance. Most

young executives coming to organizations are career minded, ambitious and looking for fast growth.

Business and people have to be managed proactively. Potential appraisal means assessment and identification of inherent capabilities i.e skill, Knowledge. Taking into consideration the dynamic nature of the business, development of new technology, diversification, and monetization, increased must be assessed in advance. Potential development relates enhancing the employee's potential to accept challenges and responsibility to handle higher position in future, thus, potential development aims at identification and development of the potential of employees to occupy key position future and accept responsibility. Potential appraisal provides necessary data which helps in preparing career plans for individuals. It aims at development of latent abilities of individuals. The HRD function has a long way to go in introducing a streamlined potential appraisal system which ensures a good match between the employees and the job.

4. FEEDBACK AND PERFORMANCE COUNSELING

The performance appraisal/evaluation report of employees may be used as feedback information. Management may discuss and evaluate the progress of the subordinate with his in assessing the need for counseling to the employees. Counseling can serve various useful purposes. It may resolve employees' frustration, misunderstanding, It may provide proper guidance to employees to improve their performance capabilities. It may help in improving senior-subordinates relationship. It may help the seniors to understand the problems of their subordinates and vice. It can help the employees to overcome the problems faced by him and make the best utilization of his strengths. It can do help the employees in setting goals and designing as action plan to meet these goals.

Feedback of performance data can be used to monitor individual development and for identifying training needs. Career counseling and verbal rewards are integral parts of review discussions between the superior and the subordinate. Counseling serves several purposes in any organisation. It helps in strengthening the superior and subordinate relationship, helps the executives to understand the limitation of his seniors and problems of his juniors improves communication, thereby facilitating quality decision, helps employees in recognising their strengths and weakness and also help evaluate the impact of their decisions and so on.

5. ROLE ANALYSIS

Role analysis is a participatory process which aims at defining the work content of a role in relation to all those with whom the role occupant has significant interaction in the performance of his job. The concept of role is broader than that of a job. A job is an assignment of work/ task. Each job calls for a specific set of duties and responsibilities. A role consists of the total pattern of expected behavior, interaction and sentiments for an individual possessing an assigned job. Role analysis is process. It aims at defining the contents of a role in relation to all those with whom the employees have to deal and interact performing the job. Rule analysis is identified as an intervention for the purpose of role clarity and performance appraisal.

6. CAREER PLANNING

A career is a sequence of positions occupied by a person during the course of his work life. **Edwin B. Flippo,** states. "A career is a sequence of separate but related activities that provide continuity, order and meaning in a person's life." Career planning is a process. It helps the employees to plan their career. It encourages the employees to analyze and assess their capabilities, and focus of career planning is to help the employees to match their skills and abilities to the needs and demand of organization. It aims at providing accelerated career growth opportunities for efficient and capable employees. So career planning is a systematic process of determination of the career prospects, career development and career growth of an individual employee. It helps to strengthen human development system of the organization.

It is the planning of one's career and implementation of career plans by means of education, training, job search and acquisition of work experiences. It is aimed at generating among employees an awareness of their strengths and weaknesses and at helping them to match their skills and abilities to the needs of the organisation. Without development of people in the organisation , the organisation cannot prosper. Individual career development is considered to be a three step process:

- Identifying and organising skills, interests, work-related needs and values

- Converting these inventories into general careers, fields and specified job-goals and

- Testing the possibilities against the realities of the organisation or the job market

7. JOB ROTATION

Job rotation is another human resource development mechanism or subsystem. This instrument is the least practiced instrument in the industry. This instrument is used to develop managers and supervisors in an organization. The work-task should be rotated among the employees so as to broaden their field of specialisation as well as their knowledge about the organisation's operation as a whole, one should be rotated once a year among the various employees depending upon their qualifications and suitability to perform new works.

It is a systematic and planned programme of interchanging employees from one job to another for a definite period of time provides an opportunity to employees to get them acquainted with other functional areas in development of general management skills. It enables to develop empathy and understand in of functioning of other departments. It aims to develop all-rounder in the organization.

8. JOB ENRICHMENT

Job enrichment refers to widening the contents of a job. It is a deliberate upgrading of responsibility, scope and challenge in work. It is a process which helps the Individual to grow show and steady. It is based on the belief that employees/workers want more responsibility. The success of job enrichment depends on how effectively it is being implemented by the work groups.

9. QUALITY CIRCLE

A quality circle is a small group of employees doing similar or related work who meet regularly to identify, analyse and solve product-quality problems and to improve general operation. The quality circles are relatively autonomous units (ideally about 10 workers), usually, led by a supervisor or a senior worker and organised as work units. The workers, who have a shared area of responsibility, meet periodically to discuss, analyse, and propose solutions to ongoing problems.

10. REWARD SYSTEM

Reward is the compensation to the employees for their services to the organization. Rewards are necessary to retain the services of efficient employee, motivate the employee for better performance. And to attract capable and efficient potential employees to the organization. Employees must be suitably rewarde3d for their contribution to the organization the organization. Employees must be suitably rewarded for their contribution to the organization. Reward may be (i) Extrinsic reward and (ii) Intrinsic reward extrinsic reward is related to monetary benefits such as salary promotion, brings benefits etc. Intrinsic reward is related to the job itself i.e. job satisfaction, pride in word. Reorganization as an individual etc., better rewards help to achieve HRD goals. Most of the successful organizations try to provide a combination of intrinsic as well as extrinsic rewards to their employees. For instance, ITCs human resources philosophy enables them to deliver high quality performance and reward talent with competitively superior compensation. Similarly BSES Ltd. Confers"Meritorious Performance Awards" to encourage employees to contribute to progress, prosperity and growth of organization. So, it motivate the employees to improve their capabilities to become eligible for such intrinsic rewards (i.e. Performance awards etc)

Rewarding employees' performance over and above their normal wages and salaries is considered to be an important task of the HRD. To check frustration is rewarding the efficient workers for their work which may be known as incentive. It will lead to better utilisation of human resources at all levels which is easy, cheapest, quickest and surest means of increasing productivity. Rewarding employee performance and behaviour is an important part of HRD. Organizations with better learning, training and development systems, reward and recognition, and information systems promoted human resource development climate:

11. ORGANIZATIONAL DEVELOPMENT

Bennels states," Organization development (OD) is a complex educational strategy intended to change the beliefs, attitudes, values and structure of organizations so that they can better adapt to new technologies, markets, and challenges", In simple words. Organization development is a systematic process of managing change. It is a planned effort initiated by top management to improve the organization's health and effectiveness. It improves the problem-solving process in the organization.

According to Edwin B. Flippo, "OD is a planned and calculated attempt to attain some specific goals such as (a) Decision On the basis of Competence (b) Creatively conflicts (c) Maxim sings collaborations (d) Increasing commitment and a sense of ownership (e) Increasing the degree of interpersonal trust and support (f) Creating a climate in which human growth, development are a natural

part of the enterprises daily operation, and (g) Developing a Communication system characterized by mutual openness in solving organizational problems".

OD process includes the following steps:

(i)   Diagnosis/Identification of the problem

(ii)   Planning strategy to introduce change

(iii)   Use interventions; OD practitioners, consultants, change agents may be consulted; organization development may use various interventions such as sensitivity training, management by objective programs, survey feedback management grid etc .

(iv)   Evaluating implementation of change.

Organisation development is an organisation-wide, planned efforts managed from the top, placing emphasis on making appropriate intervention in the ongoing activities of the organisation. OD provides a normative framework within which changes in the climate and culture of the organisation towards harnessing the human potential for realisation of organisational objectives.

12. QUALITY OF WORKING LIFE:

The condition under which the workers work and live, assume the form of another important factor contributing to workers satisfaction or otherwise and consequently the job satisfaction. In order of priorities, it comes next to the earning of a worker in the Indian context. For an employee to be able to work at his best, it is necessary to understand that inadequate working and living condition produce adverse mental and physical effect on the employee, ultimately causing decline in the efficiency.

2.4 HRD Process

Human resource development mechanism or sub-system or instrument leads to development of desired human resources development climate or process. Human resource development culture is an essential part of the organizational climate HRD (Human resource development) processes facilitate the development of an HRD (Human Resource Development) culture in the organization. In the words of T.V Rao, Human resource development climate is the perception," Human resource development experts use the term' OCTAPACE" to express the important features of human resource development climate. The salient features of human resource development culture are as presented in the following figure.
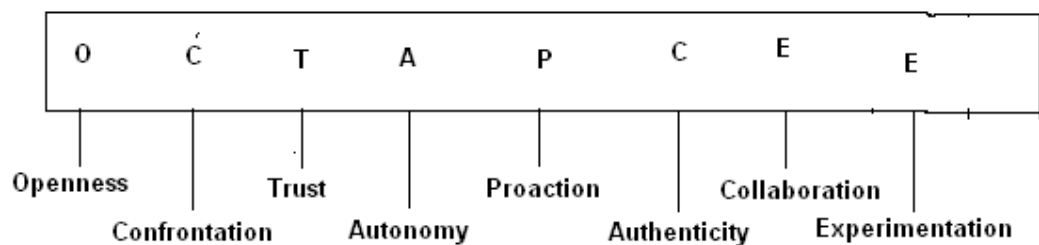

Fig: 2.2

28

Human resource development climate in an organization is reflected by its role, clarity, openness, trust, team-work proactive orientation, planning of development of every employee etc, HRD departments are a sub system in is in instrument to initiate HRD culture and culture and achieve objectives of HRD.

Human resource development climate and processes are dependent on personnel policies, top management style, investments on HRD, top management commitments. Line manager's mechanism and human resource development processes and climate can be explained as under:

(a) HRD mechanisms are most useful instruments/interventions to develop a healthy HRD climate.

(b) HRD instruments are used to develop desired human resource development processes. For instance, performance and potential appraisal help to asses and determine the competence required for job performance. Review, discussion, feedback, counseling session help in building trust and better senior-subordinate relations. Role analysis exercises result in role-clarity in the organization. Training and potential development exercises have proactive orientation. Job enrichment is a deliberate exercise of upgrading of risk and responsibility in work-group. OD exercises help to mange change and problems in the organization. It promotes openness, effective, communication, inter-departmental collaboration in the organization. It aims at providing a climate for human growth and development.

(c) HRD climate is dependent on human resource development mechanism as well as personnel policies, top management styles etc.

(d) HRD mechanism and personnel policies should be periodically reviewed to create/develop desired human resources development climate.

Human resourced development facilitates development of and enabling culture in an organization enabling culture means creating an environment where employees are motivated to take initiative and risk they feel enthused to experiment, innovation and they make things happen. To archive and to create the effect the effective HRD certain points must be studied and considered seriously for having effective HRD program me. So, the following prerequisites are essential:

(1) Approach to Top Level Management:- The main goal of the HRD is to develop the capabilities of each employee as an individual, in relation to his present job and future role. The can be done only having a knowledge of capabilities. Limitations and problems of the employees of the concern. Obviously this information can be collected by top level measurement by being in touch with the employees at all levels of measurement. Top executives should frequently visit the work place of the workers and spend time with them. So the top-level management must try to know the capabilities and problems of the workforce of the organization as all levels. By adopting this approach top management can better utilize the capabilities of the available workforce and creating trust among the people of the organization. The also help in reducing the communication gap and resolve grievances, If any, between workforce and management.

(2) Communication System and Feedback:- A successful implementation also depends on proper communication and feedback system. A proper communication should be developed and implemented. It should be such which provide all important information to the employees from the beginning to the end This system should be format as well as informal. As we know a communication system is connected with feedback so the Importance of feedback should be understood in full and reliable feedback system should be structured.

- Employee data allows for appropriate allocation and training of staff, tracking of personnel costs.

- Computerization of data accessible and accurate and timely data is essential for good planning.

- Personnel files provide essential data on employee's work history in organization.

(3) Conditions for Growth and Development:- Human resources are the most important assets in the organization. They can be developed to an unlimited extent. For that a healthy organizational climate (openness, trust collaboration) should be developed. The progress of the company must be shared with the employees; their efforts should be appreciated and recognized by giving those rewards, promotions, incentives etc. Their excellence should be rewarded in an appropriate and acceptable way. At the same balanced can also be given, if required, in normal or exceptional circumstances. So a balanced environment among all these should be maintained, so as to create the conditions for development of workers.

(4) Investments in HRD Program me:- There are no shortcuts to success. The maintenance of a healthy working climate and the development of its human resources is very complicated process. So to ensure the desired results the top level management and HRD professionals must invest proper time, funds and energy in each and every program me related to HRD The top level management must clear the path, create a development climate and help the employees to realize their potential.

- Budget allows for consistent HRD planning and relating costs to results.

- HRD Staff dedicated to HRD are essential to policy development and implementation

(5) Proper utilization of Human Resource Skills:- HRD managers must try to make proper utilization of available and potential human resource skills. Manpower planning and right sizing of human resources may be used for this purpose.

- Mission and Goals Mission provide direction to HRD activity and to the work of the staff.

- HRD planning allows HRD resources to be used efficiently in support of organization goals

(6) **Decentralization:-** There should be proper system of involvement of persons of all levels of management. If the proper importance is given to each person this creates the sense of belonging and commitment among the worker. Although major policy decisions, may be centralized but other

important decisions should be made with the involvement of various subordinates. A balanced approach should be maintained in the centralization and decentralization.

(7)   Personnel Policy and Practice

Job classification system allows organization to standardize the jobs and types of skills it requires. Compensation and benefits system allows for equity in employee salary and benefits, tied to local economy. Recruitment, hiring, transfer and promotion assure fair and open process based on candidates' job qualifications. Orientation program helps new employees to identify with the organization and its goals/values. Policy manual provides rules and regulations that govern how employees work and what to expect. A discipline, termination and grievance procedure provides fair and consistent guidelines for addressing performance problems. A union relationship promotes understanding of common goals and decreases adversarial behaviors. Labor law compliance allows organization to function legally and avoid litigation.

2.5 HRD Outcome Variables

Human resource development mechanism generates human resources development climate and processes human resource development climate and processes generate human resources development outcomes. Thus human resource development outcome is the result of human resource development mechanism and human resource development processes. Better human resource development climate results in better human resource development outcomes e.g. mare competent, satisfied and committed employees besides these outcomes, it results in better utilization of internal resources, team-work and better organizational health. An organization with competent and satisfied people is likely to be more effective in comparison development an outcome in the matrix is explained as under.

- HRD outcomes are the result of HRD climate and processes.
- Better HRD climate and processes result in more competent, satisfied and committed people.
- HRD processes are many whereas HRD outcomes are limited.
- HRD outcomes generate and determine organizational effectiveness.
- An organization with competent and committed workers is likely to be more effective.
- An organization with poor HRD outcomes is the result of poor HRD climate, poor policies and commitment of its top management it shows that there is need of improvement in organizational climate and processes.

2.6 Organisational Effectiveness Dimensions

People are the most important assets of the organization it is not merely a decorative place in the hardware of an organization. They must be treated as human. The great or big organizations have always had good faith in their manpower and their capabilities so it is very important to get the people who are winner but is even more important to retain those winners. Due to acceptance of this concept human resource development is in the limelight these days, but the

question is what does the HRD means at macro and micro level? The answer to it is not as easy as seems to be. HRD is essentially treated as a collective human and team effort, directions towards improving of human abilities available in a given environment. It is mainly related with the development of inner potentials of people working with the organization. One more objective of HRD is to develop the innovative or newer capabilities in the people so as to make them competent to face the present as well as further challenges. HRD concept applies to both macro as well as micro level.

- **Micro Level**

  For any dynamic and growth oriented unit HRD activities play a very crucial role. In the present fast changing environment, organization cannot think of its survival without human resource development. It is like a small wonder for the organization with the help of which a unit can achieve its objective in an effective way. Normally, HRD at micro level performs the task of organization's manpower planning, selecting, training, performance appraisal, development potential appraisal compensation, organizational development etc. All these activities collectively provide a newer Science in the organization. Human resources development's involvement in the all the above stated areas provide advantage to the concern in the form developed manpower. Development here is related with the development of new capabilities among employees of the concern. With this they can achieve and face and present sub and challenges of the future.

- **Macro level**

  At the macro level, HRD is related with the development of people and nation as a whole. This takes wealth. Capabilities, skill, activities of people which are more useful to the development among them and nations for overall development as well as while calculating the national income Indicators like national income, economic planning. In spite of importance of HRD at level it has not achieved more popularity at the national or macro level. One thing however is certain that human resource development is a collective human effect directed towards recognizing and improvising the human abilities available in a given environment. So to achieve the benefit of human resource development it is essential to understand the micro and macro concepts of the human resources development.

Organizational effectiveness is critical to success in any economy. In order to achieve increased and sustainable business results, organizations need to execute strategy and engage employees. To create organizational effectiveness, business leaders need to focus on aligning and engaging their people, the people management systems, and the structure and capabilities (including organizational culture) to the strategy.

• A "fit for purpose" structure where people understand expectations and accountabilities

• People systems and processes that drive the right behaviors

• Capable and credible leadership

• A positive work environment

- **Right Management's Organizational Effectiveness Framework :**

  The challenge for businesses seems simple: align and engage your workforce to a clearly articulated strategy. However, this can be difficult to achieve. It

requires a holistic, coordinated effort to put a number of key elements or building blocks in place. The key elements of organizational effectiveness, as illustrated in the figure below, are needed to drive employee engagement in an organization. Engagement influences the customers' experience and, ultimately, the overall performance of an organization in terms of productivity and profitability. There are some fundamental relationships between organizational elements that work together to deliver a well-executed strategy through an engaged workforce, resulting in a great customer experience, high performance, and profitability:

Fig 2.3 Right Organizational Effectiveness Management's Framework
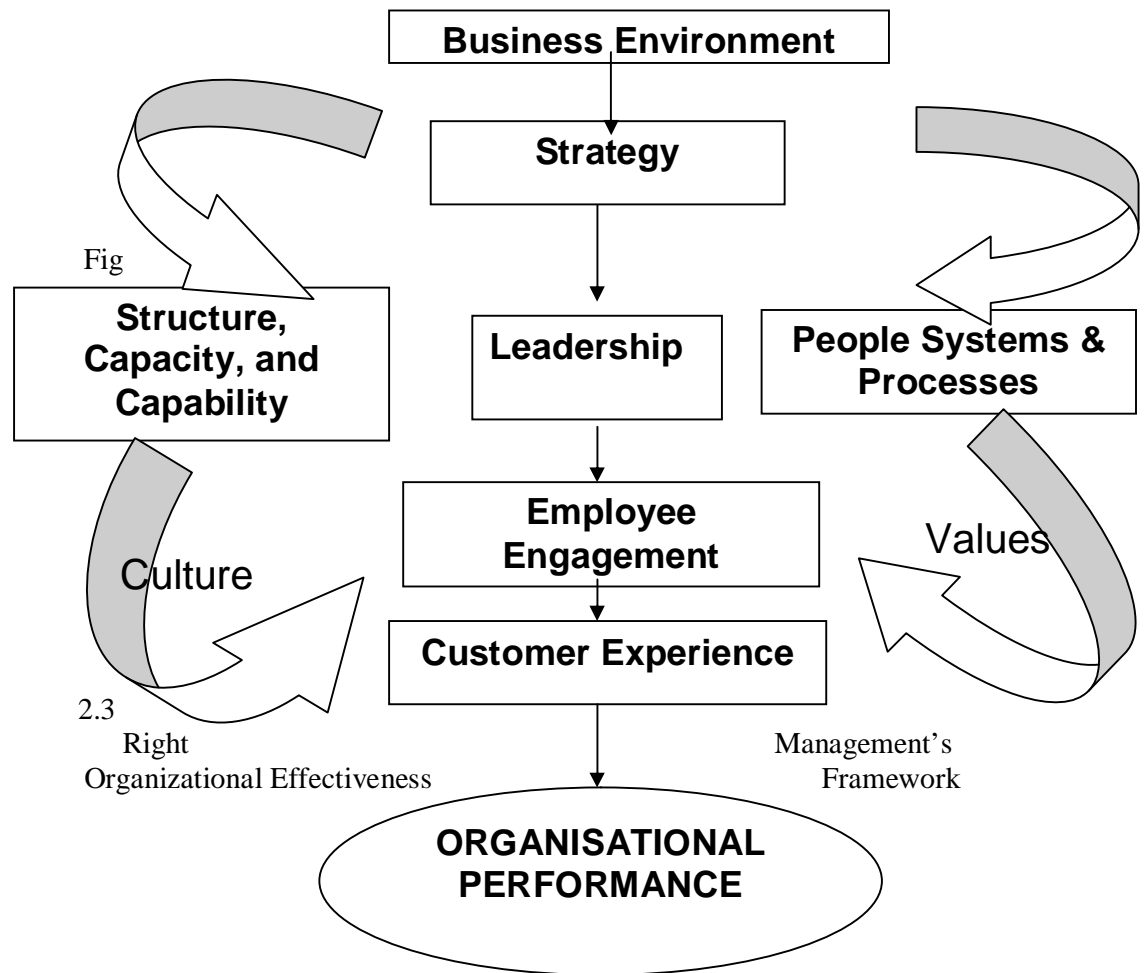
How do you achieve organizational effectiveness? Through an integrated framework that address the following organizational effectiveness elements:

- **Strategy:** The role, purpose, and strategic direction that summarizes the work of the organization and/or division being clear and appropriate.
- **Structure, Capacity, and Capability**: Capable people doing the right work through a "fit for purpose" structure and clearly described role accountabilities and relationships.
- **Leadership:** Leaders have the capability and capacity to drive sustainable business success.

- **People Systems & Processes:** Leaders need to be supported by good people systems and processes. These systems and processes work in organizations to send messages, share information, and make well-informed decisions across the business. Organizational processes and systems are an extension of leadership, creating consistency and trust.
- **Culture & Values:** A set of shared, basic assumptions about how to behave and carry out work within the organization that is aligned to business strategy. The systems, symbols, and behaviors that leaders and other employees are exposed to within an organization must align to the desired culture to achieve the business strategy.
- **Employee Engagement**: High numbers of engaged employees whose hearts and minds are aligned with both the job that they do and the organization that they work for. Engaged employees are:
  - Satisfied with their current job and their organization as an employer.
  - Committed to making the job and organization successful.
  - Proud of their organization and the work they do.
  - Willing to positively talk about their job and the organization.
- **Customer Experience**: High levels of customer satisfaction and loyalty achieved through employees being aware of customer needs, acting on customer feedback, and being supported to deliver what customers require. Organizations are environmentally responsible and support the community.

Integration of the first five elements will produce powerful and mutually reinforcing results: a true performance-based, customer-focused culture. No single initiative can create organizational effectiveness. Excellence is required across the full range of organizational effectiveness framework elements if competitive strength is to be achieved.

2.7 HRD CLIMATE

HRD climate helps the employees to acquire required competencies that would enable them to execute their present or future expected roles and aids in developing their capabilities for better Organizational Performance. Though the measures of Organizational Performance are many ranging from financial to behavioural ones', but researcher has focused only on single measure i.e. Job Satisfaction because of dearth in amount of studies exploring this relationship.

An organisation's success is determined as much by the skill and motivation of its members as by almost any other factor. While this has always been true, recent changes focus attention on ways human resources development activities can be used to ensure organisations have what it takes to successfully meet the challenges (Desimone et. al. 2002). Human Resource Development (HRD) is a process by which the employees of an organization are helped, in a continuous, planned way, to: 1) acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles, 2) develop their general cap-abilities as individuals and discover and exploit their potentials for their own and/or organizational development purposes, and 3) develop an organizational culture in which upervisor-subordinate relationships, teamwork, and collaboration among sub-units are strong and contribute to the professional well being, motivation, and pride of employees (Rao 1985).

HRD climate is characterized by the tendencies such as treating employees as the most important resources, perceiving that developing employees is the job of every manager, believing in the capability of employees, communicating openly, encouraging risk taking and experimentation, making efforts to help employees recognize their strengths and weaknesses, creating a general climate of trust, collaboration and autonomy, supportive personnel policies, and supportive HRD practices.

An optimal level of development climate is essential for facilitating HRD activities (Rao & Abraham 1986). The top management subscribing to these values is a starting point. When a critical mass internalized these values, there emerges a conducive climate for HRD. This positive HRD climate renders the existing systems more effective and makes the organizations more receptive to the introduction of relevant additional system (Athreya 1988). A healthy HRD climate certainly bolsters the overall internal environment of the organisation, fosters employee commitment, involvement and satisfaction with the job.

Earlier Studies Centre for HRD, Xavier Labour Relations Institute (XLRI) developed a 38-item HRD climate questionnaire to survey the extent to which development climate exists in organisations. Using this instrument the first survey of HRD climate in   Indian organisations was carried out by Rao and Abraham (1986). They found that the general HRD climate in the organizations appears to be at an average level (54%). The most important factor   contributing to this seems to be a general indifference on the part of the employees on their own development. In another study, Abraham (1989) observed that HRD climate is a power full intervening variable in translating HRD practices into profit. Venkateswaran (1997) found that, to a large extent, a favourable HRD climate was prevalent in a public sector undertaking in India. Srimannarayana (2001) identified below average level of HRD climate in a software organization in India. However, Agarwala (2002) found that the HRD climate was significantly more developmental in IT industry when compared to the automobile industry. Mishra & Bhardwaj (2002) concluded that the HRD climate in a private sector undertaking in India was good. Rodrigues's (2004) study in the engineering institutes in India found the HRD climate highly satisfactory. Srimannarayana (2007) found that a moderate HRD climate was prevai ling in Dubai organisations. Pillai's (2008) study identified that HRD climate existing in banks as moderate. This study further found that a supportive HRD climate in banks stimulated the learning orientation of the employees.

2.7.1 General HRD Climate

The general climate deals with the importance given to human resources development in general by the top management and line managers. It is the supportive climate that is essential for proper implementation of HRD initiatives.

OCTAPACE Culture:

OCTAPACE (Openness, Confrontation, Trust, Autonomy, Pro-Activity, Authenticity, and Collaboration, Experimentation.) culture is essential for facilitating HRD. The culture is valued and promoted in the organization.

- **Openness** is present when employees feel free to discuss their ideas, activities, and feelings with each other.

- By **confrontation** problems and issues are brought out into the open with a view to solving them rather than hiding them for fear of hurting or getting hurt.

- **Trust** is taking people at their face value and believing what they say.

- **Autonomy** is giving freedom to let people work independently with responsibility.

- **Proactivity** is encouraging employees to take initiative and risk.

- **Authenticity** is the tendency on the part of the people to do what they say.

- **Collaboration** is to accept interdependencies, to be helpful to each other, and work as teams (Rao & Abraham 1986).

- **Experimentation.**

HRD Mechanisms

Successful implementation of HRD involves taking an integral look and making efforts to use as many mechanisms as possible (Rao & Abraham 1986). Training, performance appraisal, feedback and counseling, performance rewards, potential appraisal, career planning, employee welfare, and job rotation are some of the HRD mechanisms.

OCTAPACE culture seems to be more favourable than the other categories such as general HRD climate and implementation of HRD mechanisms.

2.7.2 Sectorwise HRD Climate

More favourable HRD climate was prevailing in the manufacturing sector (62.39%) than in service and IT sectors. Manufacturing sector secured better scores than IT and service sectors in all the three categories of HRD climate. The service sector occupied second place followed by IT sector.

The important factors that contributed to more favourable HRD climate in manufacturing sector were: 'when seniors delegate authority to juniors, the juniors make use of it as an opportunity for personal development', 'people are helpful to each other in these organisations', 'attending training programmes seriously' and 'top managements' believe that human resources are extremely important resources'. The factors that contributed to relatively less favourable climate in service sector when compared to manufacturing sector were: 'employees in service sector do not take much pains to find out their strengths and weaknesses from their supervising officers or colleagues', 'the top management did not go out of its way to make sure that employees enjoy their work', and 'the personnel policies in this sector are not that much effective in facilitating employee development'.

With respect to IT sector, the impediments for better HRD climate were: 'inadequate mechanisms to reward any good work done or any contribution made by employees', 'not much encouragement for employees to experiment with new methods and to try out creative ideas', and 'lack of desired concern for development of subordinates on the part of managers'.

2.7.3 HRD Climate Contributors: The most important factors that contributed towards such a climate were found to include:

(a)   Using delegation of authority as an opportunity for developing juniors.

(b)   Helpful nature of people in the organizations.

(c)   When employees are sponsored for training, they take it seriously and try to learn from the programmes they attend.

(d)   Top management believes that human resources are an extremely important resource and that they have to be treated more humanly.

(e)   Employees are sponsored for training programmes based on identification of training needs.

(f)   When any employee makes a mistake his supervisors treat it with understanding and help him to learn from such mistakes rather than punishing him or discouraging him.

(g)   Seniors guide their juniors and prepare them for future responsibilities/roles they are likely to take up.

(h)   Employees are not afraid to express or discuss their feelings with their subordinates and

(i)   Team spirit

Some important areas for improvement include job rotation that facilitates employee development, employees' initiative to find out their strengths and weaknesses from their supervisors and colleagues, information on career opportunities to the employees, encouragement for experimenting with new methods and explore creative ideas, top management's willingness to engage time and energy, and organizational resources to ensure employees development, and providing more employee welfare activities.

2.8 Summary

HRD Matrix identifies the interrelationships between HRD instruments, processes, outcomes and organisational effectiveness. HRD instruments include performance appraisal, counseling, role analysis, potential development, training, reward system, job enrichment, etc. These mechanisms may vary depending upon the size of the organisation, the commitment of the top management, the environment, the culture and climate, the perception of the people, technology used, methods employed by the competitors, etc. It is in the interest of the organisation that the top management should give due weightage to these factors to keep the workforce motivated all the time providing challenging jobs and designing career planning and suitable compensation packages so that trained employees may not leave the organisation. A comparative analysis reveals that the organisations in manufacturing sector could provide better HRD climate than service and IT sector organisations. Overall HRD climate in India has improved marginally over a period of time. The general indifference on the part of employees to their own development and a good deal of lip sympathy and intellectual positivism to HRD but no emotional investment continue to contribute to this situation. The top managements in the respective organisations might therefore adopt human resource practices by investing a considerable part of their time and other resources to ensure the development of employees.

2.9 Self Assessment Questions

1. What do you understand by human resource development? Explain the various sub-systems of hum resource development.

2. Write a detailed note on human resource development culture and climate.

3. Explain human resource development climate and discuss its various components.

4. Write detailed note on human resource development mechanism or sub-systems or instruments of human resource development.

5. Write a note on OCTAPACE Culture.

6. Explain the human resource development processes and human resources development climate variables.

7. Explain Right Management's Organizational Effectiveness Framework.

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Unit – 3 : HRD Process Models

Structure of Unit

3.0 Objectives

After completing this unit, you would be able to:

- Understand the connections between HRD and strategy
- Understanding HRD Process Model and its constituents
- Discuss the effectiveness of HRD
- Explain how HRD strategy is formulated
- Explain how HRD strategy is implemented
- Explain how HRD strategy is evaluated

3.1 Introduction

HRD is based on the two assumptions: HRD makes sense only when it contributes towards business improvement and business excellence. HRD also strongly believe that good people and good culture make good organizations. The most important HRD function is to build competencies in each and every individual working in an organization. Competencies are to be built and multiplied in roles and individuals. Competencies will not make sense without commitment. Think of an organization where all the employees are competent but not willing to put into use their competencies. Hence, competencies without commitment will not contribute towards effectiveness.

HRD ensures that culture-building practices are adopted from time to time to create a learning environment in the organization. It builds such a culture that the built-in culture in turn will build competencies and commitment in the people who work with the organization. HRD is a process-oriented function. HRD functions in many organizations fail because the processes involving the systems are not adequately addressed.

3.2 Understanding HRD Process Model

The concept of process essentially concerns the question of "how" and to a great extent the question of "why ".   It emphasises the behavioural and interactional dimensions. It is through these processes that the HRD systems are effectively implemented. Implementations of the HRD systems are, in turn indented to bring

in right processes in organizations. Hence HRD systems and HRD processes are closely linked. Their relationships are well explained by Rao (1990).

HRD as an organisational process comprises the skilful planning and facilitation of a variety of formal and informal learning and knowledge processes and experiences, primarily but not exclusively in the workplace, in order that organisational progress and individual potential can be enhanced through the competence, adaptability, collaboration and knowledge-creating activity of all who work for the organisation.

HRD as a process occurs within organizations and encapsulates:

1. Training and development (TD): the development of human expertise for the purpose of improving performance

2. Organization development (OD): empowering the organization to take advantage of its human resource capital.

3.3. Constituents of the HRD Process

All the HRD processes are centered on **four constituents** of an organization viz., the **employee, role, teams and the organization** itself.   Each of the unit has its own behavioral patterns and framework, which, if not addressed adequately may not bring in the desired outcomes**.**

3.3.1. Individual as a constituent

Individual is the basic constituent of an organization. All the behavioural pattern and dynamisms emerge from individuals. Hence individual based HRD process explained below are vital for HRD function and for implementation of the HRD systems.

• **Efficacy:** Human Resources ability to produce a desired or intended result.

• **Efficiency and Effectiveness**: Efficiency and effectiveness are both commonly used management terms. Efficiency refers to doing things in a right manner. Scientifically, it is defined as the output to input ratio and focuses on getting the maximum output with minimum resources. Effectiveness, on the other hand, refers to doing the right things. It constantly measures if the actual output meets the desired output. Since efficiency is all about focusing on the process, importance is given to the 'means' of doing things whereas effectiveness focuses on achieving the 'end' goal. Efficiency is concerned with the present state or the 'status quo'. Thinking about the future and adding or eliminating any resources might disturb the current state of efficiency. Effectiveness, on the other hand, believes in meeting the end goal and therefore takes into consideration any variables that may change in the future. Efficiency will look at avoiding mistakes or errors whereas effectiveness is about gaining success.

• **Personal Styles**: An individual is a unique, a special combination of personality, cognitive abilities, attitudes and values. Personality traits that are particularly important in organizations are locus of control, self-esteem, risk-taking, and competitiveness. These are:

1. **Self-esteem**: the evaluation you make of yourself in terms of your worth as a human being.

2. **Risk-taking**: the tendency to take the chance of a loss in order to make a larger gain.

3. **Competitiveness**: how people see themselves in relation to others.

4. **Belief**: a particular matter that you consider to be true or false.

5. **Values**: broad principles that underlies your beliefs.

6. **Job satisfaction**: a person's positive or negative evaluation of their job.

7. **Organizational commitment:** a person's emotional attachment to and identification with their organization

• **Leadership:** Leadership is a process of influencing the behaviour of people at work towards the achievement of specified goal. The following elements must be present in the leadership. The influence should be to get the willing co-operation of the employees and not the forceful co-operation. Leadership shows interpersonal relationship between leader and followers. Major instruments applicable to development of individual are explained below:

Career planning - is the process of establishing career objectives and determining appropriate educational and developmental programs to further develop the skills required to achieve short- or long-term career objectives.

Performance appraisal - is the process of obtaining, analyzing and recording information about the relative worth of an employee.

Training - Organized activity aimed at imparting information and/or instructions to improve the recipient's performance or to help him or her attain a required level of knowledge or skill.

Counseling - Support process in which a counselor holds face to face talks with another person to help him or her solve a personal problem, or help improve that person's attitude, behavior, or character.

3.3.2. Role as a constituent

Role is a dynamic entity which involves the expectations of significant others and self from the position of the role holder. A large number of behavioural patterns and dynamism in organizations are centered on the roles. The role occupier and all others who have some linkage or relationship to that role form a constituent. Following are some of the role related HRD processes in organizations:

•   **Competencies for job performance**: Core competencies required for effective job performance involves the following:

1. **Establishing Focus:** The ability to develop and communicate goals in support of the business' mission.

2. **Providing Motivational Support:** The ability to enhance others' commitment to their work.

3. **Fostering Teamwork:** As a team member, the ability and desire to work cooperatively with others on a team; as a team leader, the ability to demonstrate interest, skill, and success in getting groups to learn to work together.

4. **Empowering Others:** The ability to convey confidence in employees' ability to be successful, especially at challenging new tasks; delegating significant responsibility and authority; allowing employees freedom to decide how they will accomplish their goals and resolve issues.

5. **Managing Change:** The ability to demonstrate support for innovation and for organizational changes needed to improve the organization's effectiveness; initiating, sponsoring, and implementing organizational change; helping others to successfully manage organizational change.

6. **Developing Others:** The ability to delegate responsibility and to work with others and coach them to develop their capabilities.

7. **Managing Performance:** The ability to take responsibility for one's own or one's employees' performance, by setting clear goals and expectations, tracking progress against the goals, ensuring feedback, and addressing performance problems and issues promptly.

8. **Attention to Communication:** The ability to ensure that information is passed on to others who should be kept informed.

9. **Persuasive Communication:** The ability to plan and deliver oral and written communications that make an impact and persuade their intended audiences.

10. **Interpersonal Awareness:** The ability to notice, interpret, and anticipate others' concerns and feelings, and to communicate this awareness empathetically to others.

11. **Influencing Others:** The ability to gain others' support for ideas, proposals, projects, and solutions.

12. **Building Collaborative Relationships:** The ability to develop, maintain, and strengthen partnerships with others inside or outside the organization who can provide information, assistance, and support

13. **Analytical Thinking:** The ability to tackle a problem by using a logical, systematic, sequential approach.

- **Commitment:** Employee commitment allows an organisation to grow and gain in competitiveness and is thus a key variable determining employee performance. Commitment is the level of connection that employees feel towards the organisation. Committed employees contribute added value to the organisation because they are more determined, give pro-active support, produce more and pay attention to quality. Furthermore, they do not report sick so often and are less likely to leave the organisation. It is important for an organisation to provide clarity as to its identity and vision, and make it clear what the employees are contributing. However, satisfaction regarding the manager and the working atmosphere can also affect commitment.

There are three types of commitment. For example, you have employees who identify with the organisation. These employees engage with the organisation because they feel at home with it (affective commitment). On the other hand, some employees feel they have to stay with the organisation because, for example, the organisation cannot manage without them (normative commitment). Finally, there are employees who carry on working for the organisation mainly because they have no alternative because, for example, there are no other job prospects or simply because of the money (continuing commitment).

- **Motivation:** Motivation is seen as the will and enthusiasm that people have to do or carry out something. Motivation at work is connected with basic human requirements:

1. **Job security**.

2. **Variety:** e.g. having variety in one's work

3. **Wanting to have significance**: the feeling that you are needed and that you are making a contribution

4. **Connectedness:** involvement with the organisation and contact with other people

5. **Growth:** the need to make progress, mentally (knowledge), emotionally or financially

6. **Willingness to contribution**: wanting to make a contribution to the 'big picture', to perform well.

- **Frustration:** Frustration is a result of interpersonal interactions which will be resulted when a motivated drive gets blocked before reaching a desired goal. The following factors causes frustration.

1. **Limited Resources:** When an adequate resource is not available in the workplace, the job performance will be negatively influenced. As a result of which frustration may arise among employees

2. **Unclear Relationship:** Unclear relationship between employees to employees or employees to managers causes frustration. If the relationship is not defined clearly, it will be impossible to assign tasks to the employees as per their status, position and ability

3. **Unclear communication:** Effective communication plays a vital role in motivating employees towards better job performance. If the flow of communication is not defined clearly, it will cause employee's frustration. It is because unclear communication blocks the regular flow of work, job performance techniques, objectives and suggestions

4. **Status and Role Inconsistencies:** If an employee's role and status is not consistent, he/she will be frustrated. This is because of frequent change in role. status, and position creates confusion and dilemma in actual work environment

5. **Goal Difference**: Goal difference is goal inconsistency between individual to individual. The goal difference occurs due to individual differences in goals, objectives, needs and wants. Such goal difference between each and every employees leads to employee's frustration.

6. **Personal Background:** Everyone has his/her own family, societal, cultural background, and way of perception. If such backgrounds differ from the organizational culture, and working relationships, the individual may feel frustrated from the work

7. **Organizational Climate:** Organizational climate represents an overall working environment and relationship of the organization. Healthy and friendly environment helps to motivate people at work. On contrary, unhealthy and uncomfortable working environment leads to employee's frustration

8. **Lack of Goal Harmony:** Goal harmony means a proper match between individual goals and organizational goals. A proper goal harmony creates improved job performance thereby resulting higher degree of motivation. Contrary to it, the lack of it creates employee's frustration.

9. **Poor Staffing:** Staffing involves all activities necessary to create roles and responsibilities in organizational environment. Poor staffing results into less commitment, as a result of which, employees may be frustrated

10. **Lack of Effective Personnel Policy:** If the organization is lacking an effective personnel policy, the employees will not commit themselves towards better performance. As a result, frustration occurs at work station.

11. **Lack of Incentive and Motivation Procedure:** The best incentive and motivation procedure helps to achieve high job satisfaction. But in case of its inadequacy, employees feel frustrated at work because they feel bored by performing hideous work

• **Satisfaction:** Satisfaction is a general feeling of well-being, of contentment with certain matters. Satisfaction is the foundation for every employee in every company. That feeling of contentment affects the employee in many respects: it affects whether he happily goes to work, whether he can work well with colleagues, whether he feels committed to the organisation and he is motivated to do his work. As soon as a feeling of dissatisfaction about something creeps in, this can negatively affect the employee's motivation and commitment. It may result in the employee starting to look around for another job, but it can also mean that he becomes less productive or he may take out his dissatisfaction on colleagues, thereby negatively affecting them as well.

• **Retention:** The reasons for leaving vary from one employee to another. They are frequently a combination of personal needs and work-related needs. Staff turnover is a problem for many organisations. It usually involves high costs. Recruiting new personnel costs not only money but time as well. And apart from that, high costs are incurred because the organisation has invested a lot of money in getting new staff up to speed and sometimes in specific courses and training sessions. When an employee leaves, this creates a knowledge gap. This is because there is not always the time and opportunity to transfer the specific knowledge possessed by the employee to his colleagues or to a new employee. If no new employee has been found, much of the work will fall on the shoulders of colleagues. The latter still have their own task to perform, so the pressure of work is increased. In short, costs are incurred in many different ways, material and non-material, when employees leave.

The organisation and the team may feel relief at seeing the departure of an employee who is less productive and (probably) has a negative attitude. In that case, staff turnover has a positive function: the loss of one employee may make room for new blood - someone who is motivated and willing to pull his weight. The staff turnover is then a win-win situation for the employee and the organisation. For both, it provides an opportunity for new challenge and increased pleasure in work.

• **Loyalty:** Loyal employees are true to the organisation because the organisation has their best interests at heart. The most important aspect for loyalty is reciprocity. If employees feel that the organisation has their best interests at heart, they will have the best interests of the organisation at heart. The degree of loyalty felt by employees is therefore largely determined by the behaviour of the organisation itself. Committed employees are keen to continue working for the organisation because they support its policies and objectives. They identify with the organisation and work hard because they feel at home with it. For an

organisation, therefore, it is important to have committed employees as well as loyal employees.

- **Stress & Burnout**: The ability to keep functioning effectively when under pressure and maintain self control in the face of hostility or provocation.

By managing stress effectively an employee:

- Remains calm under stress.
- Can effectively handle several problems or tasks at once.
- Controls his/her response when criticized, attacked or provoked.
- Maintains a sense of humor under difficult circumstances.
- Manages own behavior to prevent or reduce feelings of stress.

3.3.3. Teams as a constituent

Work in organizations is performed through teams or groups. When individuals begin to work in team, behavioural patterns and dynamisms emerge. Following HRD processes are to be addressed if team work should bring in the desired results:

- **Communication:** Team communication skills are important to the success of team activities.Team communication skills are critical for ensuring the success of the team effort, whether the team is charged with creating a new product, making a process improvement. Strong team communication skills can help build relationships, ensure the sharing of new ideas and best practices, and benefit team members through coaching and counseling.

- **Cohesiveness:** Effective teams need to work well together and that team cohesiveness depends on building strong relationships among team members. Communication is critical and is driven by the team leader who will work with the team to establish ground rules and work to bring the team together so that it can accomplish its goals. All teams will go through expected stages of development, from forming to storming to "norming," and eventually, performing, according to business consultant Bruce Tuckman. Navigating through these stages effectively will help teams build relationships.

- **Sharing:** Teams that can establish an open, positive and supportive environment among team members are in a better position to hear those good ideas and learn from the best practices of the group.

- **Professional Development**: Team leaders will be influenced by the coaching and counseling skills of the team leader and, when the team leader is a positive role model, these insights can help employees improve their own communication skills. Strong team communication skills can also help team members learn how to manage conflict in positive ways, an important professional development skill

- **Feedback**: Working in teams provides a variety of opportunities to give feedback to any number of recipients. It also provides an opportunity to receive feedback from others. Before giving feedback there are a variety of factors that must be considered, including:

1. The first step in giving feedback is to determine the goal or the reason for the feedback depending upon the situation. Defining the goal will help shape the process. Feedback is an educational opportunity for both the sender and the receiver. Feedback can be used to praise or show appreciation. Feedback is not

always positive. It can be a tool to educate the receiver about his negative behavior or performance, such as habitual lateness or going over budget on a project. Negative feedback is also called corrective feedback. Improving communication is another common goal of feedback which can lead to several great benefits such as building, maintaining and testing relationships, gathering information, and keeping one's perceptions in check. One of the most common goals of feedback is to influence others' behavior.

2. It is usually best to give feedback in a timely manner. This is especially true of behavior or performance feedback. If a person or team completed a project as asked it is important to let them know that their effort is noticed in order to encourage the behavior to continue. On the flip side, if a person or team is exhibiting poor behavior or performance it is important to inform them of the disapproval and encourage them to improve the behavior.

3. Feedback is appropriate for many different audiences such as team leader to group, team member to peer, and group to team leader. The feedback approach will differ depending upon the audience. Working in teams provides additional opportunities to talk with the team about its behavior, performance or goals. However, not all team feedback should be given in the audience of the team. On occasion it may be appropriate to pull a team member aside to give one on one feedback, especially if the feedback is related to that person's negative behavior or performance. However, feedback as is relates to the group's performance, accomplishment of goals, or cohesion should be brought up to the entire group. This ensures that all team members receive the same message, and the group can work toward solutions to the problem if necessary.

4. Every team has members which possess unique abilities, talents and skills. If a team is fully functional, meaning that they have several team members who are able to take what they know and make their knowledge mesh together to accomplish a task or goal, they have a greater probability of success. According to Webster's Dictionary, positive feedback is defined as, "feedback that tends to magnify a process or increase its output." Positive feedback creates positive results, however there is a need at times to balance out positive and negative feedback. Poor feedback can cause mutiny, feelings of low self-worth, anger or even hatred towards the task or that person. The absence of feedback can cause problems among a team because of the perceived lack of recognition of hard work or special talents by the one who is supposed to give the feedback. Negative feedback at least has a direction if said in the right tone and the right way. Positive feedback has power to exponentially build a team, make it work with fluidity and create a synergy that other methods cannot duplicate.

5. Each team member should have a working knowledge of feedback techniques that can be implemented with the group in order to reach the team goals and to be productive. In general, stay positive and use positive terms. There are an infinite number of wrong ways to do something so it's much better to know how to do something the right way than to know how not to do it. People generally feel more confident about their abilities to improve upon mistakes through positive feedback. On the other hand people generally feel nervous and insecure when they receive feedback in a negative manner, which often leads to more mistakes.

Group members share "open" information. One group member may have "hidden" information. The group may deal with areas of "unknown" information. Additionally, members may create "blind" information areas when there is information or feelings observed but not shared. Lack of information or pent up feelings can cripple a group's success. Feedback can help to reduce the areas of hidden, blind, and unknown information as well as to better discuss and utilize open information. A group may choose to participate in a **JOHARI** activity and actually place adjectives in each box of the model. This placement can then be used for members to inform interpersonal relationships and communication.

The LOSADA Line: The LOSADA Meta Learning Model is one way to divide groups into high, medium and low performers by actually quantifying tiered variables of team dynamics:

- inquiry-advocacy (how much people ask vs. talk),
- positivity-negativity (how much people are positive vs. negative),
- other-self (how much people are focused on others vs. on themselves),
- connectivity(a control parameter)
- viscosity (how the environment resists change), and
- negativity bias (our speed of response to negative events to avoid harm).

While individual groups or group members may not be able to produce the mathematically generated computer model to determine whether they are high or low performing, these variables can be discussed and influenced through feedback. Additionally, categories of teams could also be related to a positive/negative feedback ratio:

High	5.6	Positive/Negative
Medium	1.9	Positive/Negative
Low	0.36	Positive/Negative

T-Group A T-group is a model that provides participants with an opportunity to "study their own behavior when they interact within a small group." Because of the self-disclosure and openness involved, this type of exercise may not be appropriate for regular working groups within an organization. Best results occur in an environment such as a training group or a seminar in which the participants are strangers that will not work together in the future. The group's work is focused on feelings, process, and feedback. Some of the objectives that a participant can expect to come away with are an increased understanding of underlying social processes within a group, increased awareness of the effect one's behavior has on others in the group, increased ability to give and receive feedback, and increased ability to manage conflict.

6. Generally, one feels comfortable giving positive feedback because the danger of conflict is minimal. On the other hand, the reception of negative feedback can be much more difficult to predict. A person may receive feedback as a sign of constructive criticism. Others may receive the same feedback as a personal attack. Often time people are reluctant to give feedback because "complex interactions, especially that are unproductive, occur when we interact with people who we perceive as being very different from us." Use common sense to increase the chance of success when giving feedback. Be slow to speak until you are sure that

there is a problem that needs to be addressed. It is better to err on the side of caution because words cannot be taken back once they are spoken.

What should you do if the receiver doesn't respond in the desired manner to your feedback? First of all, do not give up. Change often takes time. You must also remember that you cannot control other people, but only yourself.

After each feedback encounter, take a few minutes to evaluate your performance. What went well? What can you improve? Make a mental note on what you want to try different next time, because there will always be a next time. A big part of giving successful feedback involves practice.

- **Conflict resolution:** In many cases, conflict in the workplace just seems to be a fact of life. We've all seen situations where different people with different goals and needs have come into conflict. By resolving conflict successfully, you can solve many of the problems leading to:

    - **Increased understanding.**

    - **Increased group cohesion**

    - **Improved self-knowledge.**

However, if conflict is not handled effectively, the results can be damaging. Conflicting goals can quickly turn into personal dislike. Teamwork breaks down. Talent is wasted as people disengage from their work.

Collaboration: Collaboration is a process through which a group of people constructively explore their ideas to search for a solution that extends one's own limited vision. Today, as businesses move at an ever increasing rate, working in isolation puts companies at a disadvantage which is why visual meetings, which engage everyone in the room, are important. Collaboration leads to the innovative solutions and results that businesses need to succeed.

3.3.4. Organization as a constituent

A large number of HRD processes are organization related. Unless and until these processes are in place, HRD cannot take off. However, in a number of organizations as a result of implementation of HRD systems, these processes were set right. HRD systems can contribute towards the development and maturity of these processes.

- **Organizational Culture and Climate**: Organisational culture is concerned with the process throughout which people working in the same environment develop the set of assumptions, shared values, beliefs and norms, i.e. the right and appropriate behaviour, necessary to achieve those objectives. Culture "refers to the behavioral norms, assumptions, and beliefs of an organization." Organisational climate is actually generated by the culture developmental process. Climate "refers to perceptions of persons in the organization that reflect those norms, assumptions, and beliefs."

- **Organisational Communication**: Organizational communication is the sending and receiving of messages among interrelated individuals within a particular environment or setting to achieve individual and common goals. Individuals in organizations transmit messages through face-to face, written, and mediated channels. Organizational communication largely focuses on building relationships, or repeated interpersonal interactions, with internal organizational members and interested external publics.

Goldhaber (1990) identified a number of common characteristics in the variety of definitions of organizational communication -- Organizational communication

- occurs within a complex open system which is influenced by, and influences its internal and external environments,
- involves messages and their flow, purpose, direction, and media,
- involves people and their attitudes, feelings, relationships, and skills.

Organizational communication helps us to

- accomplish tasks relating to specific roles and responsibilities of sales, services, and production;

- acclimate to changes through individual and organizational creativity and adaptation;

- complete tasks through the maintenance of policy, procedures, or regulations that support daily and continuous operations;

- develop relationships where "human messages are directed at people within the organization-their attitudes, morale, satisfaction, and fulfillment" and

- coordinate, plan, and control the operations of the organization through management. Organizational communication is how organizations represent, present, and constitute their organizational climate and culture—the attitudes, values and goals that characterize the organization and its members.

- **Learning Organization:** Organisations where people continually expand their capacity to create the results they truly desire, when new and expansive patterns of thinking are nurtured, where collective aspiration is set free and where people are continually learning Organisations success depends on engagement and learning at all levels of the organisation

- **Organizational Change:** Organizational change is an important issue in organizations. It is actually a process in which an organization optimizes performance as it works toward its ideal state. Organizational change occurs as a reaction to an ever-changing environment, a response to a current crisis situation, or is triggered by a leader. Successful organizational change is not merely a process of adjustment, but also requires sufficient managing capabilities.

- **Organizational Development**: Organizational Development or O.D. is a planned effort initiated by process specialists to help an organization develop its diagnostic skills, coping capabilities, linkage strategies (in the form of temporary and semi-permanent systems) and a culture of mutuality.

  - A planned effort – thinking and planning
  - initiated by process specialists
  - Diagnostic skills- data collection-overtime
  - Coping capabilities-problem-solving, confront and cope
  - Linking strategies-Individual & Organisational Goals
  - Culture of Mutuality-OCTAPACE-fostering of certain values and open and proactive systems viz. openness, confrontation, trust, authenticity, pro-activeness, autonomy, collaboration and experimentation.

3.4. HRD PROCESS

The foundation of an effective employee development system usually encompasses these steps:

1. Building job competency models.

2. Assessing employee performances on each competency.

3. Designing a suite of training and development solutions.

4. Delivering the training.

5. Evaluating training results by tracking performance improvements.

HRD Process model involves observation during the **assessment of HRD needs** at work at various levels and in various ways. It involves planning, through setting objectives for HRD at work interventions to achieve specific kinds of outcome. It involves action, in professionally delivering HRD at work using a range of techniques. And it involves review, through evaluating HRD experiences and outcomes, from testing what learners have learned to assessing costs and benefits. It is this basic cycle of activities that forms the HRD process**.**

HRD focuses on capacity development of human resource of any organization. HRD plays a vital role in employee retention and getting & maintaining competitive edge in the market. Therefore, HRD requires formal planning and its implementation in-order to achieve the efficiency and effectiveness. Planning & implementation process **starts with HRD strategy formulation and ends with Evaluation**. Apparently it is continuous process and never ends because on the basis of the feedback, trainings should be redesigned or altered as per the organization productivity needs. (See fig. 3.1 and 3.2). HRD process II shows broad activities after assessment of HRD needs.
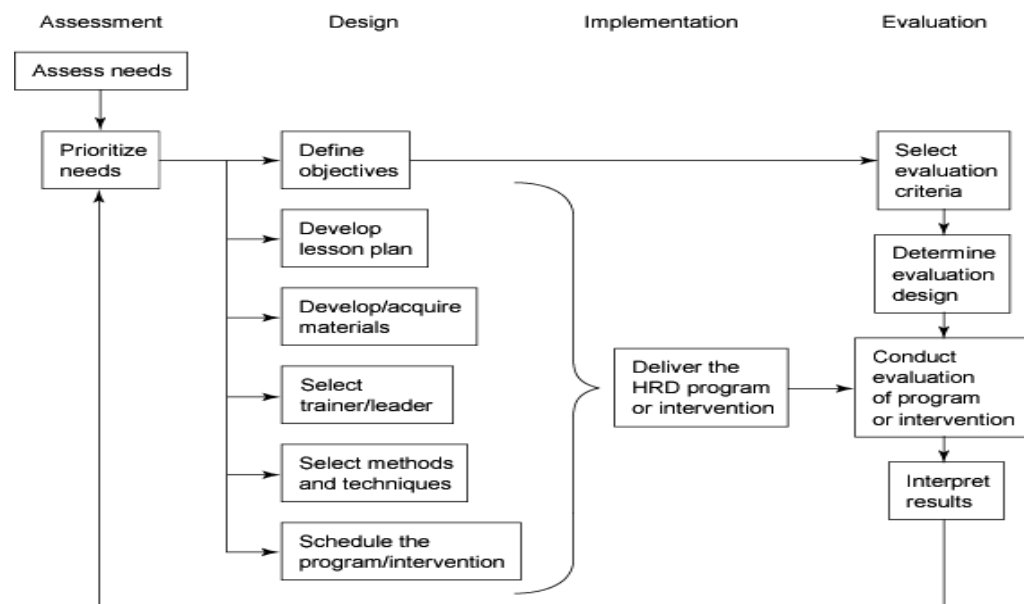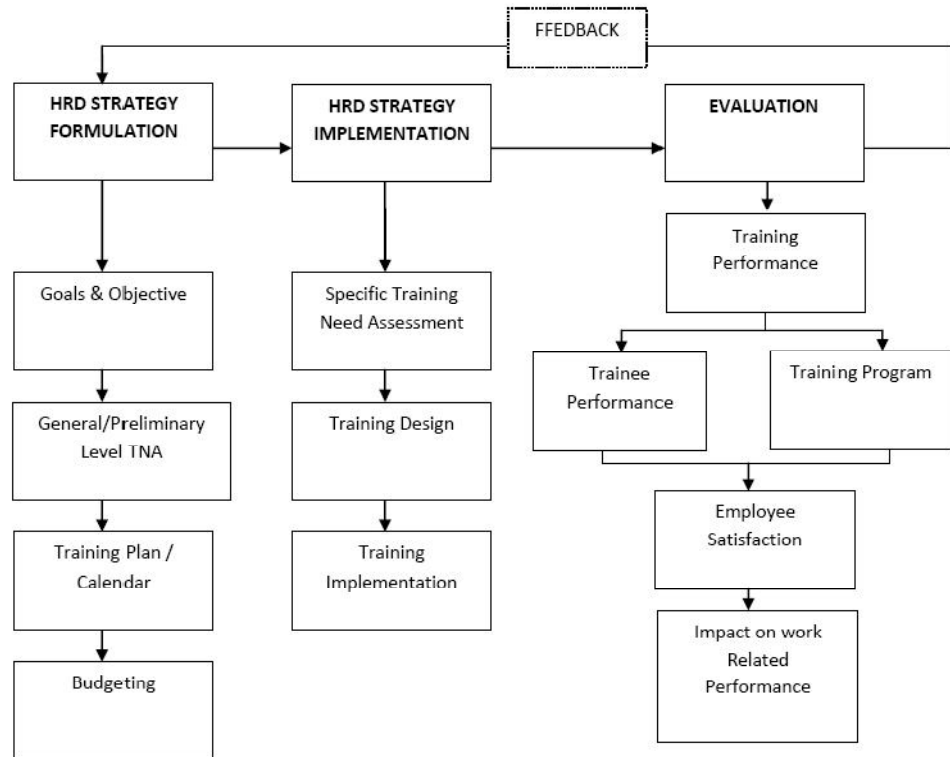

Fig. 3.1 HRD Process-I

Fig. 3.2 HRD Process -II

3.5. HRD Need Assessment

HRD Need Assessment is a process by which an organization's HRD needs are identified and articulated. It identifies:

- an organizations goals and its effectiveness in reaching these goals.
- Gaps between current skills and the skills needed to perform the job successfully.
- Gaps between employees' skills and the skills required for effective current job performance.
- The conditions under which the HRD activity will occur.

3.5.1 Type of HRD Needs

The concept of need refers to a discrepancy or gap between what an organization expects to happen and what actually occurs. Types of need are

- **Performance Based Needs**: These needs help people perform effectively.
- **Diagnostic Needs**: Organisations need to visualize and forecast future so that the organization can prevent problems from occurring.
- **Analytic Needs:** This helps in Identifying new or better ways to do things and prepare workforce before hand.

- **Compliance Needs:** Certain requirements are mandated by law or regulation. Employees need proper grooming to follow the laws.

3.5.2 Levels of HRD Need Analysis

1. **Organizational analysis**: It looks at the effectiveness of the organization and determines where training is needed and under what conditions it will be conducted. The source of information of this analysis   are organisation's Mission statement, HRM inventory, Skills inventory, Quality of Working Life indicators, Efficiency indexes, System changes, Exit interviews. This type of analysis:

- Ties HRD programs to corporate or organizational goals

- Strengthens the link between profit and HRD actions

- Strengthens corporate support for HRD

- Makes HRD more of a revenue generator

2. **Task analysis:** It provides data about a job or a group of jobs and the knowledge, skills, attitudes and abilities needed to achieve optimum performance. This answers what must be done to perform the job effectively?

Source of information for task analysis are: KSA analysis, performance standards, Observation of the job/sample of the work, performance of the job, job inventory questionnaire, review literature about the job, asking questions about the job, by analyzing the operating problems.

3. **Individual analysis**: It analyzes how well the individual employee is doing the job and determines which employees need training and of what kind. It refers to who should be trained and how?

The sources of information are individual's performance evaluation, performance problems, observation, work samples, interviews, questionnaires, attitude surveys, checklists or training progress charts.

3.5.3 HRD Need Assessment Process

1. Perform A "Gap" Analysis:

The first step is to check the actual performance of the organizations and the people against existing standards, or new set of standards. The difference the "gap" between the current and the necessary will identify our needs, purposes, and objectives.

2. Identify Priorities And Importance:

It must be seen whether the identified needs are real, if they are worth addressing, and specify their importance and urgency in view of organizational needs and requirements in terms of Cost-effectiveness, Legal mandates. If some of the identified needs are of relatively low importance, its better to address other human performance problems with greater impact and greater value.

3. Identify Causes Of Performance Problems And/Or Opportunities.

Orgnisation must know what its performance requirements are, if appropriate solutions are to be applied. It should ask two questions for every identified need:

- Its people are doing their jobs effectively?

- Do they know how to do their jobs?

This will require detailed investigation and analysis of people, their jobs, and organizations in terms of both for the current situation and in preparation for the future.

4. Identify Possible Solutions And Growth Opportunities.

Organizational Development activities may provide solutions when the problem is not based on a lack of knowledge and is primarily associated with systematic change. These interventions might include strategic planning, organization restructuring, performance management and/or effective team building.

3.6 Designing HRD Strategy

The process starts with strategy formulation in line with company goals and objectives. Then there is preliminary level of Training Need Assessment (TNA). Preliminary level TNA is based on company's SWOT analysis. SWOT analysis covers environmental scanning which includes internal as well as external factors. TNA defines the general scope of training fields e.g. marketing, HR, operations etc. The next step is formulation of training plan based on TNA. Than company should do the budgeting in line of training calendar. Budgeting will conclude the strategy formulation step in HRD process.
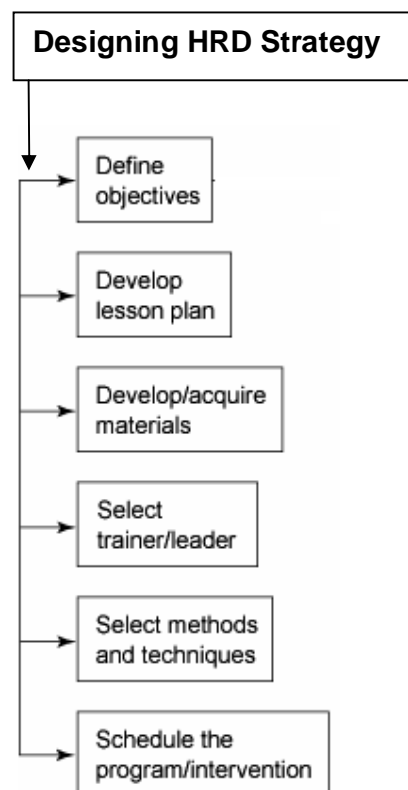

Fig. 3.3

Essentials before HRD strategy designing

- **Resourcing**: deciding what sort of people are required and ensuring that they are available;

- **Human resource development**: identifying the skills required, auditing the skills available, taking steps to match skills to present and future business requirements and initiating processes for enhancing organizational and individual learning related to business needs;

- **Reward**: using reward processes to ensure that people are valued according to their contribution and to convey messages about the behaviour, capabilities and results expected of them;

- **Employee relations**: building on the steps already taken to communicate to employees and to involve them in decision-making processes on matters that concern them..

3.7 HRD Strategy Implementation

Once company comes to strategy implementation part than HRD department or Training & Development wing conducts more comprehensive and specific to budgeted training, Training Need Assessment. This part not only includes specific departmental heads but also general employees' evaluation. TNA can be conducted through numerous ways, e.g. questionnaires, past quarter performance evaluation feedback, group discussions etc. On the basis of feedback training design is carried out.

It consists of three steps and first step is **Specific Training Need Assessment**. As per this TNA we will design training program, keeping in view trainees and company's goals/objectives. This will include what type of information should be disseminated during training, type of skills awareness to trainees, mode of communication etc. After training design we will conduct training sessions according to training calendar and training program.

Fig. 3.4

Training design covers following:

• Level of training	• Location for training	• Training program
• Mode of communication	• Manuals, Handouts, presentations	• Training

		duration
• Training material	• Training activities	• Evaluation and feedback

Training design always conducted in reference to company's vision and allocated budget. Quality of training is very much dependent on training design and Trainer's skill and capabilities. Now, company is able to impart trainings as per training calendar. This completes the **training implementation** part. All trainings are considered incomplete without proper and comprehensive **training evaluation**. The systematic collection of descriptive and judgmental information necessary to make effective training decisions related to the selection, adoption and modification of various instructional activities. Training evaluation is not limited to training room or venue of training because success or quality of training has always been measured through overall improvement in Human Resource productivity. Initial evaluation focuses on how much training was effective in trainee's point of view and how well trainee performed during the training according to trainer. The next level of evaluation is carried out after some time in order to check overall improvement in productivity of human resource in their job. Feedback which company gets through training or through post training performance of same, training program effectiveness, trainers efficiency and quality etc. This feedback helps an organization to improve its training development effectiveness.

3.7.1 Barriers to the implementation of HR strategies

Major barriers include failure to understand the strategic needs of the business, inadequate assessment of the environmental and cultural factors that affect the content of the strategies, and the development of ill-conceived and irrelevant initiatives, possibly because they are current fads or because there has been an ill digested analysis of best practice that does not fit the organization's requirements. These problems are compounded when insufficient attention is paid to practical implementation problems, the important role of line managers in implementing strategies and the need to have established supporting processes for the initiative (eg performance management to support performance pay).

3.7.2 Overcoming the barriers

To overcome these barriers it is necessary to:

1) conduct a rigorous preliminary analysis of needs and requirements;

2) formulate the strategy;

3) enlist support for the strategy;

4) assess barriers;

5) prepare action plans;

6) project-manage implementation; and

7) follow up and evaluate progress so that remedial action can be taken as necessary.

3.8 HRD Strategy Evaluation

The broad areas where HR may be evaluated are:

• Do HRD processes meet the business needs of the organisation (whether these are measured by objectives, performance criteria or performance indicators)?

• Do HRD processes meet all legal requirements, Industrial Awards and Workplace Agreements?

• Are HRD processes efficient?

• Are HRD processes cost effective?

3.8.1. Purpose of Evaluation

Evaluation of HRD Strategy can serve the following purposes:

– Determine whether a program is accomplishing its objectives

– Identify the strengths and weakness of the HRD program

– Determine the cost-benefit ratio of an HRD program

– Decide who should participate in future HRD programs

– Identify who benefited the most or least from the program

– Reinforce major points to be made for the participants

– Determine if the training program was appropriate

– Establish a database to assist the management in making decisions

– Gather data to assist in marketing future programs

– Determining accomplishment of specific training objectives.

– Determining cost effectiveness of training.

– Explain program failure, if it occurs.

– Enhancement of the credibility of training and development if tangible benefits to an organization are proved.

– Determine whether the program is meeting the intended objectives

– Provide information for improving HRD programs

3.8.2 Principles of Evaluation

• Clarity about the goals and purposes of evaluation.

• Evaluation must be continuous.

• Evaluation must be specific.

• Evaluation must be based on objective methods and standards.

• Realistic target dates must be set for each phase of the evaluation process.

• Evaluation has to be accepted as a process than an end product of training.

3.8.3. The Evaluation Process

The process for developing effective evaluation activities loosely follows the two tiers of factors. HRD managers or practitioners will most likely initiate and drive this process. It involves two phases:

Phase 1 articulates what the organization needs in order to make a value judgment about HRD activities.

Phase 2 sets forth a specific plan to capture or "measure" only that data the organization needs.
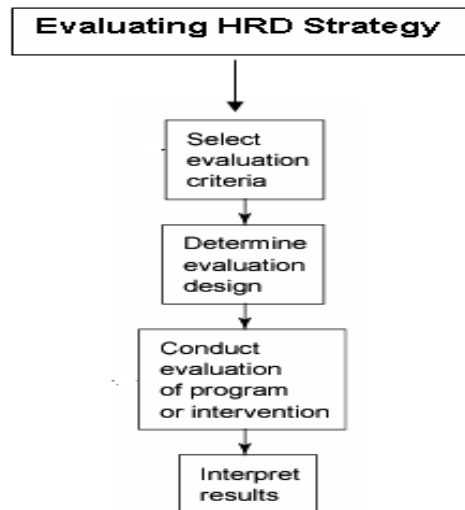

Fig 3.5

Phase 1: Develop an HRD Evaluation Plan

The scope of the evaluation plan could cover anything from the entire HRD function and all its products / interventions, processes, and people to only one or two specific courses or interventions. Carefully and explicitly explore the following questions; and pay attention to clues and indirect information from the organization.

1. What does the organization currently evaluate? What does it measure?
2. What is the purpose of evaluation? How is the information used?
3. Who participates in evaluation? Who measures? Who gets the information? Who
4. cares about the results?
5. How effective is current practice? What requests /complaints do we get?
6. Who are real stakeholders in HRD evaluation? What are their agendas? What do *they* want/need to know about?
7. How will stakeholders and/or the organization use the information?
8. What other considerations are relevant

The key outcome of this phase of work is to understand what the organization wants regarding evaluation – not what HRD thinks the organization wants. The final output of Phase 1 is a document, accepted by the stakeholder group, called the Evaluation Strategy. It should articulate the stakeholders and their needs, and it should provide strong and clear direction for the types and frequency of specific measures. Note that the strategy document is specific for whatever scope was

defined, and that complex organizations may have several interdependent or independent evaluation strategies.

Phase 2: Develop a Measurement Plan

The Measurement Plan follows directly from the Evaluation Plan. It sets forth the specific data the organization needs in order to demonstrate the effectiveness of specific HRD activities. Effectiveness is a comparison of actual outcomes to intended outcomes. Depending on the needs of the organization, this data may be quantitative (hard) or qualitative (soft) data, or a combination of both. While specific measurement plans will vary greatly and will depend on the specific needs of individual organizations, two trends have surfaced:

1. Few organizations use rigorous, quantitative methods for assessing HRD needs. Many organizations use "soft" assessment data such as self-report of perceived need, and many organizations don't systematically conduct needs assessments at all. This limits the methods for establishing the effectiveness of the activity: no matter how precise the outcome measures are, the overall comparison can only be as rigorous as the input (assessment) data.

2. Few stakeholders care about internal HRD processes; they care, instead, about macro "accounting" factors such as cost per employee per hour of training or fair market value of internal services. Many organizations use a "scorecard" concept to quickly and accurately track measures of effectiveness for business processes, for example sales and marketing. This concept works well for reporting HRD effectiveness. This process may require HRD to partner with MIS / IT professionals to capture and report data that already exists within the organization's databases. Discuss the plan with stakeholders and verify that it provides complete and accurate information. If possible, prepare a draft or mock-up of the report and circulate it among the stakeholders or stakeholder groups (if specialized reports are needed). The right handful of indicators will be far more meaningful than pages of the wrong indicators.

The scope of evaluation covers three aspects; **firstly** effectiveness and practicality of training program; **secondly** performance of trainees and **last** but not least, how much training contributed towards the enhancement in productivity of employees.

3.8.4. HRD Evaluation Recourses

1. Data Collection for Evaluation: Collection of evaluation data helps decision makers with the facts and judgments upon which decisions can be based. Some of the methods are:

• **Interview**: Conversation with individuals to assess their opinions, observations and beliefs

• **Questionnaire**: Standardized set of questions intended to assess opinions, observations and beliefs

• **Direct Observation**: Observing a task or set of tasks as they are performed and recording what is seen

• **Tests and simulations**: Structured situations to assess an individuals knowledge or proficiency to perform

• **Archival performance data**: Use of existing information, such as files and reports

When dealing with data collection some vital issues that need to be considered are:

- **Reliability:** Consistency of results, freedom from error and bias. Decisions based on unreliable data are likely to be poor ones.

- **Validity:** Concerned with whether the data collection method actually measures what needs to be measured.

  Practicality: Concerns how much time, money and resources are available for the evaluation method.

  Reliability and validity are complex issues and assessing them requires knowledge of statistics and measurement concepts. At times, due to certain conditions, realistic and creative trade-offs can ensure that the evaluation effort is carried out effectively.

  - Measures of knowledge or skill, obtained through tests or other standardized measures

  - On-the-job behaviour and performance measures, such as individual production rates, error rates, customer complaints

- Organizational measures, such as profitability, production costs, and scrap rates

  2. Ethical Issues in evaluation:

  - **Confidentiality:** When confidentiality is ensured, employees would be more willing to participate

  - **Informed Consent:** Some evaluations are monitored so that employees know the potential risks and benefits

  - **Withholding Training**: When results of training are used for raises or promotions

  - **Use of deceptions**: When an investigator feels a study would yield better results if an employee did not realize they were on an evaluation study

  - **Pressure to produce positive results**: When Trainers are under pressure to make sure results of the evaluation demonstrates that the training was effective

3.8.5. HRD Evaluation Constraints

In this absence of a proactive follow-up, the following undesirable consequences will have to be faced:

- **Lack of application of skills by learners:** You had analyzed the performance gaps in your employees and devised a suitable training program. At the end of the training program, your participants said that the training program was quite useful and they had learnt many useful skills. You are happy about that. But at the end of your annual auditing, you are horrified to find no progress in the performance in spite of the training. And your employees have not used the skills you intend them to after the training. This is quite possible. You can avert it by putting in place a proper evaluation mechanism.

- **Inability to measure ROI:** Financial assessment of a training program is crucial in that it provides useful insights into the Returns on Investment

(ROI). This assessment depends on evaluating how well the employees implemented the skills they have learnt in the training program.

- **Inability to make future training programs contextual:** In today's dynamic marketplace, the need for consistent skill up gradation never loses its importance. What was said to be an effective training program in the past may not be so now. You need to continuously adapt it to suit your current needs. This is possible when you know how effective your previous training program was.

3.8.6. HRD Strategy Evaluation Plans/Frameworks

Kirkpatrick's Evaluation (Expanded) Framework

(Level 1) Reaction -- (Affective) How well did the trainees like the training?

-- (Utility) What was the perceived usefulness from the training?

(Level 2) Learning – How much did the trainee learn from the training?

(Level 3) Behavior – What behavior change occurred as a result of the training?

-- Did the trainee use what was learned?

(Level 4) Results – What tangible outcomes occurred as a result of the training?

-- What was the ROI?

-- What was the contribution of this training program to the community?

Brinkeroff's six stages

- **Goal setting**: What is the need?

- **Program design**: What will work to meet the need?

- **Program implementation**: Is it working, with the focus on the implementation on the program?

- **Immediate outcomes**: Did participants learn?

- **Intermediate or Usage outcomes**: Are the participants using what they learned?

- **Impacts and worth**: Did it make it worthwhile difference to the organization?

This model suggest a cycle of overlapping steps, with problems identified in one step possibly caused by things occurring in previous steps.

Systems Approach (Bushnell)

- **Input:** What goes into the training effort? Consisting of trainee qualification and trainer ability.

- **Process:** The planning, design, development and implementation of the HRD program

- **Output:** Trainee reactions, knowledge and skills gained and improved job behavior

- **Outcomes:** Effects on the organization, including profits, productivity and customer satisfaction

This model states that evaluation measurement can and should occur between each of the stages as well as between the four stages to ensure good design and to ensure program meets its objectives.

3.9 Summary

The concept of process essentially concerns the question of "how" and to a great extent the question of "why" HRD focuses on capacity development of human resource of any organization. HRD plays a vital role in employee retention and getting & maintaining competitive edge in the market. Therefore, HRD requires formal planning and its implementation in-order to achieve the efficiency and effectiveness. Planning & implementation process **starts with HRD strategy formulation and ends with Evaluation**. Apparently it is continuous process and never ends because on the basis of the feedback, trainings should be redesigned or altered as per the organization productivity needs.

3.10 Self Assessment Questions

1. Explain Organization as a constituent of HRD Process.

2. HRD Need Assessment is a process by which an organization's HRD needs are identified and articulated, Discuss the process of such assessment.

3. Barriers to the implementation of HR strategies. How can you overcome these barriers?

4. What might cause problems with the smooth management of this HRD process? Think of a few issues. Explain HRD Evaluation Recourses and constraints.

5. All the HRD processes are centered on four constituents of an organization. What are these constituents and their instruments?

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Unit - 4 : Designing HRD System

Structure of Unit

4.0 Objectives

After completing this unit, you would be able to:

- Understand HRD Systems

- Know benefits of Designing HRD Systems

- Understand principles of Designing HRD Systems

- Know basic requirements for Designing HRD Systems

- Design Appraisal system, Learning System, Career development system and so on.

- Understand the benefits of designing various HRD systems

4.1 Introduction

Human Resource Development (HRD) plays a critical role in creating and sustaining high performance organizations. Human Resource Development, as assessed by this instrument, is defined as the integrated use of systems, policies and practices to recruit maintain and develop employees in order for the organization to meet its desired goals. HRD is most effective in an organization when its authority is located at the senior management level. In a decentralized system the HRD function should be located at a senior level.

Designing an integrated HRD system requires a thorough understanding of the principles and models of human resource development and a diagnosis of the organisation culture, existing HRD practices in the organisation, employee perceptions of these practices, and the developmental climate within the organization

4.2 Prerequisites for Designing HRD Systems

Jerry Gillet and Steven Eggland (2002) identified for managers of HRD an eight-point strategy for designing cost-effective, reputable learning programs that can survive economic crises and internal/external changes affecting the organization.

Establish a written HRD philosophy: There should be a written HRD philosophy that states unequivocally that effective human resource development can improve performance (i.e., change behavior, produce results, increase productivity). This provides a framework for the HRD program. It also provides a common objective for each of the members of the HRD staff on which to focus their efforts. It will serve as a guide for the program's planning and implementation.

Components of an HRD philosophy should include:

- an assessment of the employees and an explanation of what each employee needs to contribute to their own growth,

- a comprehensive statement of the importance of HRD to the organization and its future growth and development

- a position statement outlining the HRD staff view of the training-learning process and the instructional strategies the department will use, and

- a statement on the relationship of the HRD program to the overall organization and essential decision makers and supporters

Establish HRD policy: A policy statement should answer questions regarding implementation of release time for training, tuition reimbursement, eligibility requirements, and standards of employee participation. An HRD policy should also include a statement regarding the purposes and long-range outcomes of participation. Attainable learning objectives and corresponding time Frames, organizational structure, authority and funding sources, provision periodic review and revision, utilization of needs assessment data, and record keeping procedures need to be addressed as well.

Obtain support of top management: HRD programs can only make a difference if management accepts and encourages the utilization of learning means to increase productivity and improve performance. Top-level management must be involved in planning and implementing HRD learning programs. This support is often difficult to obtain, not so much because of management indifference or lack of concern but because of a lack of awareness of the potential impact that HRD can have on performance and productivity improvements.

Integrate HRD into the long-range organizational plan: HRD programs must become a meaningful part of the organization's long-range planning. If it is not, then the learning programs and training activities may not be related to the needs of the organization. This will prevent the HRD program from having a positive impact on the organization. As a result, both the organization and HRD will suffer.

Conduct extensive needs assessments: HRD programs must address the needs of the employees as well as the organization. In order for learning programs and training activities to be effective, they must be based on the employees' needs or the organization's needs or both. HRD managers must make certain this is the

procedure that is followed and that the HRD staff understands this simple but fundamental orientation.

Encourage collaboration: HRD managers should encourage collaborative efforts as a means of obtaining maximum efficiency. This also allows different and divergent perspectives to be incorporated into the HRD program. This will insure that other departments and divisions are properly represented by the HRD department. It will also help build supporters for the programs who can be called upon during periods of economic uncertainty.

Establish criteria for participation in HRD programs: It is important to set selection criteria by which employees are chosen to participate in HRD programs. This accomplishes two objectives. First, it communicates a higher standard of involvement and commitment on the part of the employee. Second, it forces supervisors and line managers to make a greater commitment to conduct employee interviews and performance reviews, to identify performance deficiencies, and to assist employees in developing individual developmental plans. Increased management involvement will mean increased credibility for HRD and a greater return on the organization's investment.

Be introspective but focus on results: HRD managers must seek feedback from supervisors, line managers, top-level managers, and employees as well as their staff regarding the quality of their programs, the status of their relationship, barriers to effectiveness, and the level of involvement expected of the HRD department. Both positive and negative findings must be reported. This information must be incorporated into future programs. Regardless, the focus of all HRD programs must be on results, and special attention should be given to obtaining such information. It should also be communicated to essential decision makers as a way of advancing the image of HRD.

4.2.1 Components of Designing HRD System

HRD Capacity

- Budget: Allows for consistent HRD planning and relating costs to results.

- HRD Staff: Staff dedicated to HRD are essential to policy development and implementation

HRD Planning

- Mission and Goals: Mission provides direction to HRD activity and to the work of the staff.

- HRD planning allows HRD resources to be used efficiently in support of organization goals.

HRD Data

- Employee Data: Allows for appropriate allocation and training of staff, tracking of personnel costs.

- Computerization of Data: Accessible and accurate and timely data is essential for good planning.

- Personnel Files: Provide essential data on employee's work history in organization.

Personnel Policy and Practice

- Job Classification System: Allows organization to standardize the jobs and types of skills it requires.

- Compensation and Benefits System; Allows for equity in employee salary and benefits, tied to local economy.

- Recruitment, Hiring, Transfer and Promotion: Assures fair and open process based on candidates' job qualifications.

- Orientation Program: Helps new employees to identify with the organization and its goals/values.

- Policy Manual: Provides rules and regulations that govern how employees work and what to expect.

- Discipline, Termination and Grievance Procedures: Provides fair and consistent guidelines for addressing performance problems.

- Union Relationships: Promotes understanding of common goals and decreases adversarial behaviors.

- Labor Law Compliance: Allows organization to function legally and avoid litigation.

Performance Management

- Job Descriptions: Defines what people do and how they work together.

- Staff Supervision: Provides a system to develop work plans and monitor performance.

- Performance Evaluation: Provides information to staff and organization on level of performance

Training

- Staff Training: In a cost-effective way to develop staff and organizational capacity.

- Management/Leadership Development: Leadership and good management are keys to sustainability.

- Links for External Pre-Service Training: Pre-service Training based on skills needed in the workplace is cost effective.

4.2.2 HRD Assessment and Volunteer Staff

The HRD components are the part of a comprehensive HRD system, designed to enhance the performance of permanent staff and support the goals of the organization. Paid staff represents a direct cost to an organization and as such are the appropriate focus of formal HRD policy. However, many of the components described here are relevant to utilizing volunteer staff effectively. They can be used by your organization as a basis for policy and procedures for people who provide service to the organization in this capacity. Regardless of whether people receive a salary for their services, it is important both to the organization and to the volunteer to be clear about what the individual will contribute to the goals of the organization and on what terms they will do so. Components that are particularly relevant to volunteer staff and that can serve as the basis for policy and procedures include:

HRD Planning: To what extent does your organization rely on volunteers to contribute to your mission and goals? Are volunteers engaged in work that is central to the success of your mission? If so, then it is critical that you account for this in your annual work and staffing plan.

Recruitment: Regardless of the work that volunteers do in your organization, it is important to specify what skills and experience are required. These should become the criteria on which you base your selection of volunteers. It does not add value to your organization to recruit volunteer staff that requires a great deal of training.

Job Descriptions: Job descriptions define what people do and as such are relevant to volunteer staff and help to avoid confusion over their role in the organization.

Supervision: As volunteer staff represent your organization, it is important that a system of accountability and performance standards be in place as well as a person designated to solve problems, provide resources, equipment, and support to volunteers.

Compensation: While volunteers do not receive a salary, they may be able to charge certain expenses to your organization. These expectations should be clarified as part of an overall policy.

Orientation: An orientation to the organization, its mission and goals, as well as its policy and procedures, will help volunteer staff to work more effectively and avoid unnecessary problems.

4.2.3 Developing an Action Plan

Following the assessment of the HRD components in this instrument, the group should discuss the results and agree on areas which need strengthening. Once these are identified and agreed to, an Action Plan is developed. The criteria specified for each component in this HRD Assessment Instrument will provide data on which to base your Action Plan. Successful change is a gradual process, so it is better to set realistic goals and try to move from one stage to the next in incremental steps. If many areas need to be addressed, focus on what is most practical and achievable given the available human and financial resources. Consider where you can have the biggest impact. For example, updating job descriptions can also provide a basis for performance evaluation, supervisory roles and staff training. Your Action Plan should specify activities, time lines and identify the persons responsible.

Other elements to consider include:

Securing commitment of leadership: The leadership of your organization should lead the effort and actively support your activities, especially in regard to potentially difficult decisions regarding the use of human and financial resources.

Allowing sufficient time: Realistic expectations are often the key to success. Improvements are often incremental and cumulative and sustained change takes time.

Managing change: Organizational change is often met with resistance.

4.2.4 Principles of Designing HRD Systems

There have been many queries regarding the principles of Human Resource development. Many a times we get confused between principles and functions of HRD however there is a clear cut distinction between the two. The main functions of HRD are Training, Personal development, Organisational development, Career

planning and development, Change Management. The principles therefore are not the functions.

HRD systems must be designed differently for different organizations. Although the basic principles may remain the same, the specific components, their relationships, the processes involved in each, the phasing, and so on, may differ from one organisation to another organisation. Designing an integrated HRD system requires a thorough understanding of the principles and models of human resource development and a diagnosis of the organisation culture, existing HRD practices in the organisation, employee perceptions of these practices, and the developmental climate within the organisation.

The following principles related to focus, structure, and functioning should be considered when designing integrated HRD systems.

- **Focus on enabling capabilities:** The primary purpose of HRD is to help the organisation to increase its "enabling" capabilities. These include development of human resources, development of organisational health, improvement of problem solving capabilities, development of diagnostic ability (so that problems can be located quickly and effectively), and increased employee productivity and commitment.

- **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. There always has been a controversy between those who believe that HRD should be designed to suit the culture and those who believe that HRD should be able to change the culture. Both positions seem to be extreme. HRD should take the organisation forward, and this can be done only if its design anticipates change and evolution in the future.

- **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 organization, its culture and tradition, size, technology, levels of existing skills, available support for the function, availability of outside help and so on.

- **Building linkages with other functions:** Human resource development systems should be designed to strengthen other functions in the company such as long-range corporate planning, budgeting and finance, marketing, production, and other similar functions. These linkages are extremely important.

- **Balancing specialisation and diffusion of the function:** Although HRD involves specialised functions, line people should be involved in various aspects of HRD. Action is the sole responsibility of the line people, and HRD should strengthen their roles.

- **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 organisation and that the head of the HRD department is classified as a senior manager. Both the credibility and usefulness of HRD depend on this.

- **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. One person may be responsible for OD, another for training, another for potential appraisal and assessment, etc. At the same time, these roles should be integrated through a variety of mechanisms. For example, inputs from manpower planning should be available to line managers for career planning and HRD units for potential appraisal and development. Data from recruitment should be fed into the human resources information system. If salary administration and placement are handled separately, they should be linked to performance appraisals. Differentiation as well as integration mechanisms are essential if the HRD system is to function well.

- **Establishing linkage mechanisms:** HRD has linkages with outside systems as well as with internal sub-systems. It is wise to establish specific linkages to be used to manage the system. Standing committees for various purposes (with membership from various parts and levels of the organisation), task groups, and ad hoc committees' for specific tasks are useful mechanisms.

- **Developing monitoring mechanisms:** The HRD function is always evolving. It therefore requires systematic monitoring to review the progress and level of effectiveness of the system and to plan for its next step. A thorough annual review reappraisal every three years will be invaluable in reviewing and planning the system. It may be helpful to include persons from other functions in the organisation in the HRD assessment effort.

4.3 HRD Systems

Many HRD Systems are available to develop the competencies of employees and improve the overall organizational climate. The major ones are discussed below:

Articulation of Vision, Mission and Values (VMV)

- Sense of purpose reflected in the department's VMV

- Elements of service culture captured in the department's VMV

- Involving staff in discussions and meetings to generate ownership

- Management commitment shown in resource allocation in achieving department's VMV

- Clear and effective communication programme in place to promote VMV

- Offering training to develop skills and behaviour in living the VMV

- Customer-focused culture reflected in departmental policies, procedures and practices

- Measurement system in place to track performance improvement

- Demonstration of understanding of VMV and observable behaviour

Drawing up HRD Plan

- The HRD Plan developed under the leadership of the senior management

- Department's strategic direction clearly articulated by the top team

- Debate and endorsement of strategic and ongoing HR issues by the top team

- HR actions to address HR issues debated, approved and prioritized by the top team
- Department's VMV revisited as part of the strategic review process
- An environment scan conducted to identify strategic HR issues
- Staff's input on ongoing HR issues sought through, for example, staff opinion survey, focus group meetings, interviews, etc
- Specific objectives and sets of actions clearly spelt out in the HRM Plan and clearly explained as to how each will help address certain HR issues in achieving departmental Vision and Mission,
- Responsibilities to implement the HRD Plan clearly assigned
- Realistic implementation plan with adequate resource support,
- Review system in place
- Development of a human resource information system

Manpower Planning

- A systematic information system in place
- A clear plan with action programmes in place to bridge supply and demand gaps, succession gaps, and competency gaps
- Posting policy published and career paths made known to staff
- Competency profiles of key job grades developed and made known to staff
- Information derived from succession plan fed into training and development plans for individual officers
- Career interviews arranged for staff to gauge staff aspiration and offer career guidance offered
- Regular review and update of the plan and competency profiles

Service Quality Enhancement

- Customer focused culture as reflected in programmes, policies, procedures and practices
- Productivity and efficiency enhanced
- Staff taking more initiative to serve
- Measurement in place to track performance improvement
- Mode of operation being service oriented
- Public image enhanced

4.4 Designing Performance Appraisal Systems

Performance appraisals have become increasingly important tools for organizations to use in managing and improving the performance of employees in making timely and accurate staffing decisions and in improving the overall quality of the firm's products and services. The appraisal process is a formal way of evaluating an employee's performance. Its purpose is to provide an accurate picture of past and /or future employees' performance. To meet this performance targets are set. The targets are based on job related criteria that best determines successful job performance where possible actual performance is measured

directly and objectively. Using a wide variety of techniques specialists select an appropriate method to measure employee's actual performance against the previously asset targets. The process is used to strengthen the effort performance linkage. Appraisals help an organization communicate its expectations regarding performance and the connection between the performance and rewards to employees. They increase employees' confidence when employees receive feedback that their efforts are being adequately rewarded. The feedback is offered through an evaluation interview. Here the rater tries to give both positive and negative aides of performance.

To be useful, raters or supervisors should use HRD oriented appraisals as a mechanisms to:

1) Uncover difficulties faced by the subordinate while handling assigned tasks and try to remove the hurdles.
2) Understand the strengths and weaknesses of subordinate and help to subordinate to overcome the obstacles in the way.
3) Encourage subordinates to meet problems head on. Accept responsibilities and face challenges with confidence and courage.
4) Plan for effective utilization of the talents of subordinates.

Effective Implementation: For effective implementation of Performance Appraisal system assure

- Senior management's support and commitment in allocating the required resources and according priority to this function

- Objective setting starting from the top and systematically cascaded and linked to the departmental objectives

- All appraisers have been properly trained on PMS good practices and the required skills

- Mechanisms to ensure openness, fairness and objectivity of the appraisal process

- The system being competency-based to help identify training and development needs for staff and their potential for taking up higher responsibilities

- Information gathered from the performance cycle linked to other human resource functions

- Staff recognizing that performance management is a joint responsibility of the appraisee and the supervisor

- Staff performance management being an ongoing process, not an annual event

4.5 Designing Potential Appraisal Systems

Potential can be defined as 'a latent but unrealized ability'. There are many people who have the desire and potential to advance through the job they are in, wanting the opportunity to operate at a higher level of competence in the same type of work. The potential is the one that the appraiser should be able to identity and develop because of the knowledge of the job. This requires an in-depth study of the positions which may become vacant, looking carefully at the specific skills that the new position may demand and also taking into consideration the more

subjective areas like 'qualities' required. These may be areas where the employee has not had a real opportunity to demonstrate the potential ability and there may be areas with which you, as the appraisers are not familiar. Like the Performance Appraisal, potential appraisal is also done by the employee's supervisor who has had the opportunity to observe the employee for some time. Potential appraisal may be done either regularly or as and when required. Performance is a thing of the past, while potential includes the possible knowledge, skills, and attitudes the employee may possess for better performance.

Potential Appraisal is another powerful tool of employee development. Whether managers realize it or not, they are accustomed to making potential assessments. Every time a manager recommends or fails to recommend an employee for a promotion, a potential assessment has, in fact, been made. The process of assessing the managerial potential of employees deals with the question of whether or not they have the ability to handle positions in the future which involve considerably more responsibility than what they have right now. As long as individuals are viewed as being able to handle increased or different responsibilities, they would be considered to have potential (either latent or visible).

Potential appraisal may thus be defined as a process of determining an employee's strengths and weaknesses with a view to use this as a predictor of his future performance. This would help determine the promotabilty of an individual to a higher position and help chalk out his career plan. The fundamental difference between reviewing performance and assessing potential is in the criteria used. In reviewing performance, the criterion used is what goals the employee achieved and what skills he or she currently possesses that could be indicators of his or her ability to assume different or more advanced responsibilities.

The term potential refers to the abilities possessed by an employee but not put to use currently or the abilities to assume challenging responsibilities in future assignments. The term performance refers to one's skills abilities in meeting the requirements of the job which one is holding currently. Potential appraisal is different from performance appraisal which shows an employee's current performance in his existing role. If the employee is required to play a completely different set of roles at higher levels, potential appraisals needs to be carried out at regular intervals.

The **objective** of potential appraisal is to identify the potential of a given employee to occupy higher positions in the organizational hierarchy and undertake higher responsibilities.

The appraisal is carried out on the basis of

- Supervisor's observations
- Performance adaptation relating to various previous roles played by an employee
- Performance on roles in simulated settings relating to a new position.

The purposes of a potential review are:

- To inform employees of their future prospects
- To enable the organization to draft a management succession programme
- To update training and recruitment activities

- To advise employees about the work to be done to enhance their career opportunities

A good potential appraisal system helps the management to pick up a suitable candidate for a given job and offer additional training if necessary.

4.5.1 Requisites of Potential Appraisal System

The following are some of the requirements and steps to be followed when introducing a potential appraisal system:

Role Description: A good potential appraisal system would be based on clarity of roles and functions associated with the different roles in an organization. This requires extensive job descriptions to be made available for each job. These job descriptions should spell out the various functions involved in performing the job.

Qualities Required: Besides job descriptions, it is necessary to have a detailed list of qualities required to perform each of these functions. These qualities may be broadly divided into four categories –

- technical knowledge and skills,
- managerial capabilities and qualities,
- behavioral capabilities, and
- Conceptual capabilities.

Indicators of Qualities: A good potential appraisal system besides listing down the functions and qualities would also have various mechanisms for judging these qualities in a given individual.

Some of the mechanisms for judging these qualities are -

- rating by others,
- psychological tests,
- simulation games and exercises,
- performance appraisal records.

Organizing the System: Once the functions, the qualities required to perform these functions, indicators of these qualities, and mechanisms for generating these indicators are clear, the organization is in a sound position to establish and operate the potential appraisal system. Such establishment requires clarity in organizational policies and systematization of its efforts.

4.5.2 Parameters of Potential Appraisal System

The parameters for the potential review / assessment considered in this study are as follows:

- Group effectiveness
- Ability to develop subordinates
- Analytical Ability
- Breadth of vision
- Ownership and Accountability
- Team Skills

A brief explanation on the parameters based on which the Potential Assessment is done is discussed below:

Group Effectiveness: Questions pertaining to group effectiveness measured the employee in the aspects of improving the morale of the team, aligning the team to the organizational objectives, effectively utilizing the resources to optimize the productivity and in directing and coordinating the team activities.

Ability to develop subordinates: Employees were rated in the aspect of their ability to develop subordinates mental skills, providing guidance to them, giving opportunities for the team members to grow and develop their skills and in mentoring the team members.

Analytical Ability: Employees were also evaluated on their analytical skills based on their capacity to breakdown complex business situations into manageable terms, in analyzing the situations to arrive at patterns for any particular problem or issue, in identifying the strength and weakness of a team to plan activities accordingly.

Breadth of Vision: Employees were also rated with respect to their ability to examine a problem or a business situation in a broader context and in their sensitivity in taking decisions considering all the stakeholders.

Ownership and Accountability: Employees were rated on their ability to go the extra mile and take accountability for their action.

Team Skills: Employees were also rated on their ability to adhere with the team and supporting the team in its function.

4.5.3 Role of Potential Assessment in Career Path

One of the important objectives of appraisal, particularly potential appraisal is to help employees to move upwards in the organization. People do not like to work on dead end jobs. Hence, a career ladder with clearly defined steps becomes an integral component of human resources management. Most HRD practitioners favour restructuring of a job to provide reasonably long and orderly career growth. Career path basically refers to opportunities for growth in the organization. Availability of such opportunities has tremendous motivational value. It also helps in designing salary structures, identifying training needs and developing second line in command.

Career paths can be of two kinds:

(i) Those where designations changes to a higher level position, job remaining more or less the same. A good example of this is found in teaching institutions, where an assistant professor may grow to become associate professor and a professor, but the nature of job (teaching and research) remains the same. Career path in such situations means a change in status, better salary and benefits and perhaps less load and better working conditions.

(ii) Those where changes in position bring about changes in job along with increased salary, status and better benefits and working conditions. In many engineering organizations, an employee may grow in the same line with increased responsibilities or may move to other projects with different job demands

4.5.4 Role of Potential Assessment in Succession Planning

Succession planning is an ongoing process that identifies necessary competencies, then works to assess, develop, and retain a talent pool of employees, in order to ensure a continuity of leadership for all critical positions.

Succession planning is a specific strategy, which spells out the particular steps to be followed to achieve the mission, goals, and initiatives identified in workforce planning. It is a plan that managers can follow, implement, and customize to meet the needs of their organization, division, and/or department. The continued existence of an organization over time requires a succession of persons to fill key position.

The purpose of succession planning is to identify and develop people to replace current incumbents in key positions. Potential Assessment can be one of the tools that can effectively improve the succession planning process by helping Managers identify the successors based not only on their performance but also on the potential that they possess.

4.6 Designing Learning System

Organizations today rely increasingly on intangible assets such as human capital as a way to gain competitive advantage. Knowledge workers with specialized knowledge and skills are difficult to find, and a skilled workforce is difficult for competitors to imitate or duplicate. Maximizing the contributions of knowledge workers can be critical to an organization's success. It is therefore vital to design and implement effective learning initiatives to retain these employees. To ensure a positive impact on the organization's bottom line, learning initiatives must be carefully designed with the business strategy in mind, and they must demonstrate their contribution to organizational stakeholders.

Learning is critical for organizations to successfully deal with workplace challenges. The aging workforce, increased diversity in the workplace and the growing gap between job skill demands and available employee skills are just some of the forces that make learning initiatives so important.

Table 4.1, and given case let lists additional forces that affect workplaces. These forces make learning a strategic imperative. This report will help you use the full range of available learning initiatives, including training,

Strategic learning initiatives: Organizations can spend considerable time and money on learning initiatives, but this does not guarantee their effectiveness. To be effective, these initiatives need to support the organization's strategy. Learning initiatives have been shown to have both direct and indirect effects on organizational performance.

These initiatives help employees develop skills needed to perform their jobs, and this directly affects the business. Also, providing learning initiatives creates a positive work environment, which can help in attracting new talented employees and retaining current employees. Learning initiatives are most likely to result in positive business outcomes when they are linked to the business strategy. This involves defining the business strategy, developing learning initiatives that support the strategy, translating the initiatives into specific training, development and knowledge management initiatives, and using appropriate metrics to determine if learning initiatives are contributing to the business strategy and goals.

The business strategy can be identified by considering the company's mission, vision and values, conducting a SWOT analysis (strengths, weaknesses, opportunities and threats) or considering competitors in the marketplace. The SWOT analysis involves an assessment of the company's operating environment, such as product markets and technology, to identify opportunities or threats. It also provides an internal analysis of the company's strengths and weaknesses, including people, technology and financial resources. It is important to consider decisions about how to compete in the marketplace, including where to compete (markets, products, and industries), how to compete (Cost, quality, reliability, innovation, etc.) and what resources are needed to compete. Different business strategies call for different human capital requirements and thus place different demands on the training function.

Table 4.1

Strategic Learning Initiatives and Learning Activities	
Strategic Learning Initiative	**Sample Learning Activities**
Diversify the learning portfolio	• Facilitate informal learning • Use new technology for learning • Provide personalized learning opportunities
Expand learning focus	• Involve customers, suppliers, employees, students • Offer more learning opportunities to nonmanagerial employees
Accelerate the pace of learning	• Reduce the time needed to develop learning solutions • Provide greater access to learning resources using online or mobile learning • More quickly identify learning needs
Improve customer service	• Learning focused on product/service knowledge, customer service skills or quality techniques, and customer-based decision-making
Provide development opportunities	• Communicate and make available assessment, job experiences, mentors, formal programs • Ensure learning opportunities include current jobs as well as future roles

Capture and share knowledge	• Organize, store and give employees access to knowledge • Provide methods to make knowledge available to employees (e.g., web sites)
Align training with the business strategy	• Assess whether learning opportunities map onto business mission, goals and values • Trim and add opportunities
Ensure learning and transfer of training are supported	• Remove constraints to learning, such as lack of time, resources or equipment • Dedicate physical learning space to encourage collaboration and knowledge sharing • Ensure employees understand the importance of learning • Through performance management and compensation systems, hold managers accountable for supporting learning

Case Let: Creating a Learning Culture at McCormick & Company

At McCormick & Company, a global leader in spice production, the company's goal is to create a teaching organization in which knowledge and expertise are shared by all employees globally. To accomplish this, McCormick utilizes the following four components, each aligned with business goals:

• *Corporate learning professionals* include full-time learning and development professionals at the company's learning centers.

• *Site-specific learning professionals* include employees who have responsibility for learning and development at the company's various locations.

• *Leader-teachers*, defined as anyone with direct reporting responsibility, include senior executives who participate in classes—from leadership programs to new employee orientations. Managers are rewarded for teaching based on McCormick's competency model.

• *Peer teachers* participate in on-the-job training, plus a unique opportunity known as multiple management board (MMB) systems. MMBs are cross-functional or cross divisional groups of employees who work on real-time projects. Goals include idea sharing, developing and educating team members, and making recommendations that contribute to the company's success.

Source: Frattali, R. (2007, July). The company that teaches together performs together. *T+D*, pp. 36-39.

4.6.1 Creating Conditions to Achieve Greater Transfer of Training

- Clearly communicate the importance and meaningfulness of instruction for both the learner and the organization.

- Set explicit and public training goals.

- Find ways to make learners confident that they can succeed in learning, and frame learning events as opportunities rather than threats.

- Demonstrate support for learning initiatives by encouraging managers to participate in and lead training.

- Link employees' learning and transfer of training and managers' support of learning and transfer, to meaningful organizational rewards (performance evaluation, pay, etc.).

- Provide support so learners can:
  - Recognize the support for transfer of training.
  - Identify any obstacles to transfer of training.
  - Set goals for using learning content.
  - Consider how they will apply learning content on the job.
  - Monitor their use of learning content.
  - Commit to getting the support they need from managers or peers.

- Require learners and managers to make a public and written commitment of their intentions to transfer learning.

• Use action plans to identify what learning content will be and how it will be used on the job, strategies for reaching the learning goal, what the trainee will do differently, support needed from peers and managers, the expected outcome from reaching the goal (what will be different? Who will notice? What will they notice?), and progress check dates.

- Identify the responsibilities of each stakeholder before, during and after learning initiatives to ensure that transfer of training occurs. For example:
  - Executives should communicate their support for learning.
  - Learners are responsible for completing any pre-training assignments such as readings or identifying work problems.
  - Managers should commit to providing learners with job assignments that give them opportunities to use new skills.

- Create a support network among the learners:
  - Create an electronic discussion board that links the learners.
  - Schedule follow-up face-to-face meetings.
  - Provide learners with a more experienced employee or mentor who previously attended the same learning event.

- Reward, promote and support learning, and include learning goals in company objectives.

- Encourage employees to take risks, innovate, explore new ideas and processes, and develop new products and services.

4.6.2 Understanding learning methods

On-the-job training: Learning that occurs in the workplace during work by observing peers or managers perform and trying to imitate their behavior.

Relationships: Interaction with a more experienced or knowledgeable employee such as a coach or a mentor.

Virtual reality: Computer-based technology providing a three-dimensional learning experience.

Behavior modeling: Learners are presented with a model who demonstrates key behaviors to replicate. Learners have opportunities to practice skills, receive feedback and plan how to apply the skills on the job.

Role plays: Learners act out roles related to the work or interpersonal situation assigned to them.

Business games: Require trainees to gather information, analyze it and make decisions in situations that mimic management decisions and the competitive nature of business.

Case study: Presents a description of how employees or an organization dealt with a difficult situation. Learners are required to analyze and critique the actions taken, suggest more appropriate actions or what might have been done differently.

Apprenticeship: Work-study method primarily used for skilled trades, including both on-the-job and classroom instruction.

Simulation: Mimics a real-life situation with learners' decisions resulting in outcomes that are similar to what would happen on the job (e.g., flight simulator). Simulations may use the actual equipment used on the job, or employees may go online using avatars (computer depictions of humans who are used as imaginary coaches, co-workers or customers) and/or virtual reality.

Job experiences: Job experiences include temporary assignments, projects, volunteer work, lateral transfer, job rotation, job enlargement or downward moves. Learning is most likely to occur when the experience is a "stretch" assignment (i.e., there is a mismatch between employee's skills and the skills required for the job).

Interactive video: Combines video and online learning, providing learner control and the ability to interact with the learning content.

Blended learning: Combines online learning and face-to-face instruction.

Web instruction (online or e-learning): Instruction and delivery of learning by computer online through the Internet or the web.

Adventure learning: Focuses on the development of teamwork and leadership skills through structured activities that may include outdoor challenges, drum circles and even cooking classes.

Action learning: A team training method that involves providing teams or work groups a work problem to solve; it requires them to commit to an action plan and holds them accountable for carrying out the plan.

Team training: Emphasizes knowledge, attitudes (e.g., cohesion, morals) and behaviors that help coordinate the performance of individuals who work together to reach a common goal. It can include cross-training in which team members

understand and practice each other's skills so that members are prepared to step in and take the place of the other members, if necessary. Also involves teaching the team how to share information and decision-making responsibility to maximize performance and/or team leader training.

Technology-based learning methods

Technology-based learning methods are not inherently more effective than other methods. To create a positive learning environment, technology based learning should include one or more of the following features:

• Learners should have control over when and where they want to learn, the pace of learning, the content they view and the amount of practice.

• Learners should be linked to other resources (such as useful web sites) and have the ability to collaborate with other learners, trainers, subject matter experts or mentors.

• The use of avatars, virtual reality and simulations can increase the realism and meaningfulness of the learning content.

• Technology-based training methods should allow course enrollment, testing and record-keeping to be handled electronically to reduce the costs of administrative activities related to learning.

• When using mobile technology (e.g., iPods), ensure that employees know when and how to take advantage of the technology by encouraging communication, collaboration and interaction with other employees. Mobile technologies may be best suited for knowledge dissemination or providing learners with access to learning content for review purposes or on an as-needed basis.

• Blended learning is a hybrid of technology-based learning and traditional learning methods. It was developed to capitalize on the positive features of both face-to-face and online instruction. It also compensates for the lack of face-to-face networking with the trainer and other learners inherent in online instruction. Knowledge and facts can be delivered using online learning, and then employees can practice applying knowledge and facts through face-to-face instruction using cases, games or other interactive methods.

Web-based instruction, blended learning or mobile technology should be considered as possible learning methods when:

• Sufficient budget and resources are available to develop and support the use of the new technology.

• Learners are geographically dispersed and travel costs related to training are high.

• Learners are comfortable using technology-based learning methods.

• Learners have access to technology (e.g., mobile technologies, personal computers).

• Greater use of new technology is part of the company's business strategy.

• Learners have difficulty attending scheduled learning activities.

• Current learning methods allow limited time for practice, feedback and assessment, and these features will be part of the technology-based training method.

These different learning methods help employees acquire tacit and explicit knowledge, behaviors, skills and competencies. To sustain a learning culture and encourage learning as an ongoing process, provide employees with access to knowledge management systems. They can then share what they have learned with others and discuss problems, issues and successes in applying their knowledge.

4.6.3 Evaluation of Learning Outcomes

The two ways of evaluating the learning outcomes are mentioned below in the form of Return on Investment (ROI) and Table 4.2.

Steps in Determining Return on Investment (ROI)

1. Identify learning outcomes.

2. Place a value on the outcomes.

3. Determine the change in the outcome, eliminating other potential influences besides learning.

4. Obtain an annual amount of benefits from learning by comparing results after learning to results before learning (in Rs.).

5. Determine learning costs (direct costs + indirect costs + development costs + overhead costs + compensation for learners while they attend the program).

6. Calculate the total savings by subtracting the learning costs from the benefits.

7. Calculate ROI by dividing the benefits by costs.

The ROI gives an estimate of the return expected from each rupee invested in learning.

Table 4.2 Evaluation of Learning Outcomes

Outcome	Level	Description	Measurement
Reactions	1	Learners' satisfaction	Surveys, interviews
Learning	2	What principles, facts, techniques, procedures, or processes did learners acquire?	Tests, work samples
Behavior and skills	3	What technical, motor skills or behaviors did learners acquire?	Tests, observations, ratings, work samples
Affective	3	Learners' attitudes and motivation	Surveys, interviews
Results	4	Payoffs for the company, such as increased productivity, lower costs, increase in customer satisfaction	Observation, performance data
Return on investment	5	Comparison of learning benefits with costs	Economic value

4.7 Designing Knowledge Management System

- Effective Implementation of Training and development system should assure:
- Individual and departmental Training and Development plans in place and strategically linked to departmental strategic objectives
- A diverse set of training and development activities (e.g. overseas attachment, overseas training, secretariat attachment)
- Training and Development integrated with PMS and Succession Plan / Manpower Plan
- Timely induction training provided to all new staff with management training to be provided systematically afterwards
- Regular review of the Training and Development policies
- Evidence of improvement in work quality and efficiency,
- Managers' positive feedback on learners' performance
- Training courses rated highly in quality and relevance

Knowledge Management System

Knowledge management can occur using the face to face or technology-aided methods. Various ways to Facilitate Knowledge Management are:

- Use social networking software.

- Use the company intranet to create web pages that allow employees to share knowledge in a community of practice.

- Publish directories of what employees do, how they can be contacted and their expertise.

- Develop an informational map that identify who has specific knowledge in the company.

- Give responsibility and accountability for facilitating knowledge exchange to HR, information systems or learning officers.

- Require employees to give presentations to their peers about what they have learned from training programs they have attended or new job experiences.

- Use sabbaticals and allow employees time off from work to learn.

- Create an online library of learning resources such as journals, technical manuals, training opportunities and seminars.

- Design office space to facilitate interaction between employees.

4.8 Designing Career Development System

Career planning: A career is a sequence of positions held by a person in the course of a lifetime. It is a process of integrating the employees' needs and aspirations with organizational needs. Career programs and HR programs are linked to the degree that they help each individual and the organizational requirements.

Organizational career development process includes both individuals and institutions. Individuals plan their own careers whereas institutions or organizations manage the careers of the employees. Career planning by an individual includes several sub processes such as occupational choices, organizational choices, job assignment choices and career self-development. While the major sub processes of career management by organizations include recruitment and selection, human resource allocation, appraisal and evaluation and training and development. In order to have effective career development attempts by the organizations, designing automated career development systems plays a crucial role as it integrates a series of activities related to individual career planning and organizational career management involving employees, management and the organization.

An individual's career is a series or sequence of work-related activities as well as his or her future aspirations. It is affected by several factors such as his or her behaviour, attitude, values, ambitions and desires and opportunities and threats and weaknesses and strengths plus the outer environment and economic conditions. It is a deliberate process followed by an individual depending upon his or her desires and aspirations over the span of one's life.

Designing career development systems according to specific needs and requirements of an organization can help HR specialists in bringing efficiency to the entire process of career management. Since the system tries to integrate all the activities of an employee, management as well as an organization, it has to be tailor-designed. There is nothing that fits all since the nature of the every business is different and aspirations of every employee in every industry are different. Most companies along with career management programs also involve career assessment process by the employee. If they have supportive environment such as a facilitator and properly automated system, they will properly assess their careers and fill genuine information about themselves.

Most organizations such as Xerox, IBM, Wal-Mart, Lincoln electric and Bell Atlantic have their own specific career development systems. Along with this, they provide their employees with supportive environment and a culture that supports the whole process of career development. This is the reason why these companies are considered as the best places to work. Since they manage the careers of their employees seriously and treat them as the most valuable assets of the organization, a very high percentage of university graduates prefer joining them even if they offer low compensation.

While designing career development system for an organization, the nature of their business, the industry and the business environment they are operating in should also be considered. Although it is an internal process of an organization but outer environment factors such as job market, current trends, economic conditions, etc affect the entire process.

Career development programs are most effective when they are integrated with the organization's ongoing training and development strategies. For being able to do this, an organization must have a carefully designed career development system especially designed to meet its own unique needs and requirements. An automated and well-designed career management system not only benefits organizations but also help employees and managers or supervisors in establishing effective communication with each other. All the parties gain different benefits

and combining which they can together set an organizational culture that supports such types of activities in an organization.

4.8.1 Benefits of a Career Development System

It helps organization retain valued employees by providing them what they want. Since the organization is able to collect all necessary information about a specific individual, it can make efforts to retain them. It establishes a reputation of the organization in the market. More and more working professionals see it as a people developer and get attracted towards it.

Benefits of a Career Development System to Organization

Once organization has a fair idea about employee's strengths and weaknesses, attitude and behaviour, values and future aspirations and skills and competencies, they are able to make better use of employee skills and put them at the right place. The organization can disseminate all important details and information at all organizational levels in order to ensure effective communication at all levels. It fosters and lays emphasis on better communication within the organization as a whole.

- **Benefits of a Career Development System to Employees**

The major benefit of career development system to employees is that they get helpful assistance and guidance with their career decisions. They get to know about their own aspirations, objectives and desires and understand how to shape their career. By using this system, they can set more realistic goals and objectives that are feasible to be accomplished over the span of one's life. It fosters better communication between the employee and the manager as well as at all levels of the organization. The best part is that they can get feedback on their performance. This helps them improve their working style and compels them to upgrade their skills. The process leads to job enrichment and enhanced job satisfaction.

- **Benefits of a Career Development System to Managers/Supervisors**

A career development system helps managers and supervisors in improving and upgrading their skills in order to manage their own career. Even they get to where they are heading to and what their aspirations are. It fosters better communication between managers and employees. It helps them in retaining valued employees as they get to know about their skills and competencies and future aspirations as well. It helps in discussing productive performance appraisal of employees and planning their promotions as well as their career graph. It leads to greater understanding of the organization as a whole and cultivate a supportive and conducive culture in the organization. It helps managers in understanding the hidden aspects of employees and guides them to allocate employees the right job that matches to their skills and competencies.

4.8.2 Components of a Career Development System

A career development system includes a variety of components for use in the organizations. In order to increase the efficiency of the system, the HR mangers must have complete knowledge about these tools since they play a role of consultant when employees and supervisors use this system. Plus, they are responsible for designing and developing an effective career development system for their organization. Some activities or components are known as individual career planning tools while some are used for organizational career management.

To achieve greater efficiency, most organizations use a right combination of both types of activities. Let us understand these tools and activities to learn in-depth about career development system:

- **Self Assessment Tools:** This is the first technique that is widely used by organizations in their efforts to career management of their employees. This is a career exploration tool where individuals complete self-assessment exercises and fill information about their skills, interests, competencies, work attitudes and preferences, long and short term goals and obstacles and opportunities. The whole exercise helps them understand their own desires and aspirations and likes and dislikes.

- **Career Planning Workshops:** Once employees are through their self-assessment, they share their findings with other individuals and their supervisors in career-planning workshops. It allows them to receive feedback from others and check the reality of their plans and aspirations. They may change their plans if they find them unrealistic and move in new direction.

- **Individual Counseling:** It is one of the most common activities that are undertaken by almost all people developing organizations. Generally, individual counseling is provided by career development specialists, HR specialists or life skills development trainers. Some organizations hire them from outside while some have their own full fledged departments where they recruit and hire trainers for full time. It helps employees in understanding their own goals, making a change in them if required and working on improving their skills and competencies.

- **Organizational Assessment Programs:** Organizational assessment programs include tools and methods for evaluating employees' potential for growth within the organization. Johnson & Johnson is one company that uses these programs to assess the careers of their employees and evaluate their potential in order to facilitate the staffing and development of special teams known as "tiger teams". These special teams are formed to speed up the development of new products. The most popular programs under this category include assessment centers, psychological testing, 360 degree appraisal, promotability forecasts and succession planning.

- **Developmental Programs:** Developmental programs are used by an organization to develop their employees for future positions. They can be internal as well as external and can be performed under the supervision of human resource staff or trainers and specialists from outside. These programs include assessment centers, job rotation programs, tuition refund plans, internal training programs, external training seminars and formal mentoring programs.

In addition to these programs, there are several other components of a career development system such as career programs for special target groups, fast-track or high potential employees, supervisors, senior-level employees, women, technical employees, minorities and employees with disabilities, etc.

4.8.3 Objectives of Career Development Systems

Career development has become primary activity of organizations in order to create a pool of talented employees as well as enhance their career satisfaction.

Along with this, it is also considered as an organized and planned process to improve the efficiency of organization. In common terms, we may look upon it as an effort to strike a balance between organizational workforce requirements and individual career needs. Employees have their own personal desires and aspirations and need to effectively utilize their personal skills to attain their career goals and objectives. On the other hand, organizations have needs for staffing and meeting present and future human resource requirements. A career development system is a mechanism that takes both the parties in to consideration and helps them meet their requirements as well as objectives.

- **Fostering Better Communication in Organization:** The main objective of designing a career development system is to foster better communication within the organization as a whole. It promotes communication at all levels of organizations for example manager and employee and managers and top management. Proper communication is the lifeblood of any organization and helps in solving several big issues.

- **Assisting with Career Decisions:** A career development system provides employees as well as managers with helpful assistance with career decisions. They get an opportunity to assess their skills and competencies and know their goals and future aspirations. It helps them give a direction so that they can focus on achieving their long term career goals.

- **Better Use of Employee Skills:** A career development system helps organization make better use of employee skills. Since managers know their skills and competencies and therefore, can put them at a job where they will be able to produce maximum output.

- **Setting Realistic Goals:** Setting realistic goals and expectations is another main objective of a career development system. It helps both employees and organization to understand what is feasible for them and how they can achieve their goals.

- **Creating a Pool of Talented Employees:** Creating a pool of talented employees is the main objective of organizations. After all, they need to meet their staffing needs in present and future and a career development system helps them fulfill their requirements.

- **Enhancing the Career Satisfaction:** Organizations especially design career development systems for enhancing the career satisfaction of their employees. Since they have to retain their valuable assets and prepare them for top notch positions in future, they need to understand their career requirements and expectations from their organization.

- **Feedback:** Giving feedback on every step is also required within an organization to measure the success rate of a specific policy implemented and initiatives taken by the organization. In addition to this, it also helps managers to give feedback for employees' performance so that they can understand what is expected of them.

A career development system can be very effective in creating a supportive culture in the organization and help employees grow and utilize their skills to achieve their desires and aspirations related to their career. Both organization and employees can meet their goals simultaneously.

4.9 Designing Reward System

The only way employees will fulfill your dream is to share in the dream. Reward systems are the mechanisms that make this happen. "However, reward systems are much more than just bonus plans and stock options. While they often include both of these incentives, they can also include awards and other
recognition, promotions, reassignment, non-monetary bonuses (e.g., vacations), or a simple thank you.
A reward system, in isolation, can serve operational needs badly. Rewards influence behaviour, attitudes, job satisfactions and performance. Reward system can be classified as:
 Monetary Rewards (directly, indirectly or un-related to actual performance outcomes)

- Monetary equivalent Rewards

- Non-monetary rewards

Guidelines for Designing an Effective Reward System
 Performance payoff must be a major, not minor, piece of total compensation package.

- Incentive plan should extend to all managers & employees.

- System must be administered with scrupulous care & fairness.

- Incentives must be linked tightly to achieving only performance targets in strategic plan.

- Performance targets each person is expected to achieve must involve outcomes person can

    personally affect.

Objectives of Designing Reward System
Reward can act as the 'catalyst' for improved performance and better productivity.

- Rewards are generally reckoned to improve productivity by somewhere of the order of 20 to 30 per cent. This is nearly twice as much as that attained by goal setting or job-redesign.

- It helps to link to strategic direction and business goals.

- They can actively engage and renew the overall sense of community and mission of an organization.

- It increases the frequency of an employee action.

- Rewards increase the chances that a performance will be repeated.

- Rewards help to create a more pleasant work environment, one where rewards are used more frequently than discipline to manage employee behavior.

- Through reward system individuals feel acknowledged for their accomplishments, contributions, and performance. The staff will be motivated and inspired to continuously strive for excellence.

- An effectively designed and managed reward program can drive an organization's change process by positively reinforcing desired behaviors.

- Rewards act as reinforcers for a variety of individual behaviour.

4.10 Summary

In the Designing HRD system, the long growth plans of a company are not kept secret. They are made known to the employees. Major changes are discussed at all levels to promote understanding and commitment among employees. The immediate concern of employees would be to find out where they stand in such a road map. Do they have any chance to grow while building the organization brick by brick? Since managers have information about the growth plans of the company they need to transmit their information to their subordinates. The subordinates should be assisted in planning their career within the company. It is however not necessary that each one of them would scale new heights every year but at least they are aware of the opportunities and get ready for greater challenges ahead. Career planning does not guarantee success. But without it employees are rarely prepared to encash the opportunities that come their way.

4.11 Self Assessment Questions

1.   Identify the learning program's strengths and weaknesses that can be used to determine if the program is meeting learning objectives, if transfer of training is occurring and if the quality of the learning environment is acceptable.

2.   Determine whether the content, organization and administration of the program contribute to learning and transfer of training.

3.   Identify various components of designing HRD System

4.   Develop pre-learning interventions for learners to enhance readiness for learning.

5.   Assist in marketing programs by collecting information from learners about why they attended the program, the benefits they received and how satisfied they were with the program.

6.   Discuss objectives of Career Development Systems

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Unit - 5 : Career System

Structure of Unit

5.0 Objectives

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

- Understand the concepts of career
- Discuss the various types of career
- Explain career stages and typical career pattern.
- Follow the aims and objectives of career planning and its various benefits;
- Describe the steps for career planning and development; and
- Appreciate the role of key players in facilitating career development programmes;
- Develop succession planning by identifying high potential employees for key executive positions.

5.1 Introduction

Change is inevitable and has always been with man since the earliest of time, but it now seems that the pace of change has accelerated like never before. Organizations – be it business firms, not for profit, public limited companies, etc. – are all experiencing the heat of change. More and more traditional myths are getting shattered and more and more new orders emerging every day. The phenomenon is more palpable in the developing economies like India especially after they opened up their markets for global competition. This has resulted in fast, paced changes on account of technology and availability of capital and skilled manpower, the impact of which is visible in improved standards of living in today's society. The changes at the societal level have implications for future employees who are bound to come from this part of the world. As such, organizational environment that is undergoing changes has implications for the way employees are managed by the companies, and there is also a considerable impact on the way the HR system has run thus far. There is thus a need to look at the entire career system afresh.

There is a need to plan for employees' career issues from both economic and social forces. The human resources of an organisation must be in a constant state of development if the organization is to survive and prosper in an ever-changing environment. Modern employees are beginning to insist that work demands be effectively integrated with the human need for personal growth, expectation of one's family and the ethical requirements of society. For senior managerial level, soft skills have become more important than technical ability, industry experience or business knowledge. With predictable career paths becoming more/less extinct, professionals seeking advancement are getting confused. The career relationship between individuals and organisations seems to be changing dramatically towards more "protean" and "boundaryless" careers

5.2 What do People Want from Their Careers?

In addition to opportunities for growth and development, what do people want from their careers? Making generalizations is difficult because of the wide range of individual differences. Further, what people want from their career tends to change over time: career advancements and advancing age spark new career interests and changing needs. Nonetheless, E.H. Schein has identified dominant motives which underline people's career choices and long-range goals. Schein refers to these basic motivating factors as "career anchors". Edgar Schein (1978) says that career planning is a continuing process of discovery - one in which a person slowly develops a clearer occupational self-concept in the terms of what his or her talents, abilities, motives, needs, attitudes and values are. Schein also says that as you learn more about yourself, it becomes apparent that you have a dominant career anchor, a concern or value that you will not give up if a choice has to be made. Schein believed that people developed certain 'career anchors' at an early stage in their career which will govern their individual career paths.

5.2.1 Career Anchor: A Primer

The word 'career' has different connotation to different people and is seen both in the context of how the society perceives about an individual's journey and advancement about its professional life, and on the other hand how the individual takes the evolving of its experience with work over a period of time. So it is both an internal as well as external classification of the work we undertake and has a time dimension that goes along with it. But in general parlance it is the societal definition, as given above, that underlie our understanding of the word career and that is also how the companies too have built it into their HR system over the period of evolution of corporations.

But 'career' is not only defined by a series of occupational classifications or company based systems of human resource development – Equally important is the individual's own exertion of will in choice and activity. It is important to understand what kind of expectations employees have, and how organizations respond to these expectations. It is here that the importance of career anchors is felt and a right balance between the two goes a long way in keeping people engaged with the organization.

But what does one mean by Career Anchors? And what will one get by understanding them? Well it is a lot more meaningful to understand what my people value and what their motivations are before drawing up their stay (read careers) in the organization in a linear fashion as has been happening all these years all over the corporations around the world. Career anchors are defined as

those elements in a person's self concept which he/she would not give up even in the face of difficult choices. They represent the self perceived talents and abilities, basic values, and the evolved sense of motives and needs pertaining to the career. The career anchors guide people's career decisions and clarify some of the individual approaches to careers, individuals can only discover his or her career anchor through actual work experience, where self-perceived talents, motives, and values are tested or verified.

Career anchors refer to an individual's perceived needs, values, and talents, which determine career decisions. A person's career anchor is his or her self-concept, which consists of self-perceived talents and abilities, basic values, and the evolved sense of motives and needs as they pertain to career. Self-concept acts as, stabilizing force once it is formed. People are generally not aware of their career anchors until they are forced to make choices pertaining to self-development

Genesis of Career Anchors

The concept of career anchors evolved originally from a study that was designed to understand how managerial careers evolved and how people learned the values and procedures of their employing organizations. It was a study that spanned more than a decade and a half and had genesis in the famous Sloan School of Management MIT in the early 1960s. The respondents were the alumni of master's programme and were interviewed initially during their second year of study and then, after six months, at their place of work and then later, after one year, which revealed a great deal about their transition from school to work organizations. All respondent were later asked to complete a questionnaire five years down the line after graduation and had follow–up interviews after 10–12 years of their working life. From these interviews came insights and a detailed chronological career history of the respondents.

The actual events of the career histories proved to be highly varied, but the reasons that respondents gave for their choices and the pattern of their feelings about events proved to be surprisingly consistent. For each individual, underlying themes, of which he or she had often been unaware, reflected a growing sense of self, based on the learnings of the early years. When these people tried jobs that did not feel right to them, they referred to the image of being pulled back to something that fitted better – hence the metaphor of an anchor.

When are these developed?

Career anchors/orientations are developed in the initial eight or ten years of executives, working life, based on the varied experiences that one faces in the workplace. In short, the entire idea of career anchors focuses on individuals' realization of his or her 'internalized' career perceptions. Schein, who originated work into individual career orientations, has identified eight career anchors that guide the career decisions of employees as under:

- **Security/Stability:** This anchor deals with job security and long-term attachment with one organization; willing to conform and fully socialized in to an organizations' values and norms; tends to dislike travel and dislocation.

- **Autonomy/Independence:** The autonomy-oriented individuals seek work situations in which they will be maximally free of organizational

constraints and restrictions to pursue their professional competence. They are willing to trade–off opportunities for promotion to have more freedom.

- **Managerial Competence:** Managerially oriented employees, who wish to supervise, influence, and lead others, seek promotions to general manager positions as a vehicle to achieve feelings of success.

- **Technical Competence (TC):** Employees with strong technical orientations focus primarily on the intrinsic technical content of the work and the functional area represented by the work.

- **Creativity and Entrepreneurship:** These individuals need to create something on their own by developing a new product or service, by building a new business enterprise through financial manipulation, or by starting and building a business of their own.

- **Sense of Service:** Employees who have a service orientation are dedicated to serve other people and to make the world a better place to live and work; more concerned with finding jobs which meet their values than their skills.

- **Pure Challenge:** This anchor assesses the preference for overcoming impossible obstacles, solving unsolvable problems, and winning against extremely capable opponents; very single minded and intolerant of those without comparable aspirations.

- **Lifestyle (LS):** Individuals with a high score desire to develop a lifestyle that integrates family and career concerns, with concerns for self development. Looks for organizations that have strong pro-family values and programes.

Schein claims that each individual has only one true career anchor, which emerges after the person has accumulated a meaningful amount of life and work experience. When individuals achieve congruence between their career anchor and their work, they are more likely to attain positive career outcomes, such as job effectiveness, satisfaction, and stability.

5.3 Career and Succession Planning

Career planning is a relatively new personnel function. Established programmes on career planning are still rare except in larger or more progressive organisations. Organisational involvement in career planning is increasing, however. Many candidates, especially highly-educated ones, desire a career, not "just a job". Many of today's workers have high expectations about their jobs. There has been a general increase in the concern for the quality of life. Workers expect more from their jobs than just income. A further impetus to career planning is the need for organisations to make the best possible use of their most valuable resources - people - in a time of rapid technological growth and change. A career development system is a formal, organised, planned effort to achieve a balance between individual career needs and organisational workforce requirements. It is a mechanism for meeting the present and future human resource needs of an organisation. Basically career development practices are designed to enhance the career satisfaction of employees and to improve organizational effectiveness.

A career has been defined as the evolving sequence of a person's experiences over time. It is viewed fundamentally as a relationship between one (or more) organisation(s) and the individual. To some a career is a carefully worked out plan for self-advancement; to others it is a calling - a life role; to others it is a voyage of self-discovery; and to still others it is life itself.

6.3.1 Aims and Objectives of Career Planning

Career planning aims at matching individual potential for promotion and individual aspirations with organisational needs and opportunities. Career planning is making sure that the organisation has the right people with the right skills at the right time. In particular, it indicates what training and development would be necessary for advancing in the career, altering the career path or staying in the current position. Its focus is on future needs and opportunities and removal of stagnation, obsolescence and dissatisfaction of the employee. In the process, it opens avenues for growth to higher levels of responsibilities for each and every employee of the organisation through hierarchy of position, and training and development activities to equip the individuals with the requisites for succession.

The principal objectives of career planning are:

1.   To secure the right man at the right job and at the right time;
2.   To maintain a contended team of employees;
3.   To provide adequate career avenues to employees to higher levels of responsibilities; and
4.   To strengthen the retention programme of the organisation.

An effective career management plan takes care of an individual's interest, aptitude, specialisation and expertise while deciding on the placement. An organisation which believes in a sound career management programme is not only committed to and conscious of the development of human resources but also provides structural facilities for manpower research, manpower training and development.

5.4 Career Planning Process

Career planning is the process of setting individual career objectives and devising developmental activities necessary to achieve them. It is, in the broadest sense, the personal process of planning one's future work. In this process, an individual analyses his or her interest, values, goals, and capabilities. From the management view point, career planning and development should remain an individual responsibility. However, many individuals lack the insight, skills, or initiative to determine their own career progress effectively. Among the techniques to aid individual career planning are career counseling, career and life planning, and self development activities.

Career planning involves following four fundamental elements which, when taken together, represent the career planning process.

Direction: This involves the career goals one sets and the organisation's ability to act favourable upon these goals, especially in the light of business objectives and realities.

Career Time: This relates to distance and velocity factors - how far one wants to go in an organization or on the career path and how fast that person expects to get there.

Transition: This is the resistance one encounters while moving toward career goals. Transition relates to the changes expected, say, in knowledge, skill and attitude en route to a career goal. **Outcomes**: This relates to the probabilities that one's investment and sacrifices for career progress will pay off.

The important influences on careers are of course the organization and the individual themselves. Both the organization and the individual are important and career planning can be seen from the perspective of both parties.

5.5 Career Structure

The characteristics of a good career structure (sometimes known as career ladders) are:

- It has steps consistent with the general value of jobs and with other career structures.
- It makes clear that getting to the top of the structure is not a right but is based on merit and capability.
- The entry requirements for each step are clear.
- There is formal assessment procedure in order to progress from one step to another.
- The career structure is known and understood by all.
- It is controlled and implemented with integrity.
- It links with the development review part of appraisals.

Organizations view careers in a variety of different ways. Some see them as a way of allocating jobs and providing training, i.e. the emphasis is on developing managers. Another way in which organizations view careers is as tracks or ladders, which take people up the management hierarchy. A successful career is one which takes the individual to the top of the ladder. Some organizations view careers as a type of competition - only those managers who are successful in winning the tournament will have a progressive career.

The following case gives an insight to how a company manages varied career paths for diverse business needs so that it fits its strong emphasis on people management, and meets its very varied needs for both technical and leadership capability.

CASE 1: CAREER STRUCTURE

**BP: Varied career paths for diverse business needs**

BP is a global energy company with around 116,000 employees. It is capital intensive, and the workforce is highly qualified. BP needs an approach to career development that fits. its strong emphasis on people management, and meets its very varied needs for both technical and leadership capability.

Since the early 1990s, BP has emphasized the management of people, and both performance management and staff development are key facets of line management. Career development is seen as a partnership between the employee and his or her team leader. Employees are expected to initiate their own development, formulate a personal development plan and discuss this plan with their boss. Employees can expect their line manager to give realistic feedback on their plan, and practical support in achieving agreed development activities or positioning themselves for career moves. Individuals at all but the most senior levels take the initiative in obtaining their own career moves by applying for

vacant posts, which are internally advertised. In parallel with this general approach, BP has for many years had corporate schemes for the active career development of relatively small numbers of potential senior executives. Although the approach has been modified over the years, it has always had an emphasis on giving high potential people a wide range of career experience, including varied functions, types of business and international moves.

In its current form, the Group Executive Development Programme covers about 130 people – selected in their late 20s to early 30s through assessment centers – and manages their development for 7–10 years. As BP has become more truly global, selection for this programme now looks for a diverse group of participants with cultural awareness as well as people skills and a strong track record of performance. In addition to general managers, BP needs many functional leaders who, at the top of this career path, fill functional director posts.

Figure 1: Varied management and professional career paths in BP
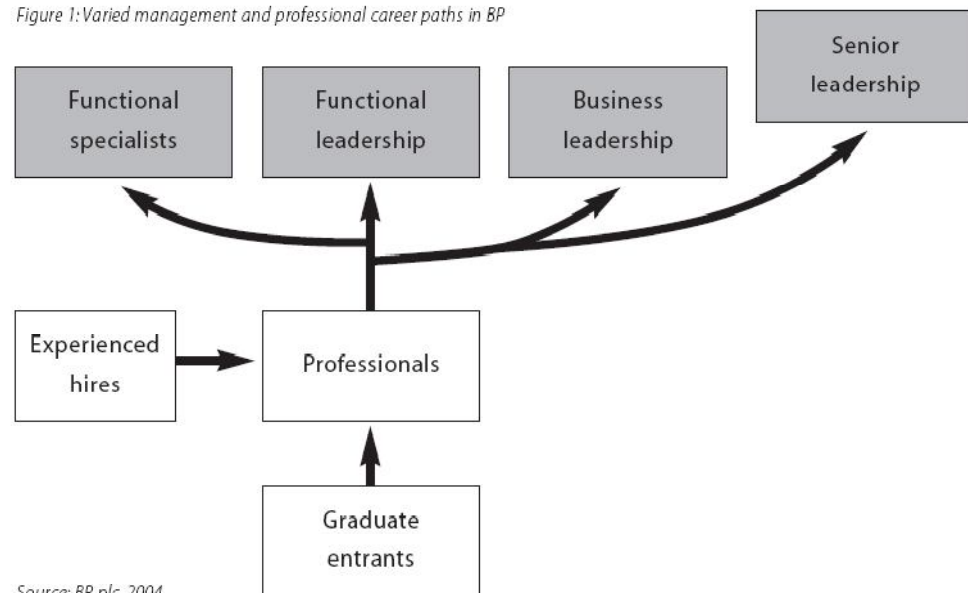
Source: BP plc, 2004

The business also needs senior specialists, with limited managerial responsibilities, in many areas of science, engineering and technology, and in commercial and support functions. So, there are broadly three different types of career path in BP as shown in Figure 1. Individuals can to some extent move across these career paths as the needs of the organization and their own ambitions change. Recently, the specialist career route has been strengthened through a professional recognition programme developed to promote individuals on their functional excellence, and to offer senior specialists equivalent recognition and rewards to those for business and functional leaders.

5.6 Career Stages

Individuals have different career development needs at different stages in their careers. When an organization recruits an employee in any of the grades of its cadre for a fairly long tenure, the employer must not only take interest in but also take constructive charge of the employee's career from then on. On entry, the employee is in a kind of 'budding' stage which really is the formative phase of his/ her career. This stage is that of establishing identity. The organization's

responsibility at this stage is to ensure that the employee's concerns are taken care of, he/she is helped to settle down and establish himself/herself.

The next phase is the establishment and developmental stage (also known as 'blooming' stage). This involves growing and getting established in a career: During this early career period, the executive would be in the junior administrative grade or selection grade. This is the period when the organization must not only orient the employees in a manner that will create maximum learning opportunities and favorable attitude towards the organization. It should also be ensured that the assignments assigned to them are optimally challenging by giving them a genuine test of their abilities and skills. In this stage, it is necessary to develop strategies for motivating a plateaued employee so that he/she continues to be productive. Another way could be to ensure an adequate transition from technical work to management work with suitable training and developmental opportunities, particularly for those who have management talent and want to occupy a managerial position. The programme that usually is organized at this level is what has come to be known as Management Development (if the seniority range of the participants is slightly lower, then it is referred to as Management Orientation). Some area-specialization input is also to be imparted so as to enable them to update their specialist skills. In other words, the developmental strategy is a Mend of specialist-professional exposure combining certain aspects of theory and practice.

The executives/managers from this point reach the higher career stages which would be stable or 'mature' (also known as 'full bloom' stage). People here would be in the super time scale, occupying senior management positions, involving high level policy and programming assignments. The organization must at this stage help people to flourish, to the maximum extent possible by giving them wider range of responsibilities for performance and broader opportunities for adjusting to their changing role as their career shifts from the more specialized to generalized advisory role. In this top level stage of policy-planning-advisory area. The organization must to it that their career interests are catered for and self actualization facilities arc provided, which enables the employees to devote their full time, attention, energy to the organization. Developmental strategies in this part of career must then be oriented towards policy making, programme planning and review and problem solving. The focus should he on advanced study and education for professionalized efficiency, total preparation for leadership, a kind of spiritual attitude reflected in a spirit of dedication to public service, and an urge to work for a cause higher than oneself etc. The table below, gives an idea of the different phases of an individual's psycho-social and personality grrdation and career elevation patterns. This helps in installing the career development and management programmes in an organisation.

Table 1: Career Stages

Social	Individual	Organisational
Formative stage (Budding Stage)	On-entry career	Junior scale/grade
Developmental stage (Blossoming stage)	Early career	Senior scale /grade
Mature stage (Full bloom stage)	Mid career	Selection grade/ supertime' scale
Decline stage (withering stage or retiring stage)	Late career	Top management positions

5.7 Benefits of Career Planning

The career planning encourages individuals to explore and gather information which enables them to synthesize, gain competencies, make decisions, set goals and take action. Career planning benefits not only the individual employee, but also the organization. By developing employees for future positions, an organization is assured of a supply of qualified, committed employees to replace the higher-level employees. This facilitates internal staffing of the organization and reduces the costs of external recruiting and selection. In addition, a career planning strategy enables organizations to develop and place employees in positions compatible with their individual career interests, needs, and goals. This promotes employee satisfaction and optimal use of employee abilities. Finally, career planning can help to retain and motivate employees. Through the career planning process, employees are helped to set realistic goals and to develop the required skills and abilities for target positions.

Table 2 : Benefits of a Career Development System

Managers/Supervisors	Employees	Organisation
Increased skill in managing own careers	Helpful assistance with career decisions	Better use of employee skills
Greater retention of valued employees	Enrichment of present job and increased job satisfaction	Dissemination of information at all organizational levels
Better communication between manager and between employee	Better communication between employee and manager	Better communication within the organization as a whole
More realistic staff development planning	More realistic goals and expectations	Greater retention of valued employees
Productive performance appraisal discussions	Better feedback on performance	Expanded public image as a people developer
Greater understanding of the organization	Current information on the firm and the future	Increased effectiveness of personnel systems
Enhanced reputation as a people developer	Greater personal responsibility for the organization	Greater clarification of goals of career.

Source: Z.B.Leibowitz, C.Farren, and B.L.Kaye, Designing career development systems, San Francisco, CA; Jossey-Bass, 1986, P.7.

5.8 Career Planning : A Human Resource Planning Function

From an employee's perspective, career planning takes place after some amount of time on the job and after the organisation has had a chance to appraise employee performance. From an organisational perspective, career planning is an ongoing management function with close ties to human resource planning and

employee development functions. Performance appraisal information is essential to the setting of realistic individual career goals. Such goals are often set within the developmental performance appraisal interviews. The career planning function also has valuable inputs to the human resource planning function. Human resource planners provide career planners with predictions of expected job vacancies. Career planners use these data to give employees a reasonable expectation of their opportunities for advancement. One of the responsibilities of the career planning functions is to inform employees of career opportunities within the organisation. This responsibility involves the starting of career paths, logical progressions between jobs or from one job to a target position. With regard to employee development, the career planning function provides goals for the systematic development of employees. When mutually agreed upon, career objectives of individual employees are specified, and developmental activities can be selected and channeled in a direction meaningful to both the individual and the organisation.

5.9 Roles in Career Planning

Although it is the management's responsibility to provide the organisational climate, support and development programs needed for effective career planning, it is the individual's responsibility to develop the knowledge and skills necessary for managing his career. Career management, then, has two perspectives: individual and organisational Individual careers consist of work positions, activities, and development in one or more organisations during the course of their working lives and organisations offer various career opportunities and paths to their prospective and existing employees Successful professional employees pass through four distinct stages. Each stage differs from the others in the tasks that must be performed, the types of relationships engaged in, and the psychological adjustments to be made.

The stages start from apprenticeship, then move on to being specialists and independent; the third stage is playing multiple roles, including informal mentor, idea person and manager. Many retire at this stage and a few move on to the fourth stage where as a senior manager, internal entrepreneur or idea innovator they have a high degree of influence on the direction of their organisation or one of its major segments. Company policies and practices can substantially affect an employee's ability to work out a satisfying career – right from determining the human resource needs of the organisation to analyzing the distribution of the employees in the four stages, assigning jobs tailored to employees' needs and to the organisation's business goals and providing career-based training and development programmes supported by appropriate reward systems.

A survey conducted in a multinational manufacturing firm to find out the views of 312 respondents about their individual career concepts, motives, and the organisational strategy and culture showed that the career-and culture-based motivational capital is positively associated with how effective the people view the strategy, how well-functioning the structure is experienced, how relevant the performance appraisal is considered, how satisfied the people feel, and how long they stay in the organization. Research has been conducted to validate the theoretical discussions on the association of individuals and organizational career development interventions, implying that organizations need to design their career

mobility systems or performance incentive systems in accordance with employees' career orientations. International assignments have become an integral part of individuals' careers and are considered one of the most effective talent development tools. Yet, one problem that is particularly acute from a talent development perspective is that of high turnover rates among repatriates. While vulnerability to turnover varies depending on the type of assignment, i.e., developmental, functional and strategic, two sets of variables were found to play a key role in international assignees' decision to stay or quit: the perceived company-provided support and effectiveness of the repatriation management system, as well as the career advancement opportunities within the company relative to those available outside the company. Some of the cases are discussed below.

CASE 2: ROLE OF INDIVIDUALS

Lloyds TSB: Trained career coaches

Lloyds TSB has about 80,00 employees. The company strongly supports the idea of employees managing their own careers and learning, and provides the information and support to help them do this more effectively through their corporate university – the University for Lloyds TSB (UfLTSB). Many aspects of its Human Resources have moved into a 'shared services' model, with employees able to access career information and advice via intranet and internet websites, as well as an HR Call Centre. Support for career development has followed this strategy.

The UfLTSB's Centre for Career Management was launched in 2000. Employees can access a range of career information via this website, including information about different business units and the types of jobs they have. Employees can assess themselves against the competencies for different job roles, and use the Job Shop, which advertises internal vacancies. Employees can obtain a self-help career planning package via the HR Call Centre. It is made available on disk or as a workbook.

More personal and in-depth support is provided by a group of Career Coaches, who offer confidential 1:1 career advice to individuals referred to them by the HR Call Centre. They do this in addition to their 'day job', taking a few cases each month, contacting the individual by telephone initially, and then meeting them once or twice for career discussions if appropriate. There are currently about 115 career coaches, trained to a level recognised by the Institute of Career Guidance. Career coaches work in all parts of the Group and are not just HR people. Demand from people wanting to train as Career Coaches is high. To enable Lloyds TSB to maintain its accreditation by the Guidance Accreditation Board and meet the national Matrix Standard as a provider of career guidance, it provides ongoing development for both Career Coaches and the HR Call Centre's Career Information Advisors. In 2003, Lloyds TSB's call centre took over 700 calls about career issues, with just over a third being referred to a Career Coach. Call centre staff have been trained to give career information and to know when to refer an individual for more expert help. The need for careful management of the interface between these two levels of career support has been a learning point, as has the need to maintain active marketing of all the career services available to staff.

5.10 Career Planning Model

The career concept model was originally developed and has been extended and applied together with to various person and organisation issues, such as change organisational culture, demographics , human resource management mergers and acquisitions and international expansion, leadership, and brand management, the career concept model tries to understand and describe individual views and experience of careers.

Based on the following two primary conceptual factors:

(1)The frequency of career change (durability in a given field of work)

(2) The conceptual "direction" of career movement or change four distinct career concepts – expert, linear, spiral and transitory – are built.

- **Expert**: Career choice is made once for a lifetime, commitment to an occupation, "upward" advancement is less definitive of success than is "mastering" of the skills, knowledge and work of the expert's choice
- **Linear**: Career choice focuses on upward movement on an externally defined "ladder" (such as a managerial hierarchy) with infrequent (rare) changes in career field, while upward promotions are desired as frequently as possible
- **Spiral**: Career choice evolves through a series of occupations (with moderate, five-to-ten years', duration in each) where each new choice builds on past choices in order to develop new skills (lateral related movement).
- **Transitory**: Career choice involves frequent change of field, organisations, and jobs (one-to-four year intervals) with variety of experience being a dominant force (unrelated movement in multiple directions).

A questionnaire helps identify an individual's career profile that simply reflect individual orientations regarding his/her career.

Career concepts have been linked to other career models and empirically related to motivational differences Expert concepts relate to in-depth competence and security needs as do Linear to needs for power and advancement, Spiral to self-development and creativity, and Transitory to needs for novelty and independence. The career concept model has made specific linkages between operational HR appraisal and reward systems, organizational strategy and structure, and the career concepts and motivations of co-works, managers and executives

5.11 Career Planning Programmes

There are four distinct elements of a career planning programme. They include:

1. Individual assessments of abilities, interests, career needs, and goals;

2. Organizational assessments of employee abilities and potential;

3. Communication of information concerning career options and opportunities with the organisation; and

4. Career counseling to set realistic goals and plan for their attainment.

Career planning programmes vary in the degree to which certain elements are emphasised. Some programmes offer little assistance in employee self-assessment, while others aid this process by providing workbooks and workshops. Assessment centres are a part of some programmes, but the majority of organisations rely on the judgment of supervisors and managers in assessing employee potential. Career path information is provided by some organisations, while others simply post job vacancy information.

Career counseling typically involves a discussion on an individual's interest, work values, career goals, current job activities and performance, and action plans. Counseling can be formal or informal in nature. Formal career counseling is usually conducted by career counselors and vocational psychologists in individual sessions. However, counseling in many organisations is informal, while more established programmes provide staff positions for career counselors. Supervisors are considered a primary source of career information and can do a number of things to facilitate the career counseling process. The way in which organizations assemble the four career planning elements results in a variety of unique career planning programmes.

5.12 Facilitating Career Planning

Organisations can facilitate career planning in a number of ways. D.T. Hall categories the areas of concentration as follows:

(1) Organizational entry;

(2) The job;

(3) The boss;

(4) Organizational structure and procedures;

(5) Personnel policy.

Efforts to facilitate career planning can begin before or at the time an individual takes a job. One of the earliest **pre-entry points** of influence is contacts between an employer and institute placement staff or faculty. Job counselors and others may discuss career planning with the potential job applicants. Increasingly, organisations have included such information in recruiting messages and materials.

Career planning and development can be facilitated **in the job** itself. Evidence from a number of different organisations and occupations demonstrates the importance of a challenging and demanding first job. Related to the job progression idea is job rotation, which allows employees to work in a variety of capacities and provides growth and development opportunities at all stages of career development. Job rotation is a fairly common method of management development at all levels. Another agent of career planning in organisation is **the boss**. The importance of the immediate supervisor, especially an employee's first boss, cannot be underestimated. The boss assigns tasks, judges performance, provides feedback, rewards and punishes, and provides a model for the employee's own behaviour and future leadership style. Further, bosses often counsel employees in career planning. Any one of these factors can have a large effect on employee career but taken together they make the boss a key to career progress. Unfortunately, many supervisors and managers fail to make the most of their potential to influence employee careers in a positive direction. Some may

feel unequal to the task: they may lack the ability to help develop their subordinates. This problem can be remedied through training. Hall suggests that managers receive training in job analysis and job restructuring so that they can identify a challenging job, or restructure a job to make it more challenging. Additionally, they should receive training in interviewing and counseling skills, interpersonal skills, and performance appraisal, including providing constructive feedback.

The most obvious way to facilitate career planning is, of course, to provide **career planning services and programmes**. Although this is done on an informal basis in many organisations, established programmes are still rare. Some organizations hesitate to involve themselves in career planning. They believe that career planning activities may raise employee expectations for career advancement and that unfulfilled expectations will lead to dissatisfaction and possible turnover. This may well be true, but risks can be minimised. This depends to a large extent on the success of career counseling efforts and on the information provided by human resource planners. If expected job vacancies fail to materialize or if unforeseen changes force alterations in the job structure, someone is likely to be disappointed. To avoid this, career planners and human resource planners need to keep lines of communication open. **Personnel Policies** can also facilitate career planning. An internal recruiting policy, for example, enables employees to plan their career with greater certainty than does a policy of external recruiting. Additionally, a policy of job posting promotes employee awareness of available openings and necessary qualifications. A policy of making human resource forecasts available to employees also facilitates career planning. Compensation policy can also affect career planning activities.

Hall suggests **two additional personnel policies** to facilitate career planning. They are : (1) providing incentive for an employee not to leave the organisation, and (2) involving families in career decisions. As people's needs for job satisfaction increase, so does the families role in affecting career decisions. Since family considerations are important to employees, organisations should maintain a policy of actively seeking to involve employees' family members in significant career decisions. More emphasis must be placed on growth opportunities within the organisation than through relocation and transfer.

5.13 Responsibilities in Career Development

Three key players share responsibility for an employee's career development: the employee, the organisation and the manager. Primary responsibility for an employee's career lies with the employee, but managers and the organisations can provide vital assistance. To play their roles successfully each must assume a set of responsibilities in career development.

The organisation's responsibilities include:

- Providing resources for self-understanding and goal setting;
- Setting and communicating missions, policies, and goals and objectives;
- Providing information on organisation's options and career paths;
- Providing training, education and mobility opportunities; and
- Reinforcing and supporting the manager's role in career development.

The manager's responsibilities include:

- giving clear feedback about what employees should reasonably expect;
- providing forums for discussions;
- providing support and opportunities;
- identifying employee potential;
- providing growth opportunities consistent with employee and organisation goals;
- communicating the formal and informal realities of the organisation;
- providing exposure for employees; and
- Linking employees to appropriate resources and people.

The employee's responsibilities include:

- self-assessment;

- setting goals and plans;

- expressing expectations; and

- making use of opportunities, education and training.

Career development is an area that organisations must now recognise and address if they hope to find and retain employees who will help them meet their constantly shifting business demands. Most companies do not provide enough, if any, training to their current workforce. Many do not even have adequate knowledge of their employee's skills and talents - particularly large organisations. Companies must figure out a way to create an environment that is more adaptive, collaborative, and skill-ready.

CASE 3 : CAREER DEVELOPMENT

NHS: A sectoral approach to the career development of leaders

Succession planning and the proactive development of talent can be difficult in the public sector due to the fragmented nature of the organizations involved. Each NHS Trust, for example, has been responsible for its own succession planning and talent development. Now, in addition to strengthening access to qualifications for all employees, the NHS is adopting a more systematic, national approach to the development of senior leaders, managers and clinicians across the health service.

The NHS Leadership Centre provides a central focal point for the skill and career management of current and potential senior leaders. It has launched the NHS Leadership Qualities Framework and a wide range of development opportunities, including the recently launched scheme, NHS Leaders. NHS Leaders is the health service's first national succession planning and career development scheme. It is aimed, initially, at the 1,000 most senior leaders in the NHS across England (ie chief executives and directors). The national scheme is being supported by two, more local, pilot schemes in eight Strategic Health Authorities. The scheme will work with local NHS Trusts and Authorities to identify managers and clinicians with the potential for senior roles, and then facilitate their broader career development across a range of NHS employers. Jacqui Stewart, Director of Career Development and Succession Planning at the NHS Leadership Centre, comments: 'NHS Leaders puts career development on a far more structured platform. Besides being supportive and developmental, it encourages good practice and a systematic approach to senior recruitment.'

5.14 Succession Planning

Forecasting the availability of inside or outside candidates is particularly important in succession planning. In a nutshell, succession planning simply refers to the plans a company makes to fill its most important executive positions. In practice, however, the process often involves a fairly complicated series of steps. A more comprehensive definition of succession planning is that it is "the process of ensuring a suitable supply of successors for current and future senior or key jobs arising from business strategy, so that the careers of individuals can be planned and managed to optimise the organisation's needs and the individuals' aspirations."

Succession planning includes these activities:

- Analysis of the demand for managers and professionals by company level, function and skill.

- Audit for existing executives and projection of likely future supply from internal and external sources.

- Planning of individual career paths based on objective estimates of future needs and drawing on reliable performance appraisals and assessments of potential.

- Career counseling undertaken in the context of a realistic understanding of the future needs of the firm, as well as those of the individuals.

- Accelerated promotions, targeted against the future needs of the business.

- Performance-related training and development to prepare individuals for future roles as well as current responsibilities.

- Planned strategic recruitment not only to fill short-term needs but also future needs.

- The actual activities by which openings are filled.

Succession planning identifies high potential employees as possible replacements for key jobs, by encouraging hiring from within, succession planning helps employees develop careers, not just hold jobs. Succession planning is part of a longterm HR strategy that plans for future vacancies and changing work requirements. A sophisticated succession planning system is oriented at developing leaders at the levels of the organisation through ongoing training, education and development. Also it involves proactive planning for future talent needs at all levels and implementing programmes designed to ensure that the right leaders are available for the right jobs in the right places and at the right times to meet organizational needs.

The accelerating rate of change, both within the organisations and in the environment which they function has created an ever-increasing need for management succession programmes. Advances in information technology, changing management concepts and requirements have added new dimensions to succession planning. Professional management have to cope successfully with various changes affecting succession planning programmes, particularly in expanding organisations. The expectations, as well as managerial and personal philosophies of today's younger managerial employees have changed. They expect to be able to mature and progress in a professional management

atmosphere that will permit them to realise their full potential. Each organisation, therefore, must have a well-designed and understood system of management succession, with carefully spelt out principles and guidelines. Further, all levels of management must know each of the processes in succession planning and understand how they fit into the total organisational system.

CASE 4: SUCCESSION PLANNING

Barclays: Refreshing talent management

Barclays is a financial services company with 75,000 employees worldwide. In 2001, the HR agenda was aligned more closely with business priorities. Leadership development and talent management were identified as two key areas for improvement.

Barclays had long practised succession planning, but the process was onerous and lacked a Group-wide perspective.

As a result, the discovery of talent was ad hoc and subjective, and there was little development or movement of high potential people across the organisation. A central Talent Team was charged with the task of refreshing and improving the end-to-end talent-management processes, including executive resourcing, succession planning, leadership development, middle-management talent identification and graduate recruitment and development.

The new approach involves senior managers working with HR business partners in a more collaborative way to identify and develop talent. There is less emphasis on paperwork, and more concentration on dialogues between senior managers, HR and high potential individuals. It is corporately managed for the top three organisational levels (roughly the top 500 posts), and more devolved for the 'emerging talent' below this level.

'Talent' is now defined through 20 characteristics Barclays looks for in its future Group leaders. These are grouped together under 'the three Es': be Exceptional (eg driving for success, stretching the boundaries), Edge (eg learns quickly, demonstrates sound judgement), and Energising (eg mobilises others, makes things happen).

The refreshed succession-planning framework has a strong focus on the distribution of potential so that areas of risk can be identified. It asks leaders what action they are taking to develop and deploy talent in their business area.

Talent Development Forums (TDFs) have been introduced to ensure that high potential people, identified during Group talent conversations, gain access to the key experiences they need to reach group-wide leadership roles. TDFs bring 'talented' individuals into a direct discussion with senior executives (outside their own line management), plus an input from HR. The process started with selected talent identified in the top three levels, and is now being extended downwards. The outcome is a set of agreed career development actions. The process has also helped senior executives get to know the high potential population better. For the 'emerging talent' group of high potential middle managers, Talent Partners are assigned. These are senior managers who develop individuals towards Group leadership roles through an intensive coaching relationship.

5.15 Self Assessment Questions

1   What is a career? What are the factors which go into the shaping of a career?

2   What do you understand by career anchors?

3   Name at least two ways that career planning might benefit an individual.

4   Why do organizations give emphasis on career planning of individuals?

5   What are the responsibilities of a manager in the career development of the employees?

6   How do you differentiate career planning from succession planning?

7   Is the concept of career planning and succession planning realistic in today's rapidly changing environment?

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UNIT-6 : HRD For Workers

Structure of Unit

6.0 Objectives

After completion of the unit, you should be to:

- Develop an understanding about the objectives behind HRD for workers;
- Understand challenges in managing HRD for Workers;
- Learn about various concepts and mechanisms related to HRD for workers;
- Appreciate the role of unions in HRD for workers;
- Understand the implementation process of HRD for workers.

6.1 Introduction

In recent years, many research findings, case studies and practical experiences have emphasised the need to focus on HRD for workers. They show positive attitude towards the development of workers. Several HRD mechanisms like performance appraisals, potential appraisals, training, work climate, etc are being used by some organisations. HRD for workers is being increasing in the focus. It is required for the simple reason that workers constitute 72-80% of the workforce in any organisation and their contribution is the soul of the organisation and if the organization succeeds in directing and unleashing the talent potential in them, the organisation will bloom with energy.

While the need for focusing on HRD for workers has been felt and expressed both by professional as well as academicians, the efforts in this direction have not been commensurate. HRD for workers has been attempted only in limited way and that too only recently. The HR professionals, imbued with the values of HRD, in most of the public and private sector organisations have initiated HRD interventions to prepare the managers for meeting the needs and challenges of the competitive world.

8.2 Meaning

Human Resource Development for Workers is a planned process to help the workers in leading a productive work life as well as a good personal life. It is a deliberate action to:

- Make the workers realize their own potential
- Make the workers aware about the available resources in the environment
- Give recognition to the workers in various possible ways
- Empower the workers to enhance productivity
- Develop occupational competencies compatible with present requirements
- Develop achievement-orientation and self-management skills
- Develop psychological, social and cultural aspects

The central purpose of HRD for workers is to bring the human being into focus and develop the collective personality and power of workers by creating confidence to influence the course of action. One result of developmental efforts should be to realize the potential of people and help them to recognize the various resources they have at their command - resources of individual strengths as well as resources in the environment.

The concept of **HRD for workers** views workers as people interested and capable of development. It aims at discovering synergy amongst all the concerned and creating **winning-models** to beat the rampant of this competitive age for which a **collegial cooperation** between top-management, unions and workers is required. HRD for workers is quite different in content and processes than perhaps HRD for managerial staff. For example, some basic education and training has is taken for granted in any HRD effort for managers but the same may not be the case when attempting to do HRD for workers. The focus, content and mechanisms of HRD for Workers may have to be different from HRD for Managerial staff because, there are differences in job requirements, level of knowledge and competence, size of groups to be covered etc. In addition, it would be difficult to propose workers as a group that has common needs for development because the focus and process of HRD for Workers will be different from organisation to organisation and even plant to plant.

HRD for Workers is a very complex process. Providing education and training only to the workers cannot minimize the complexity. It requires changing the orientations of managers, unions and workers and jointly moving towards development. One of the objectives of HRD is to make human resources competitive. Being competitive means keeping the best employees motivated and ready to meet new challenges. To stay firm and get the optimum level of output, HRD professionals have to take care of the existing diversities. They can be easily seen everywhere: in knowledge area (Highly educated and less educated), skill area (skilled, semi-skilled and unskilled workers), age (young, middle and old), language (local and foreign), sex etc. It is also necessary to keep in mind the diversities that lie in work-sectors (Manufacturing, BPO, NGO, Agriculture, mining etc.) because their work meanings and contents are different from each other. Therefore, keeping in mind the importance of workers and the challenging issues, **HRD programmes and mechanisms** have to be designed and implemented in such a way that they leverage the **differences** and motivate workers.

HRD Mechanisms For Workers: There are many mechanisms of HRD for workers. To mention some of the mechanisms herewith: Training, Quality of Work life, Quality circles, Grievance management, Counselling, Workers' participation, Welfare schemes etc. The following carry most of the essence of the stated and unstated mechanisms and their effective implementation will result in effective HRD for Workers.

6.3 Managing Generations of Workers

The history of workers is as old as the history of civilization and it would be an unending effort to list the movements of workers that took place so far. Internationally and nationally, there were/are many labour organisations, confederations and unions, to encourage workers' welfare and development. The workers' revolution had started with a significant rise since pre first world war. Every year, the 1st of May is celebrated as the **International Labor Day**. It came into existence as a result of the resolution and slogans asserted by masses of workers in the fight for **an eight hour work a day**. Gradually, many other issues on wage, compensation, work place, participation etc. were voiced. It is a day of worldwide solidarity, a time to remember past struggles and demonstrate their hope for a better future. It would be advantageous to briefly understand the shifts that took place and also about the moves in progress.

Earlier, **Workers** (rarely used the term 'employees') were considered as naked and **HRD for Workers** defenseless. They were docile, replica of dumb. They had experienced exploitation. Decisions taken by seniors flowed downwards for action. Information-sharing on how the decisions were made and strategy behind it were least considered. There have been multiple generations working in organizations before also, but they were usually separated from each other by virtue of their job descriptions and levels of hierarchy in their organisation. Gender discrimination was prominent. Males mostly held senior positions.

Today, workers are considered rationally. They are knowledgeable, articulate and demanding. Organisations have Information-sharing systems. Now, social and physical separations are minimized to remove barriers to generational mixing. In this **info-centered work world**, as younger workers bring professional and technological skills that some seniors may not possess, they may find themselves supervising older employees. Never before in the history, in today's workplace of shrinking upward opportunity, there are many different age groups working together under a single roof. **World war generation, Baby Boomers' Generation, Generation X** and **Generation Y (**also known as Nexters or Generation Net**)** are the four popular groups. They are working shoulder to shoulder. Now, as organizations flatten out, there is less separation by job description. These generations carry different perspectives and philosophies when asked to work together. They have differences in values, ways of thinking, working, and even dressing. This can cause misunderstanding of each other's perspective and set people in opposition to another creating **intergenerational conflicts** or **'us'** and **'them'**. Unfortunately, very limited work has been done on this topic in India.

A brief discussion on the four generations that are working together is as follows:

1) **World war generation workers** (born between 1922 and 1943) : They are also called as **Veterans**. This cohort's earliest experiences are associated with that depressive world event. They have the tendency to learn new skills to become more effective in their current job, and they prefer to work with strong leaders as they favour a top-down approach to management –Command and control. They view information as something that should be provided on a need-to-know basis.

2) **Baby Boomers' Generation** (born between 1943 and 1960): These people were raised up in an era of optimism, opportunity, and progress – post war era. They have been brought up in work environments that respect authority and hierarchy. They represent more than two-third of the workers. On the job, they value loyalty and, generally wait their turn for advancement and promotion. However, things have been changing around the world and they have too. They respect empowerment, challenge and growth. They achieved success by creating open lines of communication. They have learned to question their superiors on the job, rather than blindly accepting that what is good for the company should also be good for them. They have been eager to discard the command-and-control style of veterans. Boomers are now turning to coaching for their own personal and professional development.

A study conducted by the Executives of **Life stage Matrix Marketing** came up with the differences in values that Boomers hold dearly, and the values that their parents hold dearly:

Table 1: Boomers and Baby Boomers

Boomers' parents' values	Baby Boomers' values
Institutional leadership	Participation in decision making
Accepting authority	Questioning
Formality, structure	Informality, unconventionality
Puritanism, denial	Sensuality
Institutions, teams	Individualism
Solve problems	Pursue causes
Social order	Social equality
Work for work's sake	Work for self-expression
Stability	Change, experimentation
Materialism	Experiences

Source: Boomers won't go gently into 'Old age, Employment Digest, July 29, 2003 Archives

3) **Generation X workers** (born between 1960 and 1980): They are also known as **GenXers**.

They grew up in a rapidly changing social climate and economy, in the dawning of high-tech and information technology age. On the job, they are independent and want fast feedback and recognition (through job title, promotion and pay). They

tend to be more skeptical than the members of early generations. Many of GenXers were latchkey kids and grew up in a time of political and corporate scandals. As a result, they often distrust institutions and prize individualism. One of the signs of development is that they tend to want a more collaborative work environment, with an opportunity to share in developing goals and even in strategic planning. (E.g., the growing concept of Workers' participation). They want opportunity, flexibility and acknowledge training. GenXers also have the tendency to focus on immediate tasks rather than strategic goals. They have little respect for the uninformed and those unwilling to learn. It is believed that as they have entered into the world of unstable work force, the period of rapidly shifting work force and corporate restructuring, they have little loyalty to employers and are interested to make lateral moves to add to their bio-data. They are the pioneers of 'free-agent work force' and they want a life outside of work.

4) **Generation Y** (born between 1980 and 2000) also called as **Generation Nexters**.

They are from advanced hi-tech and IT world. Even if they are the youngest, the world of work knows they are the most technologically adept cohort. They are fast learners and tend to demand immediacy. Gen Y'ers have high expectations of personal and financial growth and seek meaningful work that affects their world.

They do not like being treated as the new kid on the arena. Again, many of them are lachkey kids. They go with a conviction that not only will they change employers throughout their career, but also the style of work they do. However the Nexters, the children of Boomers and older GenXers, may well thrive in a workplace that resembles what has been rejected. Some researchers speculated that Nexters would resemble the veterans in many ways. They tend to believe in collective action, optimism about the future, and a trust in centralized authority. Even though they are the freshers, they have a strong will to get work done with great zeal. In a web poll taken by the Fast Company magazine, 69% of respondents answered "yes" to the question, **"Does your workplace suffer from a generation rift?" The generation gap and rift has an impact at all levels and roles in the organization including workers.** Workers today are much more aware about the need to build a meaningful work life. They also want a better quality of life. Therefore, the role of HR professionals is very crucial. They have to understand the needs of the workers and at the same time make them competent in aligning to the processes of the Organisation.

Cooperation and collaboration between the generations must intensify to meet the **HRD for Workers** interdependent nature of work. This will result in a fruitful working condition. Different people bring in different thoughts and ideas to problem-solving. So, if an organisation succeeds in using the differences as opportunity, then it can definitely see the miracle of **'synergy'**. Actions should be taken up to bridge generation gap and develop a **"Generations Friendly"** work environment where juniors learn from seniors, and seniors learn from their juniors.

Learning to accept and appreciate another's perspective helps in understanding what that person is all about and even about where s/he is heading. HR specialists need to design workplaces that not only reflect the preferences of top-management but also the sensibilities of multiple generations. Moreover, it would be well again if the organisation succeeds in getting and managing a mix of generations, sexes

and ethnicities under a project/workplace. Informal sitting, talking and discussing with an open mind may result in valuable inputs. **Generation friendliness** in an organization can be measured with the help of questionnaire or interview method and, HR professionals can feed it back to the sources. Coaching services to workers would be an added advantage and, these all may serve as an impetus to HRD for Workers.

6.4 Empowerment

Empowerment doesn't mean to give over power but it is all about bringing **balanceof- power**. It is about distributing power, providing knowledge and resources to individuals. The concept of empowerment itself is so broad that may even incorporate most part of this chapter. However, it would be discussed briefly. It is defined as a process of inclusion that enhances work motivation by bringing meaningfulness and high competency to it. HRD for Workers gives more emphasis on giving psychological empowerment. It is associated with the perception of encouragement. The rationale behind empowerment is that powerlessness gives rise to low self-efficacy and motivation that incapacitates productivity.

Empowerment enables workers to bring their creativity into use and to feel responsible. Many attempts are made to bring a **congenial industrial relationship** between Employers and Workers. Workers' participation is a major area. It incorporates the essence of consultation, joint decision-making, self-management and even delegation of decision rights to workers. There are many other mechanisms like TQM (Total Quality Management), Quality circles, Workers' Director on the Board, Shop floor committees, Plant level committees, Functional committees (production, safety, cultural, recreational) collective bargaining, Suggestion schemes (suggestion box, horizontal communication) etc. that more or less carry the same value.

Nevertheless, incongruity between empowerment's goal, work culture and organisational atmosphere may lead to unintended results. Ideally, distribution of power or exercise of autonomy is different from organisation to organisation. It depends upon the actual work process an organisation engages with. Therefore, conscious decision about the extent to which an organisation wants to empower its workers is necessary. Management needs to assess all the possible pros and cons of empowerment. That is why despite the rhetoric about empowerment, many companies do not fully practice it. The empowerment takes place as:

1) **Information sharing** serves as a key to empowerment by fading away most of the barriers. When the top management and the senior managers start sharing valuable information about the organisation (like market share, competitors' standpoint, benchmarking results, growth opportunities to the workers), and the workers share sensitive information about the workplace to the seniors, then empowerment will grow. It is required because to let doers know about their contribution, and the differences it makes to overall performance is very instrumental. It makes them feel responsible and begets trust in the organisation.

2) **Restructuring** influences empowerment. Value-based introduction to new systems and training programs gets the workers aware about the advantages of the mechanisms towards empowerment. Managers may empower workers to own and

operate performance planning (goal setting, adopting appropriate leadership style, scheduling work and finding other methods to perform better). After mutual discussion with management group and as soon as the workers understand where they are supposed to reach, the workers tend to bring up those processes and trends that hinder them to perform better in the eyes of the management. Then they come out with new ideas, suggestions and proposals. It even may leads to the culture of self management. Replacing hierarchy with teams (e.g. Cross-functional teams) is one good example.

- **Workers' Participation in Management (WPM) :** It refers to the processes in which employees involve themselves and contribute towards the positive functioning of the organization serving as the members who influence the managerial decisions that shape their work. Formal schemes of WPM have been the focus of considerable interest and at the same time a controversial issue all over the world. There are many models of WPM, which have the potential to bring changes in structural arrangements, functional arrangement and even statutory control. The form of participation differs from country to country: Yugoslavia Workers' Directors, Germany's Codetermination, Works Committee, Work Councils, Joint decision-making etc. Some people prefer to call this concept as Industrial Democracy, Self-management, Workers' involvement etc. The coming up of unions brought the first challenge to managerial mindset of unilateralism. This is a call to integrate Industrial Relations and HRD. There are many international and national confederations, federations and unions of workers. BPO sector has been away from any kind of unionism. However, it is now fast catching it. Trade unionism is entering the IT world. The Global Union Network International has launched a new organisation that targets workers in Indian back-offices. The most often agenda of the unions are job security, healthy work place, healthy work hours, increase in salary etc.

  For workers' welfare and development there are training, counseling, guidance, career development and grievance handling divisions in the HRD system. These provide as an indirect aid to empowerment. Suggestion schemes, suggestion box, horizontal communication, quality circles, shop floor committees, works committees, plant level committees, functional committees which look at production, safety, cultural, recreational etc. are some widely used mechanisms with the purpose to bring

Case Study : Democracy at the Work place — Steel Tubes of India's Experience

Steel Tubes of India Ltd. set up in 1959 as an entrepreneur took a small-scale company in 1967 when it was a sick unit. He shifted operations to industrially backward area of Dewas and set up a modern Precision Steel Tube Manufacturing Plant in 1975, which is today the largest manufacturer of such tubes in India. Steel Tubes India group's turnover is close to Rs. 100/- crores. For an Indian entrepreneur, the steps taken by the Chairman and Managing Director of Steel Tubes of India Ltd. (STI) are radical and path finding. They reflect an attitude of genuine concern and regard for the views, criticism and good faith of the employees who have given their best to the fast growing company. The Joint Committee and Janasabha are two participative institutions, which have facilitated a free, flow of information and engendered a great degree of involvement. The HRD Department itself partakes all the processes. The Manager Human

Resources at STI is chosen by the elected representatives of the workers in the Joint Committee from among managers with more than 3 years service in the company. Such a nomination from the Joint Committee is binding on the management and the person gets a three years' term as Manager (Human Resources).

The Joint Committee: A Joint Committee has 6 representatives of management and 6 workers' representatives from different grades. The later are elected not by member of separate grades, but by the entire work force. The Joint Committee meets on the 28th of every month. Labour demands, problem of technology, innovations, in fact, every aspect of work is discussed. A manager of the level of General Manager chairs the Joint Committee and the Vice-Chairman is from workers' side. Janasabha : The institution of Janasabha is more broad-based and is like a house of representatives. Its membership embraces of the elected members of the Joint Committee, nominated members of the 4 joint departmental councils and the company workers who have been declared best workers of the year for the last 7 years, people who have 20 years of service in the company, senior managers, departmental heads and directors of the company. Janasabha meets twice a year. The Chairman gives an assessment of the company's internal situation and external environment and the Janasabha members put across their views and thrash out problems. Janasabha's decisions are binding on both workers and management. Even an ordinary worker can take on the Chairman and his criticism is taken in good faith.

The free access and responsiveness built into the company's ethos through democratic forums, perhaps explains the indifference of the work force to the overtures of external trade union leaders.

- **Quality circles** by their own meaning and principle support the empowerment of workers. It is a group dynamics technique. Quality circle is a small group that performs quality control activities in their workshop voluntarily. It is based on the fundamentals of collaboration, empowerment and involvement. In India, it was launched for the first time by BHEL (Ramachandrapuram Unit in 1980). HRD has to facilitate the culture of work in the form of Quality Circles and/or Cross-functional teams/Suggestion schemes and such others innovative employee involvement schemes for TQM activity.
- **Total Quality Management (TQM)** is long-term continuous process of organization improvement centered on quality, based on participation of all individuals (from CEO to lowest paid workers), and aimed at customer satisfaction. Most of the quality management and participative activities are claimed as its elements. Kaizen, again a Japanese concept, gives the message that improvement never ends. It is a customerdriven strategy, which involves everyone in the organisation and makes improvement without huge investment. It focuses on generating problem awareness culture. It is considered as a very important element in TQM process.

Case : Total Grass root Level Employee Involvement at Pfizer

Pfizer (India) Limited in 1989 realized that:

- Work force today has much higher democratic aspirations and greater employment opportunities in liberalized economy where companies have to strive to retain their best people

- Work force today is changing their profile from manual operations to a knowledge worker who take crucial shop-floor decisions
- Managers have to act as facilitators more and help realize the creative and human potential of its wealth creators i.e. the workers
- TQM presupposes Total Employee Involvement, and the real competitive advantage must increasingly come not from technology / product quality but from the quality of service that surrounds a product.

These led to evolve proactive HRD approaches at empowering the shop-floor workers as a part of a 'holistic strategic initiative' at Pfizer. The Thane plant in 1989 was one of the least productive of the Pfizer operations worldwide. The plant was a prime candidate to closure. The interventions were broadly categorized as follows:

Phase I: Odyssey (approximately one year) :

Eliciting support and commitment of the top and middle management by sensitizing them to their role as internal agents for change undertaking a benchmarking survey to assess the competitiveness of the plant and set challenging goals.

Phase II: Seeding (Two and half years) :

Empowering the entire work force (2000 approx.) through a specially designed Enhancing Quality of Life program, which aimed at transcending corporate responsibility by adding value to the person not only in terms of his role as worker but as total person. An Attitudinal Change Program was preceded by an Organisation Diagnosis Research Survey to evolve an organisational SWOT and bring to surface certain latent development issues. Another intent was to create a learning organisation responsive to change and total quality.

Phase III: Harvesting (Two years)

Launching and partly institutionalizing the TQM movement. A company wide four day "TQM in the Indian Ethos' program, one day of 'Workplace Housekeeping'/ 5S, and two days of Kaizen exposure was carried out at Pfizer.

The impact

- Greater level of trust and transparency between management and union wherein the management decided to share its unstable financial position with workers (periodically).
- Greater levels of belongingness to the organisation and resultant higher productivity.
- The output earlier achieved by about 480 workers could now be achieved with 300.
- Higher levels of motivation on shop floor leading to minor modifications that led to benefits. For instance, no. of cartoons packed per shift went up from 6500 to 7000.
- With the trimming of the workforce through natural attrition and voluntary retirement scheme shop-floor efficiency necessitated redeployment.
- Another direct spin off of the increase in productivity is that Pfizer, Bombay plans to reduce subcontracting to zero from 20%. Now, Pfizer manufactures the same product at the subcontractor's price.

After five years of empowering the shop-floor operatives in terms of both behavioural skills and technical skills of TQM, the same work force has helped achieve over twenty percent increase in productivity without any additional investment.

Some points to take note of

- The Industrial Disputes Act of 1947 has provided for the setting up of Works Committees in all undertakings employing 100 and above workers with an objective to remove causes of friction between employers and workers.
- A press release (10th April, 2003) from the Ministry of Labor and Empowerment, Government of India said that Government is committed to workers' participation in the management but this would take shape with consensus among industrialists, workers' organisations and the government, it added.
- EFI (Employers Federation of India) and PHDCCI have opposed the proposed Workers Participation in Management Bill (which is pending in Rajya Sabha since 1990) saying it would cause serious impediment in expanding the industrial base.

6.5 Reorganisation of Work

Reorganisation of Work is considered necessary. In order to sustain competitiveness and meet the new demand of knowledge,work has to be reorganised. Cross-sectional job design research highlights a trade off between motivational and mechanistic work design. Longitudinal research works however, suggests that the tradeoff could be minimized if both the motivational and mechanistic approaches are duly considered while work is designed and if their respective outcomes are also given due importance when work is reorganised.

Employers, managers, and employees face increasing business and personal pressures putting their work life and personal life into difficulty. However, research evidence shows that these two life's realms can be set complementary to bring an "odd-free" life. There are many interventions, which look after work performance as well as individuals' needs. Mention may be made: - Work-life programs, Motivation design, Job redesign, Work reorganization etc. The growing understanding is that if work is poorly organized, then it can be dangerous to the health of the workers and it has an impact on overall business of the organisation. With the realization that Organisation of Work can lead to improved health and the World of Work keeps on changing,

Reorganisation of work is a broad and comprehensive concept with no strict definition. It refers to the changes in different aspects of work place, and aims at lowering costs while increasing quality of work life and productivity. Most preferably, work reorganization process should not be a top-down one. It influences the organisation culture. However, the degree of effectiveness of such an intervention depends on manager's willingness to act promptly on employee feedback after making sense out of the employees' efforts. **Involvement of employees in Reorganisation of Work** improves retention, productivity, absenteeism and customer service on one hand and it also increases flexibility and personal time, thereby reducing stress-causing factors.

Reorganisation of Work considers the issues of job design, organizational communication, time, interpersonal relationship, management style, corporate culture, individual developments etc. Resolution to any problem in the above issues requires people who do the job (workers) to have a greater say because they know the real experience and requirements. Organisation should allow their workers and give the opportunity to discuss organisational problems and design strategies for solutions. The management, especially the HRD group must facilitate the process of change by providing psychological support and all the required resources. At the same time, the managers should monitor that the moves of the workers are not out of track. It should not be totally technique-oriented nor totally people-oriented. Reorganisation of Work carries the essence of, **"Changes are exciting when done by us and threatening when done to us"** (Rosabeth Moss, Professor, Harvard School of Business). Consequently, this provides workers with a measure to control their work life and leave organization power relationships unchanged.

The Reorganisation of Work is driven by the changes in the preferences of customers, employees and employers, and the changes in physical capital, Information technologies, nature of work, human capital generated by Education systems and training programs, and obviously, the rise in business complexities.

HR practitioners and Workers are engaging in the processes of Reorganisation:

- To keep technologies, processes, and structure of the organisation compatible to
  each other and to the environment.
- To develop complementarity between organisational change and skills change.
- To consider health of the workers and their requirements.
- To adopt the concept of working without limit.
- To improve quality of work life.
- To create innovation-driven growth rather input-driven growth.
- To become creative to get the desired outcome.
- To increase effectiveness and as well as efficiency.
- To play a key role in coping with future challenges through greater Cooperation.

Through improving **Organisation Structure** (Decentralization, flat structure, minimal tiers etc.), **Systems** (time schedules, allowing unofficial projects, special incentives and rewards for innovation etc.), and **Culture** (openness in communication, minimal status differences, 'freedom to fail', trust etc.). Johnson & Johnson's famous phrase on Decentralization is **"growing big by staying small"**. Most of the corporate giants follow the same ideology. Use of latest information technologies is an added advantage in bringing effectiveness to Work Reorganisation. It helps to overcome problems of information indigestion. A review system should be made according to the interval of time to measure the success or desirable outcomes. This concept, if successfully implemented, will not only enrich the life of workers and returns on capital of the Company but it will help the nation to build a knowledge economy. Workers will get the opportunity to explore and develop their skills and potential thereby maintaining job satisfaction and increasing productivity.

Depending on the required solution, emphasis of **Reorganisation of Work** can differ from one situation to another. Work can be reorganised for enrichment, decentralization, multi-tasking, rotation, flexibility and in many more ways. However, flexibility definitely has been a hit and rigidity is now superseded. The **Fordism** is in crisis while the **Flexism** is coming up as an alternative. Flexible Work includes flexibility in terms of work-hour, work-location, flexi-time work, teleworking etc.

The effort to restructure work and union-management relations has not been a temporary fad. Work reorganization incorporates interventions like workers / employees involvement, participatory management, quality programs, job restructuring, integration of tasks, featuring learning across tasks and work teams with a motive to gain structure and skills to meet the requirements of employers as well as workers. Work reorganization, when successfully implemented can result in many benefits to the Workers and to the Organisation. Management as well as

Workers must be prepared to initiate and actively participate in Reorganisation of Work. In brief, in any attempt to reorganize or restructure the work, the following points must be taken care of:

i) Reorganisation of Work is based on collective agreement between management and Unions / Workers on rational issues.

ii) It should help in developing a more cost-effective company. It must be designed to provide workers greater influence over day-to-day operations and management of their work place. This effort can lessen down redundant levels of supervision. It should encourage **Inter-task learning** rather than Intra-task learning.

iii) One objective of Work Reorganisation is to create **"Positive health & Safety culture"** in the organisation and it requires full involvement of workers. Providing Competence building programs, autonomy with soft control & supervision, feedback to Workers enhance the culture by making a meaningful and responsible work.

iv) Work Reorganisation should aim at creating a **discrimination free environment** and open communication system.

v) The management and workers can reschedule their timetables and redesign their process for achieving the set goals through negotiation.

vi) Reorganisation of Work creates better jobs through higher skills by providing training and greater opportunity and responsibility to Workers equitably. It **increases job security.**

Reorganisation of Work is a strong mechanism for all round development of workers and the organisation. TQM is a good mechanism of Work Reorganisation. It is a continuous process of using new ideas and information for innovation. Some of the common HRD mechanisms viz. Training, performance appraisals, career planning etc. have also been tried in organizations with considerable success.

6.6 Training

Training is an important mechanism for workers' development. For overall development and growth of workers, the direction of training efforts need to be

focused not only on job skills, but inter-personal skills, collaborative skills and team building skills. Besides this, skills in problem-solving and self-management are also required. Routine training programmes for upgrading only technical competence of workers have limited value for overall growth and personality development of the workers.

The effort in training has to be basically an institutional effort, depending upon the actual training needs of workers in the technological context of a particular industry. More often it is presumed that technical training by itself will create all round competence amongst workers but that would be taking a narrow view of the situation. Behavioural training is equally important to develop inter-personal skills and also skills to help them in improving quality of their life in general. Some Indian companies have done work in this area and found it quite rewarding contrary to the common belief that workers cannot respond to training not directly connected to their jobs and learn.

Case : Creating Co-ownership and Empowerment: The ATE Experience

This is based on two manufacturing companies of ATE Enterprise Limited, Ahmedabad. The company manufactures textile machinery of international repute through joint ventures with companies in Germany, USA and Netherlands. The time span in providing developmental inputs to workers and supervisors was from 1985 to 1995. In 1985, a Socio-Economic Survey of workers and supervisors was conducted. The following programs were initiated based on the report submitted:

1. Multiple technical skill building

2. Communication skills

3. Secretarial skills

4. Receptionist skills / Telephone operating

5. Quality circles

A four-day residential lab for Supervisors/Workers on Quality of Work Life was held. It focused on:

- Issues of ownership at the family level as well as organisational level and shifting from single ownership identity to a co-ownership concept and reality.
- Empowerment to get committed to create "My realities and my space", and providing space to the other members at home and also in the work life to co-own and build up mutuality.
- Working on one's own life goals and values for making life worth living for oneself and others.
- Examine the issues of gender discrimination.

The program was conducted at a very religious place and it had a great impact on the results. It covered series of 12 labs (25 persons in a batch). Besides overall change in term of Quality of work life and work of the workers, some other new realities created by workers and supervisors are:

- Forming their own internal union and saying goodbye to the external militant union leaders with whom ATE had three consecutive settlements during their nine years of leadership, the workers came back to work with an internal union.

- The unit of external union was also very graceful without any "win-lose" feeling
- The development inputs for the workers were continued before and after the strike.
- The workers accepted disciplinary action taken against some mischievous elements.
- The new settlement of demands was made for four years instead of the normal conventional three-year period.
- Workers who were on contractual jobs were regularized before strike and this had a very positive impact on the workers.

Location shifts by the management:

- Respecting the choice of workers to decide their union without playing any role.
- Making the workers and supervisors feel 'co-owners' through openness of communication including financial results and realities as well as transparency in behaviour.
- Owing up mistakes by the management.
- Creating meaningfulness in work and in relationship.

6.7 Counselling

Counselling is an important mechanism to provide timely guidance to workers and help them learn from their own mistakes. The counselling effort needs to be well meaning and serious and it is preferable if it is supported by by trained counsellors. Timely counselling can help avoid many conflict situations and eventually help workers both in their personal and job life. Many Indian companies have trained counsellors, who work full-time and extend counselling services to workers. Larsen and Toubro, and Voltas are two companies in the private sector who have taken significant initiative in this direction. Counselling services may be extended to the personal and family life of workers. Counselling to help a worker to plan the careers of his own children can have high motivational value.

Case Study : Handling Alcoholic Employees — The Voltas Experience

Voltas is one of the largest corporations, in the private sector in India. The Voltas management believes that alcoholism amongst employees is to be viewed in a broader perspective and any management should be concerned about it. The Voltas believe that alcoholism amongst the employees is a management problem. The Company conducted an experiment in one of the manufacturing plants situated in the industrial belt in Thane to tackle the problems of alcoholism amongst employees.

A survey undertaken in the year 1980-81 on 160 chronic absentees shed light on the various reasons for absenteeism. Alcoholism related issues caused 94 out of the 160 absenteeism cases. With the increasing realisation that alcoholism is an illness and not a moral problem— that alcoholism can be treated and as such is worth treating; together with the revealing figures that approximately 60% of absentees are alcoholics, it was felt essential to look at alcoholic employees in the light of the new knowledge. Accordingly a recovery and rehabilitation programme in Thane plant was introduced.

In-company Programme for Rehabilitation: The programme introduced by the Company had three important aspects

1) An individual approach or counselling of the individual alcoholic.

2) A group approach or a meeting of the alcoholic employees held once a week.

3) Educating the rest of the working population regarding the alcoholism.

Besides, active involvement of alcoholic family was sought. Help was taken from voluntary organisations like Alcoholic Anonymous (AA). Recovery Programme: The programme conducted has been effective. Its acceptance, the response given and the positive results in next few years have given an indication of its success and source of encouragement. The company feels that this approach of rehabilitation of alcoholism on the job itself is an element of wisdom and has served a number of purposes.

6.8 Role of Trade Unions

Traditionally unions have played a role as protest organisations on behalf of workers. Unions in India have mainly confined their activities to monetary issues like wages and service conditions and have generally ignored the issues relating to development of workers making them 'grievance-oriented' rather than development-oriented. The recent initiative taken by many employers/corporate HRD executives in the HRD for workers are received with cautious skepticism. The fears and anxiety of trade unions seems to be on account of the following:

- Sincere and genuine HRD efforts for workers is likely to create a contended, satisfied, self-dependent and assertive worker, perhaps capable of looking after his interests. Unions, which have generally thrived on dissatisfaction, dependence and weaknesses of the workers, are likely to be out of business of unionism.Once management is able to directly communicate with the workers, it is further likely that the trade unions' impact will be diluted.
- Workers' development may lead to his need to assert and participate in the union affairs. This itself may not be in the interest of the union leadership who want to hang-on to positions of power and authority.
- Involvement in HRD programmes may require their becoming an active collaborator with the management in problem solving on such themes like work ethic, productivity improvement, introduction of new technology and its implications, training and development etc. Too much identification with the management itself may invite criticism from the rank and file. It may also reduce their bargaining power with the management while discussing ''Bread and Butter'' issues. .
- Experiences from USA where many companies use progressive personnel policies and HRD to keep unions out from the companies, itself contribute to the anxiety and fears of the union about possible shift of workers loyalty from unions to management.

In any HRD effort for workers, it is very necessary to deal with the above fears, anxieties and dilemmas of the trade unions. Continuous interaction with trade unions at the HRD planning stage itself is required. It is necessary that some basic minimum trust should exist between trade unions and employers before trade unions accept HRD and willingly participate in any HRD programme and policies for workers. They need to be given the confidence that HRD initiatives for

workers do not aim at destabilising union movement. Today trade union movement in the country is undergoing metamorphic changes. An important but less visible challenge to trade unions lies in the need to respond to the diverse sets of expectations and aspirations of workers. They are trapped between the factors calling for change and forces opposing the change. Unions can play important roles in setting the stage, designing and participating in HRD programmes. Over a period, these efforts are likely to build higher involvement of the employees, create more satisfaction and give expression to workers' aspirations. Some of the developmental roles that unions can play are mentioned below:

6.8.1 Initiation of HRD

Unions should focus attention on the workers' development. In fact unions should be HRD Departments for the workers and the union leader as HRD Manager. When developmental climate. prevails in a company, unions can play an effective role by becoming a partner in such an endeavour. Where developmental climate does not exist or management is apathetic to workers' development, unions should take up HRD issues relating to workers with the management. It is not necessary that initiative should always come from management. Unions can play a proactive role and be a partner with HRD in communicating with workers about the organisation's mission, goals etc., in counseling workers about personal and work issues, in education and training, family and vocational guidance and welfare activities**.**

Textile Labour Association (TLA), Ahmedabad is an excellent example amongst Indian trade unions to start many innovative schemes like workers co-operatives, workers bank, nursery schools for the children of workers, vocational skills to the children of workers etc., which help in the overall development of workers. In order to play the above roles effectively, trade unions will need to professionalise. This will mean HRD within the unions. Traditionally unions have been focusing on the economic well-being of the workers and have built certain roles to achieve that. The new developmental role will require several new skills in the union leadership to enable them to play these roles. These roles are depicted as under:

Table 2: Role of Trade Unians (Traditional & Development)

Traditional Role	Developmental Role
Focus: Economic Well-being	Focus: Psychological & Social Well-being
Bargainer	Explorer
Negotiator	Trainer
Fire fighter	Educator
Agitator	Counsellor
Grievance Handler	Collaborator
Game-player	Motivator
Black-mailer	Facilitator
Crisis dealer	Communicator

Case Study: HRD Role by Union -TLA's Experience

The Textile Labour Association (TLA), Ahmedabad, was founded by Mahatma Gandhi in 1920. It has been nurtured by eminent freedom fighters and trade-unionists like Khandubhai Desai, Gulzari Lal Nanda and S.R. Vasavada. The overall objectives of TLA is to cultivate internal strength among workers by improving quality of life by getting adequate wages while serving the industry to the best of one capacity.

In an interview Mr. Naveen Chand Barot, President, TLS explained the philosophy of TLA and various activities undertaken by TLA for "Workers overall development" or as he puts it "Developing Man in the Worker" According to him. TLA is not merely a trade union but a Social Organisation. We believe in peace and harmony at any cost. TLA undertaken A to Z activities aimed at workers- educational, vocational, social and psychological development. TLA's 200 full-time employees and equal number of part time workers help in conducting number of activities for workers.

Some of the TLA's activities are:

1) Education and Training

TLA runs 35 Nursery classes in labour areas and also maintains 60 Libraries and 40 Reading rooms. It has its own printing press. The Vasavada Labour Institute conducts number of training programmes for Trade Union leaders and Activists. A need to educate Women and Children was felt as early as in 1920s. Female teachers are trained to set-up nursery schools in their areas. Apart from this, TLA runs classes in knitting, sewing, and TV/Radio repair. Interestingly a Worker's son teaches TV repairing. So far, about 250 of workers' sons and daughters have become Engineers/Doctors with the effort of TLA in one way or the other. TLA also runs the Girl's Hostel to accommodate over 100 girls of SC/ST community.

2) Health and Welfare of Women

TLA runs a maternity home. About 150 patients are attended everyday. In the area of family welfare, recently TLA initiated a project funded by UNFPA through International Labour Organisation on family welfare, status of women, health of children etc. Seminars and Workshops on problems of menstruation, children care, fertility, menopause etc. are arranged to educate women. In TLA, there are 3000 shop stewards but only 74 women shop stewards representing 3000 women members. Considering the need of these women members, TLA has set-up a special section to settle grievances of women workers. Mrs. Ela Bhatt organised selfemployed women and formed self-employed women's association known as SEW A, Women's cooperative Bank called SEW A Bank and Mahila Seva Trust. Apart from the above, the TLA runs a co-operative Bank with a paid up capital of about 15 lakhs.

6.9 Operationalising HRD for Workers

In the national round table conference on the theme of HRD for Workers and support staff held in November1995, Syndicate groups came up with the following recommendations for operationalising HRD for workers effectively (Jain, Pareek and Jomon, 1996)

- Top Management commitment
- Middle Management involvement
- Training Needs Assessment
- Written down policy
- Open communication **HRD for Workers**
- Periodic review, monitering, feedback and evaluation
- Continuous education and follow up strategies
- Extention of training programs to families.

On the basis of the above discussions, it is proposed that the following initiatives need to be taken by management for initiating HRD for workers:

1) Creating a developmental climate.

2) Developing developmental style of leadership amongst all the managers.

3) Legitimising the role of unions in traditionally 'non bargainable' issues.

4) Continuous interaction and dialogue with unions in identifying and prioritizing areas of HRD for workers.

5) Developing consensus on HRD goals.

6) Widely communicating HRD action areas and seeking involvement of larger group of people.

7) Institutionalising HRD intention by creating appropriate machinery.

6.10 Summary

HRD in an organisation has its two prominent foci: HRD for workers and HRD for managers. HR interventions made for one is likely to influence the another. There needs to be a pre consideration about the possible effects on each other before implementing any action program. Though the above concepts and mechanisms have a wide coverage, they are not comprehensive. Many other mechanisms and interventions are also available which are: Quality of work life, Guidance and Counselling, Education and Training, Grievance handling, Welfare schemes (schools for the children of workers, workers' cooperative banks, medical aids and services etc. HRD is a way of life for any organization. **To** imagine business without workers will be a preposterous thought. In addition, to imagine workers working together without HRD will be more or less again preposterous. HRD for Workers is a dimension of new business model that makes workers to feel recognized and grow, in a culture of open interaction and learning. The high days of HRD are over. We will soon enter a process of sifting out practices that are really cost-efficient and practices that fail such a test and therefore will be terminated.

6 .11 Self Assessment Questions

1)HRD for workers has slowly gained the center stage .Discuss.

2) what is the importance of presenting HRD for Workers as a separate concept.

3) What beliefs and values will support HRD for workers in organisations.

4) "Differences are opportunities" Explain in the context of HRD for Workers.

5) Discuss how Re-organisation of work contributes to HRD for Workers.

6) What are the challenges that are likely to be faced by HRD for Workers in the future?

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UNIT-7 : HRD Interventions

Structure of Unit

9.0 Objectives

After completing this unit, you would be able to:

- Understand HRD Interventions;
- Understand the relationship between HRD and HRM;
- Know impact of HRD intervention;
- Classify the types of HRD-Interventions
- Know about the criteria's of effective Intervention;
- Know about HRM Intervention, Strategic and Techno structural Intervention;
- Understand the Human Resource Model and the role of HR Audit.
- Identify, analyze, evaluate, and select an appropriate performance improvement intervention in response to an organizational performance problem or organizational breakdown.
- Critique the possible reactions that can occur when implementing the intervention.

7.1 Introduction

The significance of human resource development increases every day, so it is very important to promote and administer human resource development with a long-term perspective, and to integrate research into policies, turn vision into action, changing the curriculum, formal mentoring, informing about technological change, and involving the society in decision-making.

HRD assumes that people prefer to change and that individuals have drives towards personal growth and development which are activated when the environment is supportive and challenging.The difference in the level of performance of two organizations depends on utilization value of human resources. To a management embarking on change through HRD, intervention mechanisms are available that strengthen either individual or group orientations.

7.2 What is HRD Intervention?

Intervention' can be defined as specific services, activities or product developed and implemented to change or improve individual's risk, attitudes, behavior, and awareness. It's also known as the principal of learning process in the 'action stage' of organization level. The term Intervention refers to a set of sequenced, planned actions or events intended to help an organization to increase its effectiveness. Interventions purposely disrupt the status quo; they are deliberate attempts to change an organization or sub-unit toward a different and more effective state.

A sequence of planned activities, actions, and events intended to help an organization improve its performance and effectiveness.Every action that influences an organizations improvement program in a change agent-client system relationship can be said to be an intervention.

What is human resource development?

A human resource development is set of planned and systematic activities designed by an organization to provide opportunities to its members to learn skills necessary for the present and future job requirements. The process of HRD involves the development of expertise in the employee through organizational development and training and development. The aim of HRD is to improve the performance of the employees.

The three main areas of human resource development are human resource management, quality improvement and career development.

What is an HRD Intervention?

The term Intervention refers to a set of sequenced, planned actions or events intended to help an organization to increase its effectiveness through human as a resource. Interventions purposely disrupt the Status quo; they are deliberate attempts to change an organization or sub-unit towards a different and more effective state.

To a management embarking on change through HRD, intervention mechanisms are available that strengthen either individual or group orientations. The differences in the value orientation of various HRD interventions not only affect their suitability to a managerial culture, but also their feasibility.

Performance counseling, for example, is an individually-oriented intervention, whereas team building tends to promote a collective culture. While it is possible to introduce both these interventions in any organization, the ease of their introduction and effectiveness of outcome are likely to be determined by the prevailing organizational culture.

For example, introducing group rewards in an individualistic culture or promoting individual merit in a collectivistic culture will both meet with resistance. Thus, greater time and effort will be needed if these interventions have to be successful.

EXHIBIT 1

Human resource development interventions commence during the entry of new employees into the organization. Intervention at this stage is crucial since the quality of the start of employment have long-lasting impact on the continuity and longevity of employees as well as the quality of performance and outputs. Moreover, the development of organizational commitment starts during the first year of employment depending on the work experiences of new employees. (Holton, 2001) Many new employees, especially new graduates have limited knowledge and skills in actual work situations and hold unrealistic expectations of the work environment. As such, they require sufficient guidance and support during the first months or even year of employment in the organization. (Buckley et al., 1998) Human resource development intervention for new employees could be formal or informal, with formal interventions hosted by the company while informal interventions could be in the form of coaching arrangements in work group or department assignment of new employees (Swart, 2005). These would assist new employees adjust to their job assignments and work environment as well as develop a positive attitude and motivation towards work.

Orientations comprise one intervention for new employees because this welcomes employees into the organization by giving them information on the organization, the work, the different roles, and the work environment. It is at this stage that new employees develop a first impression of the company and assess their existing capabilities and potential to find their place in the organization. A diligently developed orientation program would have a positive influence on new employees, which could minimize turnover and translate to cost savings for the organization. (Wanous & Reichers, 2000) The succeeding discussion assesses the orientation program developed for new employees, in my workplace, in terms of its effectiveness in developing positive attitudes and motivating new employees.

7.3 Criteria for Effective Interventions

Three major criteria define the effectiveness of an intervention:

1. The Extent to which it (the Intervention) fits the needs of the organization.

This criterion concerns the extent to which the intervention is relevant to the organization and its members. Effective interventions are based on valid information about the organization's functioning; they provide organization members with opportunities to make free and informed choices; and they gain members' internal commitment to those choices.

Valid information is the result of an accurate diagnosis of the organization's functioning. It must reflect fairly what organization members perceive and feel about their primary concerns and issues. Free and informed choice suggests that members are actively involved in making decisions about changes that will affect them. It also means that interventions will not be imposed on them.

Internal commitment means that organization members accept ownership of the intervention and take responsibility for implementing it. If interventions are to result in meaningful changes, management, staff, and other relevant members must be committed to carrying them out.

2. The degree to which it is based on causal knowledge of intended outcomes

Because interventions are intended to produce specific results, they must be based on valid knowledge that those outcomes actually can be produced. Otherwise, there is no scientific basis for designing an effective HRD intervention. Unlike other exact sciences (like medicine or engineering) knowledge of the effect of interventions is in a rudimentary stage of development. Moreover, few attempts have been made to examine the comparative effects of different HRD techniques.

All of these factors make it difficult to know whether one method is more effective than another. Despite these difficulties, attempts are being made to evaluate different HRD intervention methods, so that we can gain the ability to predict outcomes of various interventions and thus be able to use the most appropriate interventions for specific problems.

3. The extent to which the intervention transfers change-management competence to organization members.

Interventions can be said to be effective, only if they make the organization members competent to initiate, implement and monitor change on their own. The values which suggest that organization members should be better able to carry out planned change activities on their own, following the intervention. They should gain knowledge and skill in managing change from active participation in designing and implementing the intervention. Competence in change management is essential in today's environment, where technological, social, economic, and political changes are rapid and persistent.

7.4 Determinants of HRD Interventions

I. Factors Related to Change Situation: These relate to the environment of the organization and include the physical and human environment.

   1. Readiness for Change: Intervention success depends heavily on the organization being ready for planned change. Indicators for readiness for change include sensitivity to pressures for change (higher sensitivity means greater readiness to change); dissatisfaction with the status quo; availability of resources to support change; and, commitment of significant management time.

   2. Capability to Change: Managing planned change requires particular knowledge and skills including the ability to motivate change, to lead change, to develop political support, to manage

   transition and to sustain momentum. If organization members do not have these capabilities, then a preliminary training intervention may be needed to prepare the members for the major change.

   3. Cultural Context: The national culture within which an organization is embedded can exert a powerful influence on members' reactions to change, and so intervention design must account for the cultural values and assumptions held by organization members. This makes it important for interventions to be adapted to different cultures.

4. Capabilities of the Change Agent (HRD Consultant): The success of interventions depends to a great extent on the expertise, experience and talents of the consultant. No consultant should undertake to implement interventions that are beyond their level of competence or their area of expertise. The ethical guidelines under which HRD practitioners operate require full disclosure of the applicability of their knowledge and expertise to the client's situation.

II. Factors Related to the Target of Change: These relate to the specific targets at which interventions are targeted. The targets of change can be different issues of the organization and at different levels.

1. Strategic Issues: Strategic issues refer to major decisions of organizations such as what products or services to offer, which markets to serve, mergers, acquisitions, expansions, etc. Interventions aimed at these strategic issues are called strategic interventions and are among the most recent interventions and

Include integrated strategic change, mergers and acquisitions, trans-organizational development, organizational learning, etc.

2. Technology and Structure Issues: These refer to issues relating to how organizations divide their work amongst departments and how they coordinate between departments. They also must make decisions about how to deliver products or services and how to link people to tasks. The interventions aimed at these issues are called techno-structural interventions and include activities relating to organizational design, employee involvement and work design.

3. Human Resource Issues: These issues are concerned with attracting competent people to the organization, setting goals for them, appraising and rewarding their performance, and ensuring that they develop their careers and manage stress. The techniques aimed at these issues are called human resource management interventions.

4. Human Process Issues: These issues have to do with social processes occurring among organization members, such as communication, decision-making, leadership, and group dynamics. The methods focusing on these kinds of issues are called human process interventions; included among them are some of the most common techniques, such as conflict resolution and team building.

5. Organizational Levels : The interventions which are aimed at different levels of the organization: individual, group, organization and trans-organization (for example different offices of the organization around the globe; or between organization and its suppliers, customers, etc.) interventions are usually aimed at specific levels, and must address cross-level effects and perhaps integrate interventions affecting different levels to achieve overall success.

7.5 HRD Process Interventions

These issues deal with social processes occurring among organization members, such as communication, decision-making, leadership, and group dynamics.

HRD process intervention can be classified into three groups –

(A) **Individual based :** It includes coaching, counselling, training, Behavioural modelling, delegating, leading, morale boosting, mentoring, motivation, etc.

(B) Group based : It includes conflict management, dialoguing, group facilitation group learning, self-directed work teams, large scale interventions, team building, and virtual teams.

(C) Inter-group based : Organization mirroring, third party peacemaking interventions, partnering

Types of Interventions and Organizational Levels			
INTERVENTIONS	Primary Organizational Level (s) Affected		
	INDIVIDUAL	GROUP	ORGANIZATION
Human Process			
T – Groups	X	X	
Process Consultation	X	X	
Third Party Intervention	X	X	
Team Building	X	X	
Organization Confrontation Meeting		X	X
Intergroup Relations		X	X
Large-group interventions			X
Grid Organization Development		X	X
Techno Structural			
Structural Design			X
Downsizing			X
Reengineering		X	X
Parallel Structures		X	X
High-involvement Organizations	X	X	X
Total Quality Management		X	X
Work Design	X	X	
HR Management			
Goal Setting	X	X	
Performance Appraisal	X	X	
Reward Systems	X	X	X
Career Planning/Development	X		
Managing Work Force Diversity	X	X	
Employee Wellness	X		
Strategic			
Integrated Strategic Change			X
Trans-organization Development			X
Mergers & Acquisitions Integration			X
Culture Change			X
Self-Designing Organizations		X	X
Organization Learning and Knowledge Management		X	X

Fig 1: Types of Interventions and organizational level

I Human Process Interventions

A. The following interventions deal with interpersonal relationships and group dynamics:-

1. **T Groups**: This traditional change method provides members with experiential learning about group dynamics, leadership, and interpersonal relations. The basic T Group brings ten to fifteen strangers together with a professional trainer to examine the social dynamics that emerge from their interactions. Members gain feedback about the impact of their own behaviors on each other and learn about group dynamics.

2. **Process Consultation**: This intervention focuses on interpersonal relations and social dynamics occurring in work groups. Typically, a process consultant helps group members diagnose group functioning and devise

appropriate solutions to process problems, such as dysfunctional conflict, poor communications, and ineffective norms. The aim is to help members gain the skills and understanding necessary to identify and solve problems themselves.

3. **Third Party Interventions**: This change method is a form of process consultation aimed at dysfunctional interpersonal relations in organizations. Interpersonal conflict may derive from substantive issues, such as disputes over work methods, or from interpersonal issues, such as miscommunication. The third party intervener helps people resolve conflicts through such methods as problem solving, bargaining, and conciliation.

4. **Team Building**: This intervention helps work groups become more effective in accomplishing tasks. Like process consultation, team building helps member diagnose group processes and devise solutions to problems. It goes beyond group processes, however, to include examination of the group's task, member roles, and strategies for performing tasks. The consultant also may function as resource person offering expertise related to the group's tasks.

B. **The following Interventions deal with human processes that are more system wide than individualistic or small-group oriented:-**

1. **Organization Confrontation Meeting**: This change method mobilizes organization members to identify problems, set action targets, and begin working on problems. It is usually applied when organizations are experiencing stress and when management needs to organize resources for immediate problem solving. The intervention generally includes various groupings of employees in identifying and solving problems.

2. **Intergroup Relations**: These interventions are designed to improve interactions among different groups or departments in organizations. The microcosm group intervention involves a small group of people whose backgrounds closely match the organizational problems being addressed. This group addresses the problem and develops means to solve it. The Intergroup conflict model typically involves a consultant helping two groups understands the causes of their conflict and choose appropriate solutions.

3. **Large-group Interventions**: These interventions involve getting abroad variety of stakeholders into a large meeting to clarify important values, to develop new ways of working, to articulate a new vision for the organization, or to solve pressing organizational problems. Such meetings are powerful tools for creating awareness of organizational problems and opportunities and for specifying valued directions for future action.

4. **Grid Organization Development**: This normative intervention specifies a particular way to manage an organization. It is packaged OD program that includes standardized instruments for measuring organizational practices and specific procedures for helping organizations to achieve the prescribed approach.

II Techno-Structural Interventions

These interventions deal with an organization's technology (for examples its task methods and job design) and structure (for example, division of labor and hierarchy).

These interventions are rooted in the disciplines of engineering, sociology, and psychology and in the applied fields of socio-technical systems and organization design. Consultants place emphasis both on productivity and human fulfillment.

1. **Structural Design**: This change process concerns the organization's division of labor – how to specialize task performances. Interventions aimed at structural design include moving from more traditional ways of dividing the organization's overall work (such as functional, self-contained-unit, and matrix structures) to more integrative and flexible forms (such as process-based and network-based structures). Diagnostic guidelines exist to determine which structure is appropriate for particular organizational environments, technologies, and conditions.

2. **Downsizing**: This intervention reduces costs and bureaucracy by decreasing the size of the organization through personnel layoffs, organization redesign, and outsourcing. Each of these downsizing methods must be planned with a clear understanding of the organization's strategy.

3. **Re-engineering**: This recent intervention radically redesigns the organization's core work processes to create tighter linkage and coordination among the different tasks. This workflow integration results in faster, more responsive task performance. Reengineering is often accomplished with new information technology that permits employees to control and coordinate work processes more effectively.

   The next three interventions: Parallel Structures, High-involvement organizations and Total Quality Management (TQM), fall under the broad category of interventions called Employee Involvement (EI) interventions. These interventions are aimed at improving employee well-being and organizational effectiveness.

4. **Parallel Structures**: This intervention involves members in resolving ill-defined, complex problems and builds adaptability into bureaucratic organizations. Also known as "collateral structures", "Dualistic structures" or "shadow structures", parallel structures operate in conjunction with the formal organization. They provide members with an alternative setting in which to address problems and to propose innovative solutions free from the formal organization structure and culture.

   For example, members may attend periodic off-site meetings to explore ways to improve quality in their work area or they may be temporarily assigned to a special project of facility to devise new products or solutions to organizational problems. Parallel structures facilitate problem solving and change by providing time and resources for members to think, talk, and act in completely new ways. Consequently, norms and procedures for working in parallel structures are entirely different from those of the formal organization.

5. **High-involvement Organizations (HIO's):** These interventions are aimed at creating organizations with high involvement of employees. They create organizational conditions that support high levels of employee

participation. What makes HIO's unique is the comprehensive nature of their design process. Unlike parallel structures that do not alter the formal organization, in HIOs almost all organization features are designed jointly by management and workers to promote high levels of involvement and performance, including structure, work design, information and control systems, physical layout, personnel policies, and reward systems.

Some of the features of HIOs are:

    a. Employees have considerable influence over decisions.
    b. Members receive extensive training in problem-solving techniques, plant operation, and organizational policies.
    c. Information is shared widely within the organization and employees have easy access to operational and issue-oriented information.
    d. Rewards are tied closely to unit performance.

6. **Total Quality Management**: TQM is the most recent and, along with high involvement organizations, the most comprehensive approach to employee involvement. Also known as "continuous process improvement" and "continuous quality", TQM grew out of a manufacturing emphasis on quality control and represents a long-term effort to orient all of an organization's activities around the concept of quality. Quality is achieved when organizational processes reliably produce products and services that meet or exceed customer expectations.

7. **Work design**: This refers to interventions aimed at creating jobs, and work groups that generate high levels of employee fulfillment and productivity. This techno-structural intervention can be part of a larger employee involvement application or it can be an independent change program. Work design has been researched and applied extensively in organizations. Recently, organizations have tended to combine work design with formal structure and supporting changes in goal setting, reward systems, work environment, and other performance management practices.

There are three approaches to work design. They are

- The Engineering approach focuses on efficiency and simplification, and results in traditional job and work group designs. Telephone operators and data-entry positions are examples of this job design.

- A second approach is Work enrichment and rests on motivational theories and attempts to enrich the work experience. Job enrichment involves designing jobs with high levels of meaning, discretion, and knowledge of results.

- The third approach is socio-technical approach and seeks to optimize both social and technical aspects of work systems. This method has led to a popular form of work design called "self managed teams" which are composed of multi-skilled members performing interrelated tasks. Members are given the knowledge, information, and power necessary to control their own task behaviors with relatively little external control.

III Human Resource Management Interventions

1. **Goal Setting**: This change program involves setting clear and challenging goals. It attempts to improve organization effectiveness by establishing a better fit between personal and organizational objectives. Managers and

subordinates periodically meet to plan work, review accomplishments, and solve problems in achieving goals.

2. **Performance Appraisal**: This intervention is a systematic process of jointly assessing work-related achievements, strengths and weaknesses; It is the primary human resources management intervention for providing performance feed-back to individuals and work groups. Performance appraisal represents an important link between goal setting and reward systems.

3. **Reward Systems**: This intervention involves the design of organizational rewards to improve employee satisfaction and performance. It includes innovative approaches to pay, promotions, and fringe benefits.

4. **Career Planning and development**: This intervention helps people choose organizations and career paths and attain career objectives. It generally focuses on managers and professional staff and is seen as a way of improving the quality of their work life.

5. **Managing workforce diversity**: This change program makes human resources practices more responsive to a variety of individual needs. Important trends, such as the increasing number of women, ethnic minorities, and physically and mentally challenged people in the workforce, require a more flexible set of policies and practices.

6. **Employee Wellness**: These interventions include employee assistance programs (EAPs) and stress management. EAPs are counseling programs that help employees deal with substance abuse and mental health, marital, and financial problems that often are associated with poor work performance. Stress management programs help workers cope with the negative consequences of stress at work. They help managers reduce specific sources of stress, such as role conflict and ambiguity, and provide methods for reducing such stress symptoms as hypertension and anxiety.

IV Strategic Interventions

These interventions link the internal functioning of the organization to the larger environment and transform the organization to keep pace with changing conditions. These interventions are amongst the newest additions to OD interventions. They are implemented organization-wide and bring about a fit between business strategy, structure, culture and the larger environment.

1. **Integrated Strategic Change**: This comprehensive OD intervention describe how planned change can make a value-added contribution to strategic management. It argues that business strategies and organizational systems must be changed together in response to external and internal disruptions. A strategic change plan helps members manage the transition between a current strategy and organization design and the desired future strategic orientation.

2. **Trans-organization development**: This intervention helps organizations to enter into alliances, partnerships and joint ventures to perform tasks or solve problems that are too complex for single organizations to resolve. It helps organizations recognize the need for partnerships and develop appropriate structures for implementing them.

3. **Merger and Acquisition Integration**: This intervention describes how OD practitioners can assist two or more organizations to form a new

entity. Addressing key strategic leadership and cultural issues prior to the legal and financial transaction helps to smooth operational integration.

4. **Culture Change**: This intervention helps organizations to develop cultures (behaviors, values, beliefs and norms) appropriate to their strategies and environments. It focuses on developing a strong organization culture to keep organization members pulling in the same direction.

5. **Self-designing organizations**: This change program helps organizations gain the capacity to alter them fundamentally. It is a highly participative process, involving multiple stakeholders in setting strategic directions and designing and implementing appropriate structures and processes. Organizations learn how to design and implement their own strategic changes.

6. **Organization learning and knowledge management**: This intervention describes two interrelated change processes: organization learning (OL), which seeks to enhance an organization's capability to acquire and develop new knowledge; and knowledge management (KM), which focuses on how that knowledge can be organized and used to improve organization performance.

7.6 Miscellaneous

The purpose of this section is to identify some frequently used HRD Interventions, such as;

1. **Compensation and Benefits**

   Compensation programs are monetary and in-kind payments used by organizations. Goals of compensation policies include rewarding employees' past performances, remaining competitive in the labor market, maintaining salary equity among employees, motivating employees' future performances, maintaining the budget, attracting new employees, and reducing unnecessary turnover. Compensation typically includes pay for work and performance, disability income, deferred income, health, accident, and liability protection, loss-of-job-income, and continuation of spousal income when there is a loss due to a employee's relocation.

   Benefits are the non-cash portion of the compensation program that is intended to improve the quality of work life for an organization's employees. Benefits include the employer's share of legally required payments (e.g., FICA, unemployment compensation, retirement and savings plan payments, 401k, profit sharing, stock bonuses, medical benefit payments, etc.) Benefits were once viewed as gifts from the employer; they are now considered entitlements.

2. **Motivation (Incentives and Rewards)**

   Incentives link pay with a standard of performance. They are future-oriented with the objective of inducing desired behavior. They can be short or long term , and they can be tied to individual and/or group performance. There are variations in incentives. Monetary incentives include salary, differential pay, allowances, time off with pay, deferred income, loss-of-job coverage, and other perquisites (product samples, an expense account, tax service, legal service, a company apartment, club membership, free housing, parking privileges, stock bonus, etc.). Nonmonetary incentives include desirable working conditions, training, and adequate equipment

and materials. Examples of management incentives are participatory goal setting and decision making, and career opportunities.

Rewards can change and reinforce behavior. Skinner's research showed that rewarded behaviors are more likely to be repeated. Rewards need to be timely, specific, and matched to the preferences of the person and the achievement of goals. Rewards can be formal, such as public recognition, gift certificates, etc., or informal such as field trips. Wilson suggests that rewards should be SMART: specific, meaningful, achievable, reliable, and timely.

3. **Performance Appraisals**

Performance appraisals help individuals manage their performance by providing them with feedback. Organizations also have performance appraisal programs that provide criteria for salary decisions, promotion, and improving job performance. Gohrman discusses the many potential benefits of regular performance appraisal: increase in employee self-esteem and motivation to perform effectively, job clarification, communication between employee and rater, clearer organizational goals, and better human resource planning. Morissey suggests that some positive advantages of performance appraisals are increased probability of promotion for good performance, decreased likelihood of receiving undesirable assignment; clear understanding of supervisor's expectations, and greater personal reward and recognition for meeting those expectations. He also sees benefits for the organization in reduced turnover, reduced liability for potential legal action, improved overall productivity, improved organizational results, and greater attractiveness to potential new hires. Research suggests that the performance review should be approximately 60 minutes long and conducted as a mutual discussion.

Examples of performance appraisal methods used by organizations include checklists, weighted checklists, graphic rating scales, mixed scales, forced-choice scales, and critical incidents (written descriptions of a highly effective or highly ineffective performance), and behaviorally anchored rating scales (BARS). The HRD literature is filled with positive techniques for conducting effective performance reviews. It also reports stories of anxiety, frustration, uncertainty, and ambiguity when performance appraisals are handled improperly.

4. **Assessment Centers and Competency Testing**

An assessment center is "a place where standardized selection procedures are applied, usually to separate management from non-management candidates and executive candidates from middle managers."Candidates are evaluated and selected by testing mechanisms to determine if they are capable of performing predetermined skills. Others see it as a process where trained professional evaluators observe, record, and evaluate how a candidate performs in simulated job situations. In- basket techniques, leaderless group discussions, role playing, and speech making are common practices for testing job candidates. It is important for an organization to study its jobs to identify and assign weights to the knowledge and skills each one requires. Testing people for current job skills, or for attributes or skills needed for future performance, help the organization fulfill its strategic goals for human resources. Interviews, psychological profiles, intelligence testing, etc., are sometimes used in competency testing.

5. **Succession Planning and Career "Pathing"**

    Succession planning is a systematic identification of employees for senior management positions. It involves long-term planning and is often developmentally oriented. Succession planning is likely to involve input from several managers and recommendations for experiential assignments to ensure the ability of the candidates to fill positions as they open. A career path is a sequence of jobs, usually involving related tasks and experiences that employees move through over time.

    For example, a career path in a school setting may include the positions of teacher, counselor, department head, principal, central office administrator, and superintendent. Career paths are generally vertical lines of progression; however, they can include horizontal assignments as well. This is increasingly the case as management positions disappear.

6. **Leadership and Executive Development**

    Leadership development is necessary at all levels of an organization. High-potential employees receive special training and experience that translate into personal and professional growth. Leadership development includes coping with changes that occur during the life cycle of an organization, from growth to decline. It is about changes in the external environment, specifically about rearranging priorities and overturning assumptions about how the business operates and the role of leadership. Executive development deals with the organization's vision, values, and business strategies, and the goal is to develop leaders who can ensure the strategic development of the organization. Leadership and executive development are successful when the process is embedded in the organization's HRD efforts.

7. **Management and Supervisory Development**

    Management development is "the education, training, knowledge transfer, and, ultimately, skills demonstration of those individuals who are defined as managers by their respective organizations." It is about coping with complexity. Effective management development supports the organization's mission, strategy, goals, objectives, and market position. Supervisory development is designed for front-line managers who work with and through non-management employees to meet the objectives of the company and the needs of its employees. It is broader than management and executive development. Bittel and Newstrom state the unique roles the HRD and PT personnel play in supervisory development as follows:

    Recognition of the innate qualifications, limitations, and aspirations of supervisor's genuine knowledge of specific competencies required to complete work assignments sensitivity to the roles and relationships imposed on the supervisors by the company realization of the continuing evolution of the supervisor's role

8. **Literacy**

    Literacy is a person's knowledge, especially one's reading and writing abilities, which enables the person to function in society. Literacy programs are efforts by businesses to improve workplace communication, job understanding, and job skill development. Literacy rates are often directly connected to quality of work and job performance. Raising the literacy skills of workers is likely to increase productivity and lower production costs.

9. **Retirement Planning**

   To have positive experiences in retirement, people must plan ahead. No longer is retirement looked at as withdrawal, retreat, and solitude. Current gerontological thinking suggests new words for retirement: reorientation, recommitment, reinvention, reinvolvement, regeneration, renewal, renovation, redirection, reinvestigation, replenishment, reexploration, and more. Retirement planning is usually part of a benefits package. People want to know about finding part-time employment (should they want it), legal issues, housing arrangements, health and wellness, etc.

10. **Health and Wellness**

    Health and wellness programs are commonly offered by organizations and can serve to enhance employee morale and productivity and to reduce absentee rates and health care costs. According to the National Centers for Disease Control, more than 60 percent of all disease is caused by lifestyle risks. The most powerful lifestyle risks are smoking, inattention to diet, lack of exercise, substance abuse, back problems, mental distress, failure to use safety belts, and excessive stress. Employees who participate in workplace wellness programs tend to have better attitudes and behavior, exhibiting more loyalty, enthusiasm, motivation, and energy.

9.7   Case Study: Aetna Life and Casualty

. Aetna Life and Casualty is one of the world's leading providers of insurance and financial services to corporations, public and private institutions, and individuals. Aetna ranks as the nation's largest stockholder-owned insurance and financial services organization. The company employs about 47,000 people in the U.S.

Situation

The environment for insurance and financial services was becoming increasingly competitive and, some would say, even hostile. For that reason, it was especially important that Aetna retain superior managers, with even stronger skills in areas such as problem solving and decision making, leadership, and building teams.

For the top 10 positions of the company, the longest tenure of any executive had been six and a half years . This turnover rate had resulted in a diminished talent pool at lower levels. The company realized that many positions could not be easily filled from inside because of a lack of internal breadth or depth of skill. As competition in the industry grew, strong managerial skills became more critical.

"Additional experience in the current job" was sometimes the extent of a manager's developmental plan. Job descriptions did not always focus on the specific skills, knowledge, and behaviors required for success in a position. Development plans did not always focus on clear measurement criteria as required to determine progress or success.

Without the identification of specific competencies and measurable development plans required for a job, Aetna realized filling management positions would continue to be a problem. Additionally, the company realized that even those managers with good skills were not necessarily adequately prepared for the future. Aetna also knew that it needed to ensure that people were participating in training to develop their skills and to decrease performance gaps.

Intervention

Because Aetna already had a planning and direction-setting tool called the Aetna Management Process (AMP), it was applied to the development planning process. AMP is a systematic, seven-stage planning and assessment process that clarifies the organization's critical success factors, scans and describes the environment, recognizes gaps between current and desirable performance, sets objectives, develops and implements action steps, and monitors performance.

Aetna executives decided to use performance technology to develop a comprehensive human resource response plan based on identified competencies that would be needed in the future. Included in this systematic response were:

Identification of Management competencies.

Development of processes to identify performance and competency gaps

Creation of development plans and identification of education programs.

Design and publication of a development planning guide that would tie the process together for the entire organization.

After determining the gap between current practices and desired proficiency, specific development and traIning plans were designed, implemented, and monitored. Companywide implementation of this process is now under way.

Results :

This initiative was first introduced only a few years ago, but preliminary results indicated that:

There were more focused and specific development plans for employees.

There was increased understanding by employees and their managers of how to implement and monitor these development plans.

More people were selecting training and education programs based on identified skill or knowledge gaps relative to specific competencies.

Corporate wide bench strength was improving and performance gaps were more clearly understood and actively worked on.

Focus on a person's competencies and development was now treated as serious business throughout Aetna. Additionally, the company began a complete reorganization process. The new processes enabled the company to successfully redesign all of its jobs and redeploy people to those jobs in less than one year.

Lessons Learned

Performance technology is used to develop a comprehensive human resource response.

A common language is now in use companywide.

The focus is clearly on the mastery of competencies and development planning.

All employees of an organization need to be trained, including those in leadership, managerial supervisory and executive positions.

Source:Deterline, W.A. and Rosenberg, M.J. Eds., (1992). Workplace productivity: Performance technology success stories. Washington, D.C.: NSPI, pp. 5-6. Used with permission of the International Society for Performance Improvement

7.8 Summary

HRD interventionsgenerally focus on individual and team development and on improvements to work processes. The intended outcomes of HRD interventions are individual and team development and work process improvement, supporting the strategic planning of human resources for organizational improvement and change. HR practitioners need to understand the importance of providing human resources with training and development activities and to ensure that the activities provided are measured and evaluated to assess whether they meet the objectives set for each activity.

7.9 Self Assessment Questions

1. How do HRD Interventions help Organization to develop highly competent Staff Management?

2. Can HRD audit help in business improvement? How?

3. How can you classify the different HRD Interventions?

7.10 Reference Books

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UNIT-8 : HRD Manager

Structure of unit:

8.0 Objectives

After completing this unit, you would be able to:

- Understand what HRD means;
- Distinguish between HRM and Personnel management;
- Examine roles of HRD manager;
- Know about various competencies of HRD managers;
- Understand the role/competency matrix.

8.1 Introduction

Human Resource Development managers are professionals who set up activities in their organizations to improve employees' performance. Aspiring HRD managers require a combination of education and a background in human resource policies such as employees' benefits plans. The prerequisites for the job is a bachelor's degree in human resource or business administration, as well as strong interpersonal skills.

HRD managers work closely with departmental heads to evaluate the overall condition of organizational efficiency. They design, develop and implement program evaluations. Administering benefit programs for well-performing employees also falls under their docket. The aim is to assess the training and development needs of employees for the purpose of organizational growth. After analyzing the relevant data, they proceed to organize programs for career development and organizational activities that improve their employees' performance and output delivery.

The activities arranged within an organization in order to improve performance and personal growth for the purpose of improving the job, the individual, in the organization. HRD includes the areas of training and development, career development, and organization development which is relate d to research and information systems, union relations, employee assistance, benefits, selection and staffing, performance management systems, planning , and job design.

8.2 Roles of HRD Manager

The role of manager of HRD consists of five components .It is properly managed to HRD department. They include: Evaluator of the HRD program's impacts and effects on organizational efficiency. Management of the organizational learning system Operational manager responsible for the planning, organizing, staffing, controlling, and coordinating of the HRD department Strategist responsible for long-term planning and integrating of HRD into the organization Marketing specialist responsible for the advancement of HRD within the organization through well defined and effective networks.

1. Management of the Learning System

The primary role of HRD managers is to foster learning among personnel in the organization. They communicate the results they obtain from their assessments to organizational decision makers for corrective actions. In addition, HRD managers must understand the significance of career development to determine when it's appropriate to incorporate into the learning system.

2. Operations Development

In order to facilitate the development of their organizational operations, HRD managers must identify external threats and opportunities. They do this by identifying prevailing trends that impact human resource development. Such trends include technological advancements in instructional strategies and organizational delivery systems.

3. Marketing

HRD managers act as marketing specialists for their organization. They often become actively involved in management functions such as attending meetings and making progress presentations. In addition, they may write articles on the significance of observing human resource development for organizational growth and development. The aim is to build and maintain favorable and supportive internal and external relations for the general welfare of their organizations.

4. Organizational Integration

As the development of an organization wide HRD program that is a part of the everyday operations of the organization. HRD must be integrated into the organization . HRD manager must identify the department's strengths and weaknesses and develop plans for their continued development or elimination. A manager must also identify external threats as well as opportunities . HRD manager must identify forces or trends impacting HRD; for example, the impact of technological developments on instructional strategies and delivery systems. As a member of the management team and second as an performance there should be an improvement through learning.

5. Evaluator

The HRD manager doing the evaluator to know the impact on overall organizational efficiency. The manager is responsible for the design, development, and implementation of program evaluations as well as benefit programs. HRD managers are also responsible for the evaluation of career development programs and organizational development activities.

8.3 HRD Manager

Human Resource Development manager works on employee training, employee career development, performance management and development, coaching, mentoring, succession planning, key employee identification, tuition assistance, and organization development.

8.3.1 HRD manager's activities

The activities carried out by HRD MANAGER will vary widely according to the needs of the organization, the context within which they work and their own capabilities.

Services : As a broad guideline, the HRD provide services to the organization

    a) human resource planning
    b) recruitment / selection
    c) employee development
    d) reward systems
    e) employee relations
    f) health/safety management
    g) staff amenities
    h) salary administration
    i) personnel administration etc.

Guidance : To varying degrees, HRD MANAGERS provide guidance to the management, like

    a) recommendations on HR STRATEGIES
    b) culture change
    c) approaches to the improvements of process capability
    d) performance management
    e) reward management
    f) HR policies/ procedures etc.

Advice : HRD managers provide advice to line managers, and management in general

    a) recruitment advertising
    b) selection short lists
    c) training needs
    d) health/ safety
    e) handling people / problems associated
    f) industrial relations etc.

- **Credible Activist-**

This competency is the top indicator in predicting overall outstanding performance, suggesting that mastering it should be a priority. It's a deal breaker. The Credible Activist is at the heart of what it takes to be an effective HR leader. The best HR people do not hold back; they step forward and advocate for their position. CEOs are not waiting for HR to come in with options—they want your recommendations; they want you to speak from your position as an expert, similar to what you see from legal or finance executives. Below Credible Activist on the pyramid is a cluster of three competencies: Cultural Steward, Talent Manager/Organizational Designer and Strategy Architect.

- **Cultural Steward-**

HR has always owned culture. CEOs relying more on HR to manage culture, this is the first time it has emerged as an independent competency. Of the six competencies, Cultural Steward is the second highest predictor of performance of both HR professionals and HR departments.

- **Talent Manager/Organizational Designer-**

Talent management focuses on how individuals enter, move up, across or out of the organization. Organizational design centers on the policies, practices and structure that shape how the organization works. Talent management will not succeed in the long run without an organizational structure that supports it.

- **Strategy Architect-**

Strategy Architects are able to recognize business trends and their impact on the business, and to identify potential roadblocks and opportunities. Strategy Architect competency helps HR contribute to the overall business strategy.

- **Business Ally-**

HR contributes to the success of a business by knowing how it makes money, who the customers are, and why they buy the company's products and services. The mantra about understanding the business—how it works, the financials and strategic issues—remains as important today as it did in every iteration of the survey the past 20 years. Yet progress in this area continues to lag.

- **Operational Executor-**

These skills tend to fall into the range of HR activities characterized as transactional or "legacy." Policies need to be drafted, adapted and implemented. Employees need to be paid, relocated, hired, trained and more. Every function here is essential, but—as with the Business Ally competency—high-performing HR managers seem to view them as less important and score higher on the other competencies. Even some highly effective HR people may be running a risk in paying too little attention to these nuts-and-bolts activities.

8.3.1.1 Basic competencies required for a successful HRD manager are as follows:

a) initiative
b) personal effectiveness
c) human relations handling skills
d) leadership skills
e) professional knowledge of HR
f) adding value through people development
g) continuing learning
h) strategic thinking capability
i) influencing
j) negotiating skills
k) interpersonal skills
l) business / culture awareness
m) service delivery
n) communication [oral/ written]
o) presentation

8.3.1.2 Competency mix of a HRD Manager :-

1. **Strategic Partner**
   - Organizational Awareness
   - Problem Solving
   - Customer Service
   - Stress Tolerance
   - Oral Communication
2. **Leader**
   - Decision Making
   - Planning & Evaluation
   - Conflict Management
   - Self-Management
   - Self-Esteem
   - Oral Communication
3. **Employee Champion**
   - Flexibility
   - Teaching Others
   - Learning
   - Interpersonal Skills
   - Oral Communication
4. **Technical Expert**
   - Technical Competence
   - Legal, Government, &
   - Personnel & Human Resources
   - Information Management
   - Customer Service
   - Writing
   - Reading
   - Memory
   - Attention to Detail
   - Oral Communication
5. **Change Consultant**
   - Teamwork
   - Reasoning
   - Influencing/Negotiating
   - Integrity/Honesty
   - Creative Thinking

8.3.1.3 Functions of HRD Managers

HRD managers functions:

  i.   Providing skill input to apprentices and trainees
  ii.   Identifying training needs and imparting training
  iii.   Outside deputation for competency enhancement
  iv.   Competency mapping
  v.   Organizational development activities
  vi.   Conducting sessions and workshops
  vii.   Training and development (T&D)

8.4 Competencies of HRD Manager

Although job postings for human resources department managers vary from one organization to the next, there are some constant threads among many of the postings. The core competencies of HR managers are generally the same. Core competencies are basic qualifications that underlie the HR manager's ability to perform job functions. For HR managers, those core competencies include communication and interpersonal relationship skills, analysis and critical thought processes.

i. Competency Model
    The competency models for HR managers in both the private sector and the public sector are virtually the same -- both HR managers are responsible for creating and sustaining a productive workforce and positive work environment. The U.S. Office of Personnel Management, the federal agency responsible for overseeing management of the nation's workforce, has a clear competency model for leaders of human resources. The OPM says HR professionals need business acumen, HR expertise, leadership qualities and the ability to establish HR as an advocate. In addition, the OPM says HR professionals are change agents. In order to fulfill this role, HR managers must have four primary competencies: communication, analysis capabilities, relationship-building skills and leadership qualities.

ii. Communication
    An HR manager must be able to communicate with everyone in the workplace -- from line staff to executive leadership. In addition, communication skills are important for HR managers to interact effectively with outsourcing providers, union leaders, public officials and employees, prospective employees and colleagues. They need to know when to adapt their communication skills to the audience and the situation. For example, HR managers must be able to convey the importance of fair employment practices to the company's executive team with the same genuineness and passion as they would to hourly employees.

iii. Analytical and Critical Thinking
    Analytical and critical thinking skills are a must for HR leaders. An HR manager has to exercise sound judgment and engage in high-impact decision-making in a number of areas. The ability to analyze situations and view the implications of certain decisions from a critical perspective is particularly useful for HR leaders. For example, the decision whether to outsource one or several HR functions isn't something that happens without considering the impact outsourcing has on individual employees as well as the organization overall. HR managers also are involved in representing the company in matters involving employment litigation, which requires that they be able to justify the company's actions related to employment decisions such as hiring and firing.

iv.   Relationship-Building:

Creating a cohesive HR department that works collaboratively to achieve the goals of the department as well as help the organization reach its goals related to workforce development is a competency that HR managers must have. Relationship-building and interpersonal relationship skills are fundamental to an HR manager's success. One of the challenges HR faces is establishing credibility with employees -- many employees equate their HR departments with the school principal's office, which suggests a level of intimidation and trepidation associated with their view of HR's purpose. That being said, an HR manager must have the ability to establish credibility and trust as well as balance the obligation to be an advocate for both the organization and its employees.

v.   Leadership :

Leadership skills are an essential competency for HR managers. HR managers are responsible for creating strategic plans for the HR department as well as the overall workforce. Therefore, leadership skills are critical, particularly in the process of justifying the functional elements of a strategic plan to the company's management team. In addition, HR managers have to direct the activities of the HR department, and in doing so, they need the type of leadership skills that influence HR generalists' and HR specialists' commitment to the HR department goals.

8.5 HR knowledge management

As HR management becomes more and more complex, greater demands are placed on individuals who make the HR field their career specialty. It is useful to know about the competencies required for effective HR management. A wide variety of jobs can be performed in HR departments. As a firm grows large enough to need someone to focus primarily on HR activities, the role of the HR generalist emerges that is, a person who has responsibility for performing a variety of HR activities. Further growth leads to adding HR specialists who have in depth knowledge and expertise in a limited area. Intensive knowledge of an activity such as. benefits, testing, training, or affirmative action compliance typifies the work of HR specialists.

Changes in the HR field are leading to changes in the competencies and capabilities of individuals concentrating on HR management. The development of broader competencies by HR professionals will ensure that HR management plays a strategic role in organizations. The following sets of capabilities are important for HR professionals:

Knowledge of Business and Organization

HR professionals must have knowledge of the organization and its strategies if they are to contribute strategically. This knowledge also means that they must have understanding of the financial, technological, and other facets of the industry and the organization. As illustration, in some organizations the top HR executive jobs are being filled by individuals who have been successful operations managers, but have never worked in HR. The thinking behind such a move is that

good strategic business managers can rely on the HR specialists reporting to them, while bringing a performance oriented, strategic view of HR management to the top of the organization. In other organizations, top HR managers have come up through HR specialties, and have demonstrated that they understand broader business and strategic realities, not just HR management functional issues.

Specific HR Knowledge

The idea that "liking to work with people" is the major qualification necessary for success in HR is one of the greatest myths about the field. It ignores the technical knowledge and education needed. Depending on the job, HR professionals may need considerable knowledge about employment law, tax laws, finance, statistics, or information systems. In all cases, they need extensive knowledge about equal employment opportunity regulations and wage/hour regulations.

This outline reveals the breadth and depth of knowledge necessary for HR professionals. Additionally, those who want to succeed in the field must update their knowledge continually. Reading HR / MANAGEMENT publications / websites is one way to stay informed.

Knowledge of Strategic Management -

- Lawmaking and administrative regulatory processes .
- Internal and external environmental scanning techniques.
- Strategic planning process and implementation .
- Organizational social responsibility (for example, welfare to work, philanthropy, alliances with community based organizations).
- Management processes and functions , including marketing/sales/distribution etc.
- Techniques to sustain creativity and innovation.

Knowledge of Workforce Planning and Employment :

- Central /state/local. employment related laws and regulations .
- Immigration law (for example, visas for overseas employees)
- Quantitative analyses required to assess past and future staffing (for example, cost benefit analysis, costs per hire, selection ratios, adverse impact).
- Recruitment methods and sources
- Staffing alternatives (for example, telecommuting, outsourcing)
- Planning techniques (for example, succession planning, HR forecasting)
- Reliability and validity of selection tests/tools/methods.
- Use and interpretation of selection tests (for example, psychological/personality, cognitive, and motor/physical assessments).
- Interviewing techniques .
- Relocation practices.
- Impact of compensation and benefits plans on recruitment and retention .
- International HR and implications of international workforce for workforce planning and employment.
- Downsizing and outplacement .
- Internal workforce planning and employment policies, practices, and procedures.

Knowledge of Human Resource Development:

- Applicable international, central, state, and local laws and regulations regarding copyrights and patents .
- Human resource development theories and applications (including career
- development and leadership development)
- Organizational development theories and applications.
- Training methods, program, and techniques (design, objectives, methods, etc.).
- Employee involvement strategies .
- Task/process analysis .
- Performance appraisal and performance management methods.
- Applicable international issues (for example, culture, local management approaches/ practices, societal norms) .
- Techniques to assess HRD program effectiveness (for Example, satisfaction, learning and job performance of program participants, and organizational outcomes such as turnover and productivity).

Knowledge of Compensation and Benefits:

- Central, state, and local compensation and benefits laws.
- Accounting practices related to compensation and benefits (for example excess group term life, compensatory time)
- Job evaluation methods
- Job pricing and Pay structures
- Incentive and variable Pay methods
- Executive compensation
- Non cash compensation methods (for example, stock option plans).
- Benefits needs analysis i.e, life insurance, pension
- Benefit plans (for example, health insurance, education, health club)
- International compensation laws and practices (for example, expatriate compensation, socialized medicine, mandated retirement)

Knowledge of Employee and Labour relations:

- Applicable federal, state, and local laws affecting employment in union and non union environments, such as anti discrimination laws, sexual harassment, labor relations, and privacy
- Techniques for facilitating positive employee relations (for example, small group facilitation, dispute resolution, and labor/management cooperative strategies and programs)
- Employee involvement strategies(for example, alternate work schedules, work teams)
- Individual employment rights issues and practices (for example, employment at will, negligent hiring, defamation, employees' rights to bargain collectively)
- Workplace behavior issues/practices (for example, absenteeism, discipline)
- Methods for assessment of employee attitudes, opinions, and satisfaction (for example, opinion surveys, attitude surveys, focus panels)
- Unfair labor practices .
- Public sector labor relations issues and practices.
- Expatriation and repatriation issues and practices .

- Employee and labor relations for local nationals (i.e. labour relations in other countries).

Knowledge of Occupational health, safety and security:

- Central, state, and local workplace health and safety laws and
- regulations (for example, OSHA, Drug Free Workplace)
- Workplace injury and occupational illness compensation laws and programs (for example, worker's compensation)
- Investigation procedures of workplace safety, health, and security enforcement agencies (for example, OSHA)
- Workplace safety risks
- Workplace security risks (for example, theft, corporate espionage, information systems/technology, and vandalism)
- Potential violent behavior and workplace violence conditions .
- General health and safety practices (for example, fire evacuation, HAZMAT[hazardous materials], ergonomic evaluations)
- Incident and emergency response plans .
- Internal investigation and surveillance techniques
- Employee Assistance Programs .
- Employee wellness programs .
- Isues related to chemical use and dependency (for example, identification of symptoms, drug testing, discipline) .

CORE Knowledge Required by HR Professionals

- Needs assessment and analysis .
- Third party contract management, including development of requests for proposals
- Communication strategies .
- Documentation requirements .
- Adult learning processes .
- Motivation concepts and applications .
- Training methods .
- Leadership concepts and applications.
- Project management concepts and applications
- Diversity concepts and applications.
- Human relations concepts and applications (for example, interpersonal and organizational behavior) .
- HR ethics and professional standards .
- Technology and human resource information systems (HRIS) to support HR activities .
- Qualitative and quantitative methods and tools for analysis, interpretation, and decision making purposes .
- Change management .
- Liability and risk management .
- Job analysis and job description methods.
- Employee records management (for example, retention, disposal)
- The interrelationships among HR activities and programs across functional areas.

8.6 Summary

Situation is now changing with globalization, increased investment and trade, and the spread of technology. Investment in human capital is of course no guarantee of development if other relevant policies are inappropriate or are not properly implemented. But without the right kind of human capital other policies (economic, trade and investment policies) will fail to deliver growth, or growth will come to a halt as soon as cheap labor and other resources cease to be critical to the next stage of development. Since the time taken for investment in human capital to bear fruit is, compared to other investments, relatively long, the planning period has also to be necessarily long and timely. Further, unlike most other resources, human capital does not waste or diminish in value through use; on the contrary its value enhances. HRD includes three basic strategies:

Competitiveness demands a diverse workforce and up-to-date skills. The free market belief in 'buying in' skill has proven to be inadequate, even in times of high unemployment. HRD allows people managers to be proactive, focusing on employees as investments for the organization. One of the great strategic contributions of HRM lies in the planning of skill availability in advance of need. Development programmes involve more than training. They begin with the induction and integration of new employees. They require constant accurate assessment, counselling and personal challenge. Development also involves the socialization of employees to fit the cultural requirements of the company. A much-publicized modern approach places development within the learning organization. HRD focuses strongly on management development. Career plans, performance objective-setting and training programmes are more often directed at managers than lower-level employees. With the integration of training activities into human resource development programmes, trainers are particularly concerned with the merits of formal as opposed to experiential training, cost-effectiveness and quality.

8.7 Self Assessment Questions

1. What are the different roles and the competency mix required for HRD managers?

2. What is the difference between HRM and HRD ?

3. What are the functions of HRD managers ?

4. What is the relationship between HR & a department manager ?

5. When a HR manager wants to expand its operations, what factors are to be considered ?

6. Is there a need to recognise organisational context as the major determinant of firms' HRD investment ?

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Unit-9 : Employee Coaching and Mentoring

Structure of Unit

9.0   Objectives

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

- Understand the concepts of coaching and mentoring;
- Appreciate coaching objective;
- Differentiate between coaching, counselling and mentoring;
- List out the conditions for effective coaching;
- Highlight the process of coaching; and
- Define mentoring and appreciate its benefits;

9.1   Introduction

Managing human capital now a days is becoming less about "command and control" and more about "development and empowerment." Increasingly, managers are taking some responsibility for ensuring that their staff members always have the knowledge and skills necessary to perform at a high level. Managers are doing more coaching.Coaching is a kind of employee training and development. When new competencies are needed due to a change in the work situation, or when poor performance indicates that remedial instruction is needed, managers can fill the gap for advancement and additional responsibility.

In the current work environment, effective performance management systems must support a workforce of knowledge based employees – that is, employee who value the acquisition, application and sharing of knowledge. Organizations that want to capitalize on knowledge-based employee will need to shift to a consultative and participative management style. That style is often described as coaching. Coaching requires managers to transition from the traditional role of controlling and monitoring employee performance to a more consultative role. Coaching is a means for developing a partnership between the manager and employee that creates a shared understanding about what needs to be achieved and how it is to be achieved. In performance management system, coaching means providing feedback and support to the employees throughout the year. Coaching gives the employee an opportunity to hear about aspects of his or her performance

in "real time" and to play a role in figuring out how to best adopt or modify their behavior for success. Following are the assumptions for successful coaching:

- Employees want to succeed at work.
- Employees can contribute ideas on how work should be performed.
- Employees will work hard to achieve goals that they have played a role in developing.
- Employees are open to learning if they recognize the value to them in terms of improved success on the job and subsequent reward and recognition.

The above assumptions are the basis for the trust that is necessary in any coaching relationship. Research has shown that when a manager operates under these assumptions, employees respond positively. This is equally applicable even if the employee is new or is experiencing some performance problems.

9.2   Coaching Versus Counseling

Coaching is given in order to build employees' knowledge and skills. Unless managers are handed a staff that possesses all of the knowledge and skills they will ever need to do their jobs. Some learning must take place during the employment relationship. Coaching is simply a way that managers supplement any formal training and on-the-job learning that their employees get, and a way to give remedial instruction when performance deficiencies necessitate it. It can also be part of a long-term effort to promote employee development. One of the criteria that leaders are evaluated on is how well they develop others. Some executives who are very effective at achieving goals such as expanding the business and boosting stock values do a poor job of preparing their replacements. When they leave, their former firm can flounder because no one was prepared to take over. One characteristic of the best leaders is that they groom others. Of course, managers are not the sole providers of executive coaching. Consultants are often hired to coach executives. That king of coaching focuses more on interpersonal skills and leadership styles rather than on technical competence. Executive coaching is now a days a growing industry which is focused on the coaching that managers personally provide to their staff.

While managers can easily recognize the need for coaching when their employees have new jobs, duties or tools, managers often fail to diagnose the need for coaching when their employees are performing poorly. Counseling is the appropriate response when employees' motivation problems are the cause of poor performance. But, managers need to remember that not all performance problems are due to a lack of motivation. Poor performance can also be the result of misunderstandings or a lack of skill. You may recall a situation when a manager chastised you for screwing something up when all we really needed was a clarification of what was expected. How demoralizing!

Although coaching and counseling have different purposes, they're interrelated. Sometimes coaching reveals attitude problems, fears or other factors that interfere with the willingness to do one's job. When such barriers to motivation are identified, managers must shift into a counseling mode to resolve them before engaging in coaching. There's no point in working on employees' "Can't Do" problems before resolving their "Won't Do" problems. By the same token, needs for coaching can also emerge during counseling. For instance, when an employee is intimidated by the complexity of a task, that fear can be manifested in a number

of counterproductive work behaviors such as procrastination. Consequently, coaching is remedy for some of the motivation problems that managers identify when counseling their employees.

9.3   Objectives of Employee Coaching

The main objectives and issues addressed under Coaching are as follows:

Executive Coaching

- Establishing coach-coachee relationship to ensure mutual trust, confidence, credibility and shared commitment.
- Setting the terms of coaching engagement.
- Evaluation of coaching needs.
- Diagnosis and prioritizing of coaching objectives and development needs.
- Establishing a learning relationship and style
- Establishing coachee's commitment for change.
- Setting coaching objectives
- Gap analysis
- Prioritizing goals and coaching methods using kinesiology.
- Setting a coaching plan
- Setting an action plan/vision, with preliminary milestones and timeliness.
- Collecting 360 degree feedback from the main stakeholders

Understanding the Power of Mind

- Understanding the power of mind
- Utilising positive thinking for excellence
- Utilising visualization and affirmations for achieving excellence
- Understanding mind-body connection
- Applying innovative learning techniques
- Improving memory and boosting brain power
- Understanding the Law of Effect.

Creation and Creativity

- Exploring creativity enhancement techniques
- Understanding brainstorming techniques
- Understanding problem solving techniques
- Utilizing the Law of Creation

Effective Personal Development

- Improving mental, physical and spiritual well being
- Eliminating self-limiting beliefs
- Improving productivity and efficiency
- Improving life-work balance
- Improving confidence and self-esteem
- Stress management
- Managing fear and anxiety
- Time management
- Energy management and avoiding burnout
- Improving information and knowledge management skills

- Developing wealth creation skills
- Managing environmental stress

Developing Long Term Goals and Vision

- Developing long-term objectives
- Developing a plan of action for achieving those objectives
- Discovering life purpose and vision
- Developing personal mission statement
- Developing coachee's strategic plan for personal and professional excellence.

Developing Leadership Skills

- Understanding different leadership styles and approaches
- Supporting others to achieve goals
- Motivating others
- Improving conflict management skills
- Developing empathy
- Improving persuasion and influencing skills
- Improving presentation skills
- Improving public speaking skills
- Giving effective feedback
- Giving negative feedback
- Developing strategic thinking and decision making skills
- Leading knowledge workers
- Cross-cultural leadership

Managing Emotional Intelligence

- Developing self-awareness
- Understanding the power of emotions
- Managing Emotional Intelligence
- Increasing Emotional Intelligence
- Accessing subconscious wisdom

Managing Change

- Assessing the readiness to change
- Change management
- Grounding of behavioral change.

Developing Communication Skills

- Improving communication skills
- Achieving good rapport
- Understanding body language
- Developing assertiveness skills
- Developing team management and motivation skills
- Developing listening skills
- Developing negotiation skills
- Developing networking skills
- Developing self-promotion skills
- Developing multi-cultural awareness
- Improving business relationships

Improved Performance

- Evaluation of improved performance by the main stakeholders
- Assessing the benefits of coaching by coachee
- Establishing Self-generated motivation for continuous improvement
- Maintaining the momentum of progressive mastery of new personal and professional skills and excellence.
- Establishing an on-going support system.

9.4   Effective Coaching

Effective coaching is that coaching which is based on nine key principles. These principles, derived from experiences and guides about coaching and mentoring work. The following principles which are known as conditions are necessary for coaching to be effective:

1.   Learning relationship

The central principle is that learning and change occur through the relationship with a coach or mentor. Coaching and mentoring are not just an interaction, an event, an opportunity. Two people meet. They share knowledge, values, attitudes, skills and experience. They engage with one another, they relate to one another and if the coaching and mentoring is effective, they connect with one another. Dialogue is important in establishing and maintaining the connection. In a learning dialogue there is, on both sides, a willingness to share perspectives, to listen, to understand, to be open to new ideas and to take joint responsibility for the conversation and the outcomes.
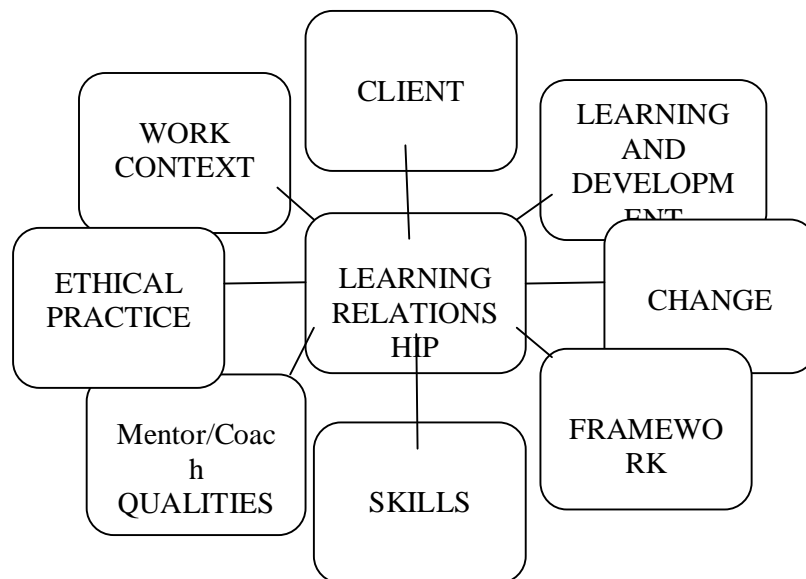
Figure 10.1: Key Principles for Effective Coaching

Dialogue sustains the connection and the relationship, and leads to learning and change. It follows, therefore, that the learning relationship is a partnership, and not an activity imposed by one person on another.

2.   The Context is work

The focus here is on the relationship with an individual client, although the principles apply also to team coaching. The client may want or need to improve their work performance in the short term, or they may be concerned with broader issues of personal, professional and career development. Short and Long term issues are often interrelated. The effective coach or mentor values the client as a whole person within their work context. The focus of coaching and mentoring is the client's present and future experiences, problems, opportunities and development. The best results are produced when the focus is on developing strengths and resources, rather than on remedying deficits.

The effective coach or mentor knows enough about the work context to be able to facilitate exploration of issues and is aware that opportunities and resources in the workplace differ from person to person. Effective coaching and mentoring release potential of people and deliver results. They can be enabling for those who have experienced being marginalized or disadvantaged at work. Coaching and mentoring are not career patronage, neither are they counseling or therapy. The effective coach or mentor agrees with the client the boundaries of their coaching or mentoring work, and is aware of other resources and networks beyond these boundaries.

3.   The client sets the agenda and is resourceful

Centre stage in the learning relationship is the client and their agenda. Being centre stage and being the focus of attention can be both challenging and empowering for the client. Some clients are reluctant, some are eager. Where a client is referred, there is an agenda with which the client may or may not agree. Some clients have clear goals, some only vague ideas. In all cases, the start point of the effective coach or mentor is to work with the client to help them figure out what they want. This process, the first step in facilitating the client's learning and development, may be relatively straightforward, or perhaps one of the most demanding parts of the coaching and mentoring relationship. However, unless the client chooses to be a partner in the learning relationship, and has a sense of purpose, the relationship cannot be successful.

Once the agenda is clear, the task of the coach or mentor is to help the client to identify and use the resources, both internal and external, that will enable them to change and develop. Affirming the client's resourcefulness, and communicating this affirmation to the client, is important role. When the client seems to lack energy or focus, or bright ideas or direction, or creative alternatives, the coach or mentor can communicate hope and possibility, and work with the client to make these real. A coach or mentor can enable a client by believing in them at times when the client's self-belief falters.

4.   The coach facilitates learning and development

The coach is a facilitator, not an instructor. He support and challenge the client to learn and to develop. The client learns by acquiring new awareness, insight, skills, ideas and knowledge. Development involves integrating their learning into the way they are. It is more important that a facilitator asks good questions than that they have "right" answers. Good questions provoke new perspectives and change in the client.

The effective facilitator reviews the learning relationship and the learning process, and does not take these for granted. The client is asked about what they are learning and how they are learning it and what might help their learning and development. The effective facilitator finds learning methods that suit the client. He help the client to clarify how they learn best, and how to make coaching or mentoring work for them. Finally, the effective facilitator understands the importance of what happens between sessions. They know that coaching and mentoring sessions should be the catalyst for learning and action, not the substitute.

5 The outcome is change

Coaching is about change, The client achieves something that they care about, that makes a positive difference in their working life or career. The real significance of change should be judged in relation to the client agenda and their goal. A change in attitude for one client may be just as important as a major job promotion for another. Insight and understanding are important in coaching and mentoring in so far as they lead to change. Of course, change is hard work. Change provokes resistance, a normal reaction to facing up to difficult issues. Resistance can be viewed as a sign that the coaching or mentoring dialogue is on track and that it is touching on important issues for the client. Effective coaches and mentors work with client resistance, rather than try to overcome it. They use resistance to help the client to clarify their values and their goals, and to explore what will help or hinder them in making changes.

6. The framework for the change process provides movement and direction

The coaching or mentoring journey is about change in relation to the client agenda. The framework provides a map for the journey, for both client and coach or mentor. It does not fully describe the landscape of the coaching or mentoring journey, but rather it provides reference points and a sense of direction. It can help if either party gets stuck or loses direction. The coaching or mentoring framework should be used with a light touch, or even set aside, if that is what would be most helpful for the client in their journey. It should not be used to constrain or limit exploration of the landscape.

7. Skills develop insight, release potential and deliver results

The effective coach uses skills which bring to life the coaching framework and enable the client to develop insight and release their potential. The effective coach or mentor is competent, using the skills in an integrated way within the learning relationship, not merely applying a set of competences. The skills communicate the coach or mentor belief in and valuing of, the client. Wise and judicious use of the skills ensures a balance of support and challenge, of reflection and action. The effective coach or mentor has a repertoire of tools and techniques which they offer appropriately to the client to support their learning and development.

8. Qualities of the coach affirm, enable and sustain the client

The distinctive style, personality and values of the coach or mentor are prized by the client. This unique blend of attitudes, value, knowledge and experience can be shared as 'self'. Moreover, when the chemistry between coach or mentor and client really works, there is a sense of deep connection. The paradox of this

connection is that it is not tangible and yet it is powerfully present and effective in bringing about client self-belief, hope, courage and action.

Effective coaches and mentors are not only smart, but also wise. They have the wisdom to make sound judgments on what they see, hear, and experience in the learning relationship. They communicate caring, valuing, respect and empathy. They model a way of being which is both human and professional. This is not deliberately 'taught' but is often 'caught'. Learning is not just 'from' the coach or mentor, but also 'with' and 'through' them. It is this third type of learning, 'through the coach or mentor' that is often overlooked. Yet it may be the most powerful learning of all! The client who experiences affirmation and positive challenge from a coach or mentor is likely to value themselves more. The more a client values themselves, the more they value others. This then impacts on both personal and professional relationships.

9.   Ethical practice safeguards

The client is safeguarded if ethical principles inform and guide practice. Such principles might include: respect for client autonomy; faithfulness to promises made; acting in ways which are beneficial to the client; not doing harm; and acting fairly. When these principles are in operation there will be an openness and transparency in the coaching and mentoring relationship. This not only safeguards the interests of both parties, but also enhances the quality of their work together. Effective coaching and mentoring start with clear expectations, continue with a negotiated working agreement, include ongoing evaluation and finish with well-prepared endings. Ethical coaching and mentoring are informed by legal requirements and professional codes of practice. Working within agreed limits and boundaries helps the client to feel secure, for example in relation to issues of confidentiality or conflicts of interest.

9.5   Coaching Process

Coaching is a form of employee training and development, whether it's on-the-job or off, planned or impromptu. The science of employee training and development can't easily be reduced to a bullet list of steps to follow, and you may notice some glaring omissions from the list below. With that disclaimer in mind, here's a list of a few steps for managers to use when coaching their employees:

- **Put the employee at ease.** This step is important when the coaching session is a response to poor performance - - it's not as important in other situations.
- **Find out what they already know.** There are two reasons for this. First, there's little use in telling them what they already know. Second, prior knowledge serves as the foundation for new knowledge that's acquired. Hence, you want to link the "training" to what they already know and correct any misconceptions that could interfere with their learning.
- **Present information or demonstrate work methods.** This is the point where you deliver the content of the training.
- **Repeat.** Repetition enhances understanding and retention.
- **Evaluate learning.** Test whether the employee understands the information or can perform the skill.

- **Provide feedback.** Let the employee know what they have successfully learned and what they still need to learn.
- **Correct.** Show the right answers or methods again.
- **Evaluate performance on the job.** Periodically check to see whether the employee is using the knowledge or skills effectively on the job. Gradually increase the interval at which you check. The employee should eventually take responsibility for monitoring their own performance.
- **Reward.** Provide praise or other rewards for successful acquisition and use of the knowledge or skill.

Sometimes managers coach by guiding their staff members through the process of figuring things out for themselves. Middle and upper level managers whose reports are other managers and professionals may rely more on monitoring their staffs' professional development, helping them see opportunities for self-improvement, and encouraging them to continue to progress in their development. In contrast, coaching entry-level employees might involve much more explicit instruction. Nonetheless, the steps listed above fit most managerial coaching situations pretty well.

9.6   Dimensions to Coaching Role

There are four main dimensions to the coaching role:

- **Providing Direction**

This involves articulating the department's goals and values in a clear concise manner and is especially important in the planning phase of the performance management cycle. Employees need to understand the context in which they work so that they can see the link between their performance and the department's overall success. The clearer the department goals are, the easier it will be for employees to translate them into their own individual goals. Coaching direction involves ensuring that employees stay focused and understand priorities. Employees may also need technical direction in terms of learning new tasks or taking on new assignments. Finally, The manager as coach is responsible for establishing the commitments that will move employees toward achieving results.

- **Improving Performance**

As a coach, the manager is responsible for creating a learning environment where employees are supported in their efforts to continuously improve to meet today's challenges. The coach does this by:

- assessing current capability
- providing feedback
- helping the employee to identify what is needed
- creating opportunities to fill in the gap

If continuous improvement is to occur, the coach must provide a "safe" environment for creativity and risk taking. Mistakes must be viewed as lessons learned. Setbacks are opportunities for development. With this kind of support, the employee will have the confidence necessary to attain the next level of ability.

Opening up Possibilities

One of the goals of coaching is to develop capabilities for the employee to solve problems and make decisions. This is done by asking the right questions, challenging the employee's thinking offering new options, supplying additional information that expands employee's understanding or providing a new interpretation to a situation. Coaching empowers the employee to be part of the decision making process.

Resource for Removing Obstacles

In some cases the coach may take an active role in paving the way for the employee by confronting, when necessary, those people who are obstacles to the employee's progress or providing additional resources if necessary. At other times, the coach serves as a sounding board for the employee as he/she develops his/her own strategy for overcoming the obstacle.

Too often managers deal with employees who have performance problems by vaguely referring to a problem area. The specific fact that indicate a problem and the specific measures that must be taken in order to address the problem is rarely articulated. Too often, an employee who is exhibiting a problem is left out of the process when a solution to the problem is being developed. Performance management coaching calls for swift, clear and concrete identification of the performance or behavior problem, as well as joint resolution of the problem before it becomes a serious obstacle to good performance.

There are several misconceptions about coaching. Some managers may feel that coaching is jargon that enables abdication of responsibility for supervision. Employees are under the impression that coaching means managers can no longer tell them what to do. Neither assumption is correct. Coaching is a sophisticated management style that requires developing a relationship that empowers employees by building confidence and competence.

Rather than being a "hands off" approach, coaching means being very involved in the employee's progress. The emphasis is not on checking and monitoring but on developing a higher level of performance. Employees are not free to do as they wish, but are held accountable for meeting mutually established performance plans. The overall objective is always employee commitment to achieving better performance and organizational goals.

9.7   Mentoring

Mentoring is formal or informal relationship established between an experienced, knowledgeable employee and an inexperienced or new employee. The purpose of the mentoring relationship is to help the new employee quickly absorb the organization's cultural and social norms. Mentoring also assists an employee, new to a specific job or area of responsibility, to quickly learn what they need to know to succeed in their job and role.

Mentoring can involve a formal exchange of knowledge and information and can be evaluative in nature to assess the assimilation of the new employee in his or her new role. Mentoring is provided in addition to your new employee onboarding processand should have different content and goals.

The best mentoring relationships involve the exchange of a particular body of knowledge that helps the new employee quickly come up to speed as a contributor within your organization. Mentoring helps the employee navigate the learning curve inherent in any new role and relationship.

Many organizations assign a mentor as part of their formal employee on boarding process. Other mentoring relationships develop spontaneously and over time. All mentoring relationships are encouraged as research indicates that employees who experience mentoring are retained, learn more quickly, and assimilate into the company culture more effectively.

A mentoring relationship frequently occurs between an employee and their immediate supervisor; in fact, this was the normal mentoring relationship in the past. These mentoring relationships are still encouraged, but it is recommended that employees and organizations pursue additional mentoring relationships. A mentoring relationship with a supervisor never loses the evaluation aspects necessary for the employee to succeed within your organization.

9.8   Benefits of Mentoring

Mentees gain invaluable insight beyond their won education and experience. One can give himself an edge with the support and guidance of a mentor. A mentor can inspire and guide the mentee.

Mentoring programs are designed primarily for the benefit of mentees. Mentees are encouraged to begin the relationship with specific goals and expectations-which are typically met by a well designed program. Mentees benefits may extend far beyond what they planned, and may include.

- Access to a support system during critical stages of your academic and career development
- An insider's perspective on navigating their career
- Clearer understanding and enhancement of academic and career plans
- Exposure to diverse perspectives and experiences
- Direct access to powerful resources within employee profession
- Identification of skill gaps
- Greater knowledge of career success factors
- The foundation of a lasting professional network

Activity I: Are you Ready to be a mentee? If you answer "YES" to the following statements, you are a great candidate for the Mentoring Program:

i.)   I'm responsible for my career goals and would enjoy the benefit of a mentor's guidance to create a plan for success.

ii.)   I'm ready to listen, but I'm also ready to share my ideas so it's a give and take relationship.

iii.)   I'm ready for objective feedback to consider new ideas and new approaches suggested by my mentor.

iv.)   I have realistic expectations for my mentor relationship. No one is perfect and good relationships take honesty, effort and time.

v.)   I'm busy with work, but I'm ready to make a commitment for my future by communicating with my mentor.

Exploring the questions brings more wisdom, than having the answer.

Reap the Benefits of Being a Mentor

This can be done by:

- Igniting a spark
- Creating a legacy
- Building leadership and management skills

Mentors are rewarded by sharing clinical knowledge and skills, helping others succeed, and supporting the profession. All they need is a passion for the profession and a willingness to spend a couple hours per month developing a relationship with an employee.

Mentoring requires a willingness to share, listen, and provide advice in a flexible relationship shaped by the needs of the mentee. This demands high-quality care and a commitment to help individuals. Mentoring is a way for every professional to improve the field, one person at a time. While mentoring programs are designed primarily for the benefit of mentees, mentors enjoy rewards as well. Including:

- Exposure to the emerging talent pool
- Ongoing attention to their own career development
- The satisfaction of imparting wisdom and experience to others without a huge time commitment
- Enhancement of coaching, leadership, management, and recruiting skills
- Exposure to diverse thoughts, styles, personalities, and cultures
- A way to give back to their association and/ or profession
- A lasting career network

Mentoring improves employee retention and performance, too. It also impacts organizational culture by leading to more informal mentoring.

9.9   Tips for Successful Mentoring

Mentoring employees requires a continuous effort to make it a part of management practices. Use of following helps in doing successful mentoring work.

- **Delegate:** Articulate the results you want to see, set parameters, determine what support the employee needs and set times to conduct progress reviews along the way.
- **Give performance feedback:** State what you observe be specific and direct, show sincerity, and communicate face-to-face for both positive and negative performance efforts.
- **Motivate employee performance:** Give timely recognition for a job well done and provide favorable assignments that challenge your staff and meet business needs at the same time.
- **Mentor employee growth:** Pass on words of wisdom that guide behavior for success and ask employees for ideas to make improvements and solve problems.
- **Focus employee performance:** Collaboratively set goals with action plans that define the key steps for achieving the goals.
- **Set meaningful goals:** Define the results that need to be achieved and how the goals will be measured.

- **Assess employee performance:** Don't wait for the annual review. Meet one-on-one with each staff person at least once per quarter to review performance; adjust plans accordingly to deep priorities current.
- **Aid career development:** Collaboratively set plans that define how employees will prepare themselves -- from training to work assignment – to grow in their skills and capabilities.
- **Deliver training:** Give step-by-step instruction that involves your employees doing the skills or procedures in a hands-on way.

9.10   Coaching Versus Mentoring

Both coaching an mentoring are learning relationships which help people to take charge of their won development, to release their potential and to achieve results which they value. To some extent coaching and mentoring are complementary. Both activities help people to take charge of their own development. The coaching or mentoring relationship facilitates insight, learning and change. Through this relationship, potential is identified, possibilities become reality and tangible results are delivered. The Chartered institute of personnel and development (CIPD) notes the many similarities between coaching and mentoring, not least in the 'one-to-one relationship that provides an opportunity for individuals to reflect, learn and develop'. Both coach and mentor want to improve performance and deliver results, but the coach may be more hands-on in achieving specific skill development and change.

Commonality between coaching and mentoring has been identified by Zeus and beliefs: that human beings have the ability to change: that they make the best choices available to them: that coaching is not a quick fix: it is a journey where the process of learning is as important as the knowledge and skills gained'. Zeus and Skiffington, talk about coaching and mentoring as essentially a conversation where learning takes place through asking the right questions rather than providing answers. This leads to personal and professional transformation and reinventing oneself.

- Both require well-developed interpersonal skills
- Both require the ability to generate trust, support commitment, generate new actions through listening and speaking skills
- Both shorten the learning curve
- Both aim for the individual to improve his or her performance and be more productive
- Both encourage the individual to stretch, but can provide support if the person falters or gets out of his or her depth
- Both encourage the individual to stretch, but can provide support if the person falters or gets out of his or her depth
- Both provide support without removing responsibility
- Both require a degree of organizational know-how
- Both focus on learning and development to enhance skills and competencies
- Both stimulate personal growth to develop new expertise
- Both can function as a career guide to review career goals and identify values, vision, and career strengths
- Both are role models

Although coaching and mentoring have much in common, the two concepts differ as well. Mentoring is often viewed as 'off-line help by one person to another in making significant transitions in knowledge, work or thinking' (Megginsonet al. 2006). The mentor may be someone more experienced or senior in the organization or profession, and often their services are offered, and taken up, voluntarily. Mentoring may be either short term or long term. It will usually involve personal, professional and career development. The mentor may be internal or external to the organization. Megginson et al. (2006) highlights two contrasting models of mentoring: sponsorship versus developmental. In sponsorship they note that the mentor actively champions the client with the primary motive or career or professional success. In developmental mentoring the mentor may be experienced but not necessarily more senior and the aim is to facilitate learning rather than provide answers. Parsloe and Wray (2000) summarize mentoring as 'a process which supports learning and development, and thus performance improvements, either for an individual, team or business, Mentoring is usually understood as a special kind of relationship where objectivity, credibility, honesty, trustworthiness and confidentiality are critical'.

Within coaching the emphasis is on changing. Experience is showing that the positive approach of helping clients to 'astound themselves' is far more beneficial than the type of managerial coaching which focused upon remedying performance deficits. Rogers (2004) puts it this way: 'The coach works with clients to achieve speedy, increased and sustainable effectiveness in their lives and careers through focused learning. The coach's sole aim is to work with the client to achieve all of the client's potential-as defined by the client's.

Coaching is increasingly being used by organizations to promote a learning culture, where leaders and managers are expected, as part of their role, to coach their own staff, who in turn learn coaching skills so that they can coach others. Coaching may be used as a tool for managing performance. Executive coaching is often provided externally and may be linked with leadership and management development programmes. The CIPD (Jarvis 2004) has produced a useful summary of some differences between coaching and mentoring.

We broadly agree with these distinctions although we are aware that, in real life, 'specific development issues' (coaching) and 'developing the client professionally' (mentoring) are often inextricably linked.

Several writers distinguish between the coach and mentor in terms of short and long term goals: 'A mentor is someone appointed or chosen to help another with the achievement of their long term goals and career rather than immediate performance issues' (Downey 2003). Downey portrays the effective coach as one who can turn potential into performance to achieve fulfillment and satisfaction at work. But this 'effective' coaching is not necessarily instruction; it is more like facilitation. He argues for a 'predominantly non-directive approach, an approach that evokes excellence, in which learning is intrinsic and satisfaction derives from the pursuit and achievement of meaningful goals'.

It's understandable if someone think that mentoring and coaching are similar or even the same thing. But they're not. Both warrant consideration in the workplace. Here are five differentiators that we think are important:

1. Task and Relationship Orientation:

Coaching is task oriented. The focus is on concrete issues, such as managing more effectively, speaking more articulately, and learning how to think strategically. This requires a content expert (coach) who is capable of teaching the coachee how to develop these skills. Mentoring is relationship oriented. It seeks to provide a safe environment where the mentoree shares whatever issues affect his or her professional and personal success. Although specific learning goals or competencies may be used as a basis for creating the relationship, its focus goes beyond these areas to include things, such as work/life balance, self-confidence, self-perception, and how the personal influences the professional.

2. **Short and Long Term:**

Coaching is short term. A coach can successfully be involved with a coachee for a short period of time, maybe even just a few sessions. The coaching lasts for as long as is needed, depending on the purpose of the coaching relationship. Mentoring is always long term. Mentoring, to be successful, requires time in which both partners can learn about one another and build a climate of trust that creates an environment in which the mentoree can feel secure in sharing te real issues that impact her success. Successful mentoring relationships last nine months to a year.

3.   **Performance and Development Driven:**

Coaching is performance driven. The purpose of coaching is to improve the individual's performance on the job. This involves either enhancing current skills or acquiring new skills. Once the coachee successfully acquires the skills, the coach is no longer needed. Mentoring is development driven. Its purpose is to develop the individual not only for the current job, but also for the future. This distinction differentiates the role of the immediate manager and that of the mentor. It also reduces the possibility of creating conflict between the employee's manager and the mentor.

4. **Pre Designed:**

Coaching does not require design. Coaching can be conducted almost immediately on any given topic. If a company seeks to provide coaching to a large group of individuals, then certainly an amount of design is involved in order to determine the competency area, expertise needed, and assessment tools used, but this does not necessarily require a long lead-time to actually implement the coaching program. Mentoring requires a design phase in order to determine the strategic purpose for mentoring, the focus areas of the relationship, the specific mentoring models, and the specific components that will guide the relationship, especially the matching process.

5.   **Direct Role of Immediate Manager:**

The Coachee's immediate manager is a critical partner in coaching. She or he often provides the coach with feedback on areas in which his or her employee is in need of coaching. This coach uses this information to guide the coaching process. In mentoring, the immediate manager is indirectly involved. Although she or he may offer suggestions to the employee on how to best use the mentoring experience or may provide a recommendation to the matching committee on what would constitute a good match, the manager has no link to the mentor and they do

not communicate at all during the mentoring relationship. This helps maintain the mentoring relationship's integrity.

Situations for Coaching and Mentoring:

In following situations coaching is advisable:

- When a company is seeking to develop its employees in specific competencies using performance management tools and involving the immediate manager
- When a company has a number of talented employees who are not meeting expectations
- When a company is introducing a new system of program
- When a company has a small group of individuals (5-8) in need of increased competency in specific areas
- When a leader of executive needs assistance in acquiring a new skill as an additional responsibility.

Mentoring is advisable in under given circumstances:

- When a company is seeking to develop its leaders or talent pool as part of succession planning.
- When a company seeks to develop its diverse employees to remove barriers that hinder their success
- When a company seeks to more completely develop its employees in ways that are additional to the acquisition of specific skills/ Competencies.
- When a company seeks to retain its internal expertise and experience residing in its baby boomer employees for future generations.

9.11   Summary

Learning relationship is central to both coaching and mentoring, which are more than just a set of activities or skills. Through the relationship, the client develops and changes, as, indeed, does the coach or mentor. Coaching and mentoring are complementary activities. Both help people to take charge of their own development. The coaching or mentoring relationship facilitates insight, learning and change. Through this relationship, potential is identified, possibilities become reality and tangible results are delivered. Coaching and mentoring help a person to see the present as a spring board to the future, and to be strategic about their own development. Whether the person seeks help with a specific work issue of current concern, or longer-term career question, the coach or mentor will facilitate exploration, help in the formulation of goals and provide support while action is implemented. Coaching and mentoring are learning relationships which help people to take charge of their own development, to release their potential and to achieve results which they value. The first step in any effort to improve employee performance is counseling or coaching. Counseling or coaching is part of the day-to-day interaction between a supervisor and an employee who reports to her, or an HR professional and line managers. Coaching often provides positive feedback about employee contributions. At the same time, regular coaching brings performance issues to an employee's attention when they are minor, and assists the employee to correct them. The goal of performance coaching is not to make the employee feel badly, or to show how much the HR professional or supervisor knows. The goal of coaching is to work with the employee to solve performance problems and improve the work of the employee, the team, and the department.

9.12   Self Assessment Questions

1.   What do you meant by employee coaching?

      Differentiate between coaching and counseling.

2.   Explain Objectives of employee coaching.

3.   Discuss in detail pre conditions for effective coaching.

4.   Discuss various dimensions of coaching role.

5.   Define mentoring and describe its benefits.

6.   Explain similarities and differences between coaching and mentoring. Give tips for successful mentoring.

10.13 ReferenceBooks

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Unit – 10 : Reward Management

Structure of Unit

10.0 Objectives

After going through this unit you would be able to understand:

- Meaning of Reward System
- Objectives of Reward Management
- Reward System as HRD Mechanism
- Linkage of Job Satisfaction to Performance Based Reward System
- Competency based Reward System
- Team Based Reward System

10.1 Introduction

Reward Systems are a critical part of any organization's design. It has an important impact on other systems of the organization and on the quality of life that people experience in the organization. Reward system determines the organisation's ability to attract new recruits while retaining and motivating talented employees. It is also an important contributor to job satisfaction. The key to ensuring a successful reward system is aligning it with the organization's values and goals and ensuring that appropriate employee behaviors and achievements are being rewarded and encouraged.

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10.2 Reward Management

Armstrong & Murlis observes Reward Management as the development, implementation, maintenance, communication, and evaluation of reward processes. These processes deal with the assessment of relative job values, the design and management of pay structures, performance management, paying for performance, competence or skill (contingent pay), the provision of employee benefits and pensions, and management of reward procedures.

Reward management plays a pivotal role in improving organizational performance by

- Stimulating the bringing forward of new ideas; for example, the Japanese company Kao Corporation depends on innovation for its performance and growth.
- Promoting commitment.
- Motivating the business development team.
- Attracting 'talents' into the organization at all levels from both internal and external sources.
- Communicating a change in organizational values in conjunction with requirements of environment from time to time.
- Rewarding exceptional value creation.
- Linking incentives to key business development goals, including new ones.

## 10.3 Objectives of reward management

The objectives of reward management are to

- Reward people according to what the organization values and want to pay for,
- Reward people for the value they create for their organizations. Reward the right behaviours and actions of the employees in order to rein- force appropriate behaviours and outcomes.
- Foster and maintain a high performance work culture.
- Motivate employees in order to obtain their commitment and engagement.
- Attract and retain talents the organization needs.
- Emphasize the right mix of financial and non-financial rewards.
- Develop a positive employment relation and psychological contract.
- Align reward practices with the business strategy of the organization and communicate business values and direction to employees.
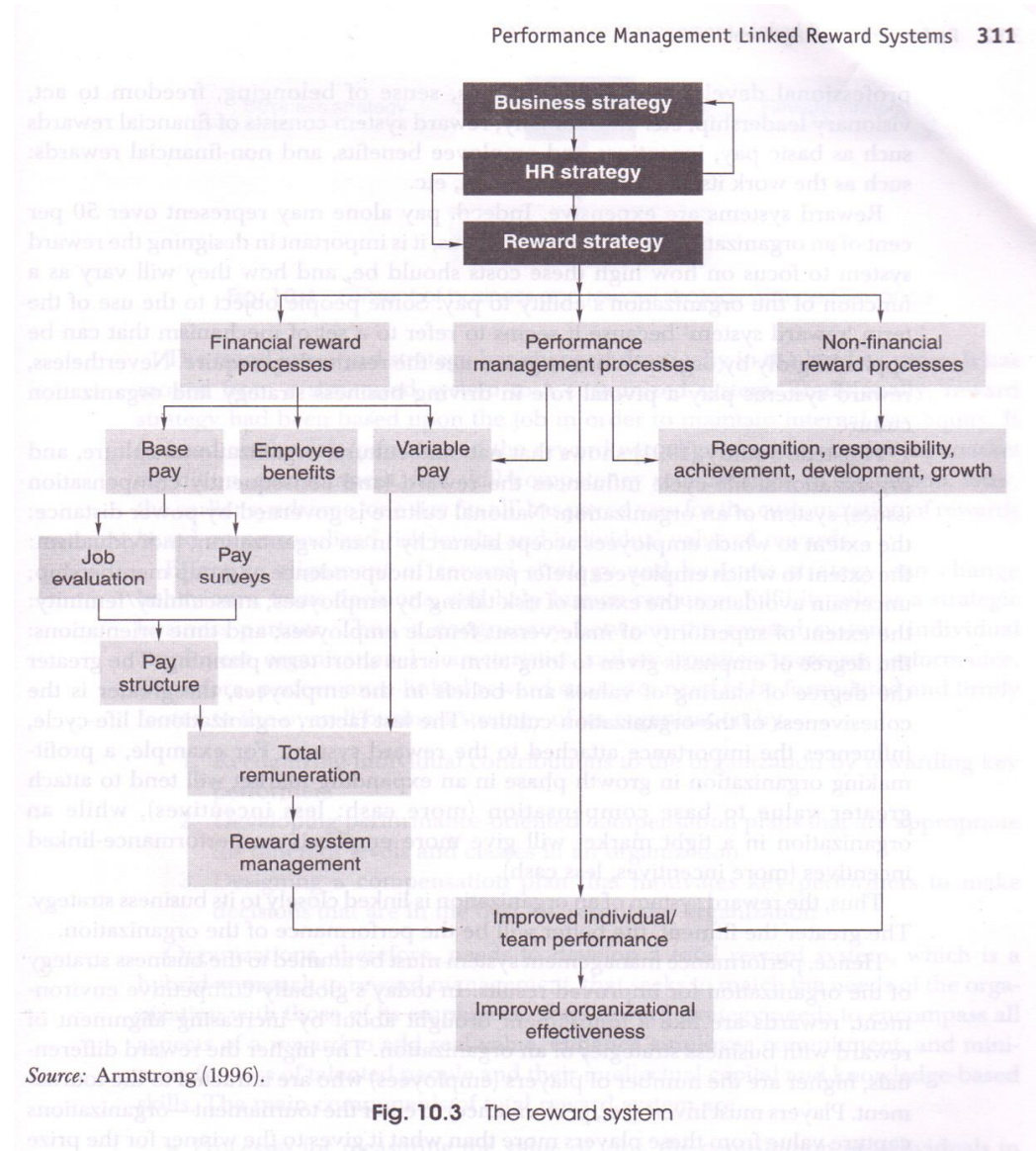- Operate in ways that are fair, equitable, consistent, and transparent.

Fig 10.1 Linking Reward System with Performance Management System

The purpose of reward management is primarily to attract, retain, and motivate the employee so that they can achieve the organizational objectives effectively. Therefore, in order to compete successfully in this highly competitive world, organizations and their employees have to continuously perform at higher levels. Therefore, the performance management and reward structure certainly influences the level of performance, at both the individual and organizational level. Integrative performance management and reward system should provide synergic effect and enable organisation to get a quick world-class status.
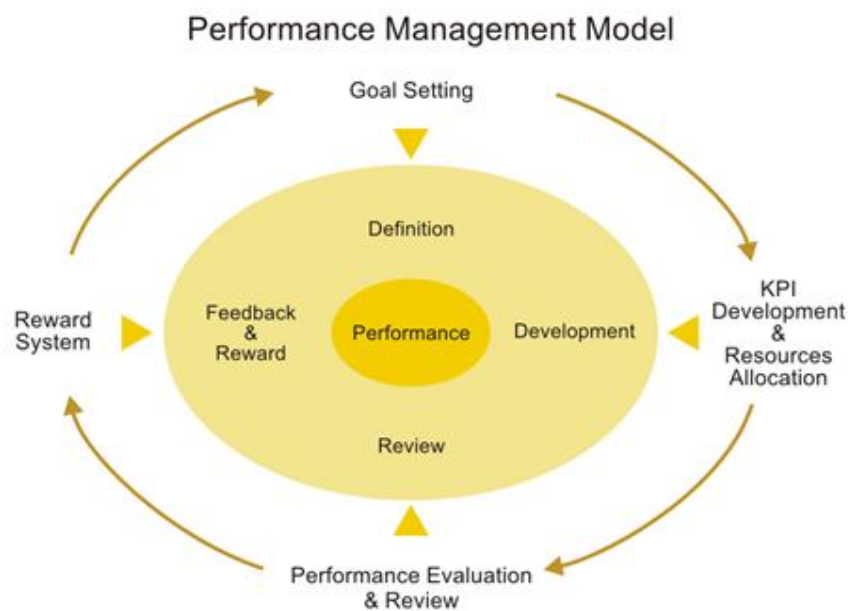
10.4 Components of Reward System

Armstrong (2002) defines reward system as 'an employee reward system consisting of an organization's integrated policies, processes and practices for rewarding its employees in accordance with their contribution, skill and competence and their market worth.

Performance Management Linked Reward Systems **311**

Business strategy

HR strategy

Reward strategy

Financial reward processes

Performance management processes

Non-financial reward processes

Base pay

Employee benefits

Variable pay

Recognition, responsibility, achievement, development, growth

Job evaluation

Pay surveys

Pay structure

Total remuneration

Reward system management

Improved individual/ team performance

Improved organizational effectiveness

Source: Armstrong (1996).

Fig. 10.3 The reward system

An organization's reward system comprises three components-financial reward, non-financial reward, and psychological satisfaction. In designing an effective reward and compensation system, all three elements must be carefully considered, as detailed below:

11.4.1. Financial Rewards

Financial rewards are direct monetary rewards encompassing the payment of cash compensation to employees for work accomplished or efforts expanded. Examples are salary, wage, incentives, commission, etc.

There are a number of different types of financial reward programs aimed at both individual and team performance.

- **Variable Pay**

Variable pay or pay-for-performance is a program in which a portion of a person's pay is considered "at risk." Variable pay rewards are linked to the achievement of team objectives or based on business performance of the organization. and distributed among employees as individual's accomplishments. It can take many forms, including bonus programs, stock options, and one-time awards for significant accomplishments. Some companies choose to pay their employees less than competitors but attempt to motivate and reward employees using a variable pay program instead.

- **Bonus**

Bonus programs reward individual accomplishment and are frequently used in sales organizations to encourage salespersons to generate additional business or higher profits. They can also be used, however, to recognize group accomplishments. Indeed, increasing numbers of businesses have switched from individual bonus programs to one which reward contributions to corporate performance at group, departmental, or company-wide levels.

According to some experts, small businesses interested in long-term benefits should probably consider another type of reward. Bonuses are generally short-term motivators. By rewarding an employee's performance for the previous year, they encourage a short-term perspective rather than future-oriented accomplishments. In addition, these programs need to be carefully structured to ensure they are rewarding accomplishments above and beyond an individual or group's basic functions. Otherwise, they run the risk of being perceived of as entitlements or regular merit pay, rather than a reward for outstanding work. Proponents, however, contend that bonuses are a perfectly legitimate means of rewarding outstanding performance, and they argue that such compensation can actually be a powerful tool to encourage future top-level efforts.

- **Profit Sharing**

Profit sharing refers to the strategy of creating a pool of money to be disbursed to employees by taking a stated percentage of a company's profits. The amount given to an employee is usually equal to a percentage of the employee's salary and is disbursed after a business closes its books for the year. The benefits can be provided either in actual cash or via contributions to employee's 401(k) plans. A benefit for a company offering this type of reward is that it can keep fixed costs low.

The idea behind profit sharing is to reward employees for their contributions to a company's achieved profit goal. It encourages employees to stay put because it is usually structured to reward employees who stay with the company; most profit sharing programs require an employee to be vested in the program over a number of years before receiving any money. Unless well managed, profit sharing may not properly motivate individuals if all receive the share anyway. A team spirit (everyone pulling together to achieve that profit) can counter this—especially if it arises from the employees and is not just management propaganda.

- **Stock Options**

Stock options have become a popular method in recent years of rewarding middle management and other employees in both mature companies and start-ups. Employee stock-option programs give employees the right to buy a specified number of a company's shares at a fixed price for a specified period of time (usually around ten years). They are generally authorized by a company's board of directors and approved by its shareholders. The number of options a company can award to employees is usually equal to a certain percentage of the company's shares outstanding.

Like profit sharing plans, stock options usually reward employees for sticking around, serving as a long-term motivator. Once an employee has been with a company for a certain period of time (usually around four years), he or she is fully vested in the program. If the employee leaves the company prior to being fully vested, those options are cancelled. After an employee becomes fully vested in the program, he or she can purchase from the company an allotted number of shares at the strike price (or the fixed price originally agreed to). This purchase is known as "exercising" stock options. After purchasing the stock, the employee can either retain it or sell it on the open market with the difference in strike price and market price being the employee's gain in the value of the shares.

Offering additional stock in this manner presents risks for both the company and the employee. If the option's stock price is higher than the market price of the stock, the employee's option is worthless. When an employee exercises an option, the company is required to issue a new share of stock that can be publicly traded. The company's market capitalization grows by the market price of the share, rather than the strike price that the employee purchases the stock for. The possibility of reduction of company earnings (impacting both the company and shareholders) arises when the company has a greater number of shares outstanding. To keep ahead of this possibility, earnings must increase at a rate equal to the rate at which outstanding shares increase. Otherwise, the company must repurchase shares on the open market to reduce the number of outstanding shares.

One benefit to offering stock options is a company's ability to take a tax deduction for compensation expense when it issues shares to employees who are exercising their options. Another benefit to offering options is that while they could be considered a portion of compensation, current accounting methods do not require businesses to show options as an expense on their books. This tends to inflate the value of a company. Companies should think carefully about this as a benefit, however. If accounting rules were to become more conservative, corporate earnings could be impacted as a result.

10.4. 2 Non-financial Rewards

Non-financial rewards are indirect monetary rewards and include those items of financial value the organization provides to employees that do not result directly in employee's receiving spendable cash. Examples are medical insurance, life insurance, subsidized canteen, subsidized transport, free uniforms, interest-free loans, etc.

Consumables	Manipulatables	Visual and Auditory	Job Design	Formal Recognition	Performance Feedback	Social Recognition and Attention
Coffee-break treats	Desk accessories	Office with a window	Jobs with more responsibility	Formal acknowledgment of achievement	Nonverbal performance information	Friendly greetings
Free lunches	Wall plaques	Piped-in music	Job rotation	Feature in house newsletter	Verbal performance information	Informal recognition
Food baskets	Company car	Internet and e-mail for personal use	Special assignments	Story in newspaper/TV	Written reports	Solicitation of suggestions
Easter hams	Watches	Redecoration of work environment	Cross training	Celebrations/banquets	Performance evaluations/appraisals (including 360 degree)	Solicitation of advice
Christmas turkeys	Trophies	Company literature	Knowledge training	Letters of commendation	Performance charts and graphs	Compliment of work progress
Dinners for the family on the company	Commendations	Private office	Authority to schedule own work	Acknowledgment/praise in front of others	Meters/counters or performance information	Pat on the back
Company picnics	Rings/tie pins	Popular speakers or lecturers	Flexible hours		Self-information from performance or problem solutions	Smile
After-work wine and cheese parties	Appliances and furniture for the home	Book club discussions	Flexible breaks			Verbal or nonverbal recognition or praise
Time off	PC for the home/personal use		Job sharing			
Trips	Home shop tools		Participation in decisions			
Entertainment/Sports events	Garden tools		Participation in teams			
Education classes	Clothing		Self-managed teams			
	Club privileges					
	Use of company recreation facilities					
	Use of company convenience center					
	Use of company facilities for personal projects					

3. Psychological satisfaction This form of reward includes opportunities to perform meaningful work, social interactions with others in the workplace, job training, career advancement opportunities, recognition, employer brand, and a host of similar factors.

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Psychological satisfaction is a psychological state that emerges as a result of the meeting of expectations of an employee related to his personal development with respect to his contributions to the organization, and the organization providing the same in return. Psychological satisfaction is directly related with job satisfaction. The taxonomy of psychological satisfaction is given in Fig. below
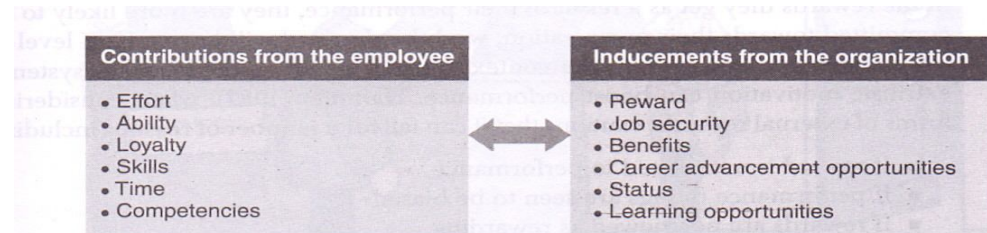

Fig. 10.1 Taxonomy of psychological satisfaction

Job satisfaction is one of the most-studied concepts in the management field. Job satisfaction is defined as 'the extent to which people like (satisfaction) or dislike work outcomes.

Table 10.1 Job dimensions, psychological state, and work outcomes

Job Dimensions	Critical psychological state	Individualistic Work Outcomes
o Skill variety o Task identity o Task significance	Experienced role clarity	High motivation
o Autonomy o Moderate risks	Experienced responsibility for work outcomes	Higher level of work performance
o Feedback	Actual knowledge of results of performance related activities.	Higher job satisfaction

Employee's growth/development

10.5 Reward System in HRD Mechanism

HRD policies can operate concurrently with Reward Systems through improving productivity as a result of training programmes. Contemporary compensation approach attempts to place value employee skills or competencies and performance rather than their jobs. This approach is significant in the knowledge economy where HRD is implemented in organizations, to gain competitive advantage that results from HR. In the dynamic business environment there is a need to compensate knowledge workers for their potential, i.e. what they are

capable of doing rather than what they are doing at present. Nowadays, compensation is no longer an entitlement or linked with position held by employee. Similarly reward systems have also become less complicated, more homogeneous, performance and competency driven.

As a HRD mechanism, rewards are given to the employees in return for their exclusively rendered services or display of proper behavioral disposition by use of innovations, capabilities and acquisition and application of positive skills. Appropriate rewards not only recognise and motivate the employees but also communicates the value of the employees to the organization and strengthens employment relationship. Thus rewarding employee performance and behaviour is an important part of HRD.

11.6 Impact of Reward System on Organisation

The research on reward systems suggest that potentially they can influence six factors which in turn impact organization effectiveness.

1. Attraction and Retention - Research on job choice, career choice and turnover clearly reflected that the kind and level of rewards an organization offers influences who is attracted to work for an organization and who will continue to work for it. Overall, those organizations which give the most rewards tend to attract and retain the most people This shows that high reward levels lead to high satisfaction, which in turn leads to lower turnover. Therefore a reward system should be so designed it is effective enough at retaining the most valuable or star employees. As per equity theory of motivation a reward system must be designed in such a way that rewards may lead the more valuable employees to feel satisfied when they compare their rewards with those received by individuals performing similar jobs in other organizations. The emphasis here is on external comparisons because turnover means leaving an organization for a better situation elsewhere.

2. Motivation of Performance – According to Vroom and Lawler reward systems have been demonstrated to motivate performance under specific conditions. Therefore it is important that rewards must be perceived to be tied in a timely fashion. Organizations get the kind of behavior that leads to the rewards that their employees value. Employees choose their behaviors that lead to outcomes that satisfy their needs. Performance motivation depends on the situation, how it is perceived, and the needs of people.

3. Skills and Knowledge -. Individuals are motivated to learn those changes which are rewarded. As discussed earlier nowadays a relatively new approach to pay, skill based pay, has been developed. It allows organizations to strategically target the learning it wants its employees to engage in.

4. Culture - Reward systems are one feature of organization that determines its overall culture. Depending upon how reward systems are developed, administered, and managed, they can cause the culture of an organization to vary quite widely. For example, they can influence the degree to which it is seen as a human resources oriented culture, an entrepreneurial culture, an innovative culture, a competence based culture, a fair culture, and a participative culture. Nowadays, practice of performance-based pay and competency pay is becoming a decisive factor in judging the culture of an organization. Reward systems have the ability to shape culture precisely because of their important influence on communication, motivation, satisfaction, and membership.

5. Reinforce and Define Structure – According to Lawler the reward system of an organization has the ability to reinforce and define the organization's structure It

can have a strong impact of how integrated the organization is and how differentiated it is When people are rewarded the same way it tends to unite them, when they are treated differently it can divide them. Thus the teamwork, effective communication and healthy organizational culture can be promoted through a properly administered reward system.

6. Cost - Reward systems are often a significant cost factor. Thus, it is important to strategically designing the reward system and focus as a function of the organization's ability to pay and its economic returns.

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10.7 Linkage of Job Satisfaction to Performance Linked Reward Systems

Fig. 10.2 A simple model of job performance–job satisfaction
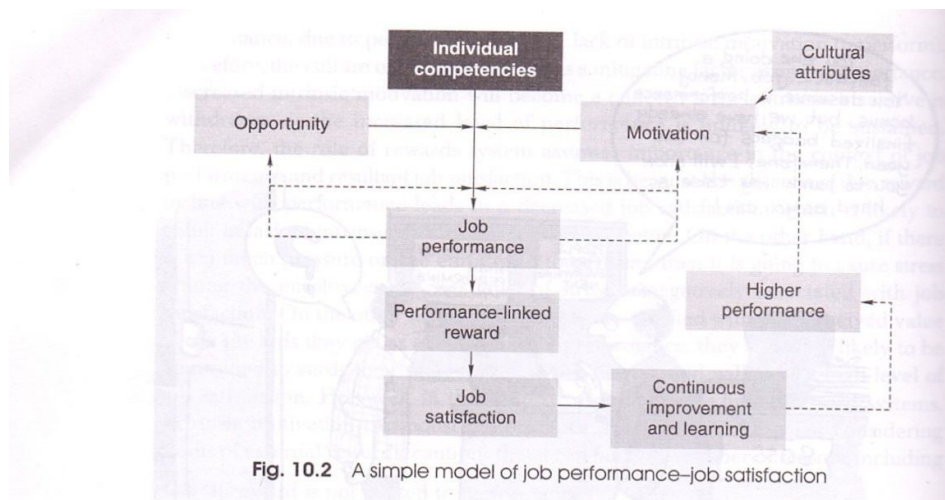
If the employees are satisfied with the perceived value of the rewards as a result of their performance, they are more likely to be committed towards their organization and have a high level of job satisfaction. Hence performance linked reward and compensation systems emerge as an intervening variable between job performance and job satisfaction. A simple model of job performance-job satisfaction is depicted in the Figure above. Reward Systems has moved from a structured system to a customized system Now, the earlier syndrome 'one size fits all' has paved way for the customization of rewards based on personalized risk levels, and individual value of rewards. Effective alignment of reward strategy and business strategy can change behaviours, focus decisions, and help human resources fulfill its role as a strategic business partner. Thus, a congruency between the reward system, individual employees, organizational characteristics, and environment increases performance. Therefore, performance-linked reward strategies need to be formulated and firmly footed to the overall business strategy of an organization by

1. Recognizing individual contributions to the organization by rewarding key performers

2. Developing performance-oriented compensation plans that are appropriate for different levels and classes in an organization

3. Designing a compensation plan that motivates key performers to make decisions that are in the best interest of the organization
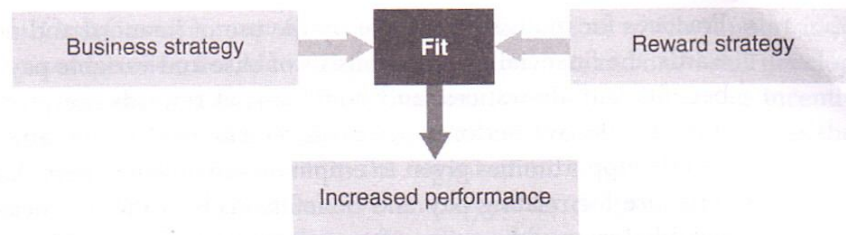
Fig. 10.4 Fitment of business and reward strategy with performance

Therefore, a rationale and balanced total reward strategy aptly addresses the compensation issues in developing and enhancing performance of the employees. A total reward strategy therefore needs to encompass the following aspects:

1. Organizations must reward its employees for the contributions they had made, rather than their hierarchical level.

2. Organizations must develop the competencies of its employees and encourage them to apply the same for improved job performance.

3. Organizations must pay for performance as a means of conveying to its employees that organizations value performance as a key element of its culture, and that it wants them to contribute better.

4. Organizations must create robust broadband compensation structures where lateral development, acquisition, and use of competencies in synergy are rewarded.

Elements of Transformational Reward

Element	Message
• Flexibility around life events and commitments	• Acknowledges personal and situations work-life balance
• Performance rewards and feedback	• Recognition/motivation goals
• Career opportunities	• Support for work ambition
• Empowerment and growth at work	• Sustained commitment/personal
• Employer branding	• Reputation
• Corporate social responsibility	• Pride
• Incentive generation	• Capital accrual/wealth

5. Organizations must foster team reward systems which support individual competence, flexible work practices, teamwork, and multi-skill development.

6. Organizations must formulate various forms of profit sharing, incentive and gain-sharing schemes that proportionately shares with employees the fruits of value added by them to the organization.

7. Organizations must involve employees in devising performance-linked innovative reward and compensation systems and structures and then communicate articulously such reward and compensation systems to employees to buy-in their whole-hearted acceptance

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10.8 New Developments in Reward System

Many organisationa are moving away from traditional reward systems after recognizing the importance of competencies and work teams or self managed teams for achieving their goals Hence there has been development two new reward systems:

10.8.1 Competency Based Reward System

In competency based reward system employees are paid for the range of skills, knowledge, motives, attitudes etc. they apply in the job rather than Job title they hold. Employees are being rewarded for what they can do rather than what they are doing at present. It means reward system is people based rather than job-based. Pay differentials are related to differences in the level of competencies rather than difference in hierarchical levels. Thus a competency based system supports flatter and more flexible organization. If the organization concern is to be pioneer in offering innovative product in the market then the organization should reward employees based upon their skills and competencies so as to meet the organizational goals.

The utilization of skills and competencies of the employees determine achievement of strategic goals of the organization. Therefore all the HRD mechanisms should focus on identifying and developing these skills and competencies The organization place high emphasis on training and nurturing the competencies in an integrated fashion. An organization identifies the required competencies for different jobs and then assigns value to various competencies depending on the strategic aspect of the competency. Hence competency based pay can be aligned with the business goals. The steps involved in setting competency based pay system are as under:

1. **Identify competencies and distinguish between competency levels**

    - Identifying competencies relevant to carrying out a particular function: leadership, marketing skills, decision makings skills etc.

    - Differentiate between competencies.

        i. Identify competencies that are vital for excelling in the function.

        ii. Identify proficiency levels for each competency. For example level I of proficiency may indicate competencies in which employee has limited knowledge or ability. Level II may include competencies with partial proficiency. Level III may include competencies in which employee is fully competent.

- Differences in proficiency level of competencies are identified by establishing relation between competencies and variations in employee performance. The correlations help determine the extent of impact of each competency on performance.

- Performance oriented reward system can be established with identification of competencies.

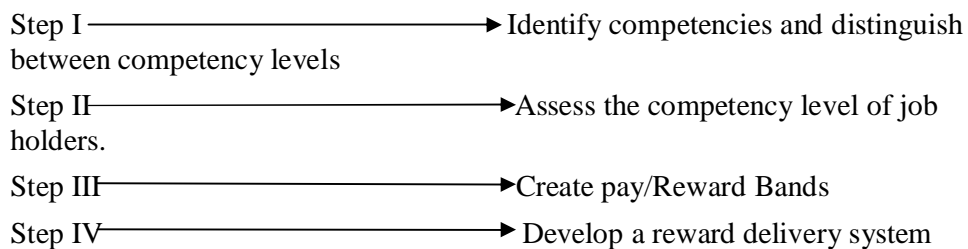2. **Assess the competency levels of job-holders**

- Assessment of individual employee proficiencies through job simulation, feedback from customers, subordinates, superiors, self assessment system , behaviour rating scales etc.

3. **Create Reward bands**

- In competency based reward system includes bands which reflect the levels of proficiency on competencies and increasing number of competencies.

4. **Develop reward Delivery System**

- In competency based reward system rewards are relevant to competency development.

- When employee enhance proficiency level of their competencies or learn more goal oriented competencies their rewards would be relevant to applicable the reward band.

Step I ────────────────► Identify competencies and distinguish between competency levels

Step II ────────────────►Assess the competency level of job holders.

Step III ────────────────►Create pay/Reward Bands

Step IV ────────────────► Develop a reward delivery system

A competency based reward system need to have a system to certify employees that they have acquired certain competencies and then to verify the maintenance of those competencies.

Limitations of Competency Based Reward system

A considerable investment of time and commitment on the part of management is required to identify competencies their proficiency levels. Hence this system is laborious and time consuming. Competency based pay results in higher HR cost as it involves paying employees for competencies and skills which have not been used. The success of competency based reward system depends on the value employees place on the increased pay associated with the new skill acquired or developed. If the rewards do not match with the expectations of the employees then they may not feel motivated to learn new competencies or acquire new skills.

10.8.2 Team based Reward Systems

Work teams or Self managed teams have led to greater popularity of team based reward systems in the organizations. This system provides each team member reward if the team achieves or exceeds goals. These rewards may be in the form of direct compensation or cash such bonuses, or in the form of indirect compensation such as vacation, time off for work, stock ownership etc.

The three elements that constitute the team based reward system are:

- Individual , linked to individual performance or developing of skills and competencies
- Team, linked to achievement of team objectives
- Organization, related to organizational performance outcomes or measures.

Team based reward system helps in motivating the employee to achieve goals as a team member. Team centered reward system serve as an incentive for team members to co-operate and coordinate with each other. They become more adaptable when working with others in the pursuit of group and organizational objectives.

Many organizations use team rewards as variable pay above the base pay. Base pay is based on skills and competencies of the employee, Therefore it differs for different team members. Whereas variable pay rewards are linked to the achievement of team objectives and based on business performance of the organization.and distributed among team members as a fixed amount.

Some organizations couple individual and team incentives. A team based reward system can be implemented in an organization that values sharing, collaboration, cooperation and open communication. It is not linked with hierarchical structures.

The advantages and disadvantages of team based reward systems are as follows:

Advantages	Disadvantages
- Overcomes the difficulty inherent in measuring individual contributions	Sometimes create unhealthy inter-team competition and conflict
- Enhances co-operation	Demotivates hardworking employees if individual pay is perceived to be lower than efforts
- Establishes link between desired team behaviour and rewards	Creates frustration among high performing team members who get rewards equivalent to team members who did not put much efforts
- Fosters skill development. High performing team members are motivated to train and develop other members and cross train them to avoid withholding of team rewards	This system succeeds only if organizational culture supports this concept

10.9 Summary

Reward is highly critical in management of employee performance and development. It is foundation of employee behaviour. Reward system determines the organisation's ability to attract new recruits while retaining and motivating talented employees. Rewards can be financial, non financial and psychological satisfaction. Reward systems help in determining the structure and culture of organization whether human resources oriented culture, an entrepreneurial culture, an innovative culture, a competence based culture, a fair culture, and a participative culture It is also an important contributor to job satisfaction. Individuals are motivated to learn those changes which are rewarded. New developments in reward systems are competency based rewards and team based rewards. The key to ensuring a successful reward system is aligning it with the organization's values and goals.

10.10 Self Assessment Questions

1. What is reward management? Discuss the objectives of reward management.
2. Discuss the meaning and perspective on reward system.
3. Discuss the new developments in reward systems.
4. Explain the different types of rewards.
5. Bring out the relationship of Job Satisfaction to Performance linked Reward Systems

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Unit – 11 : HRD Audit

Structure of Unit

11.0 Objectives

After going through this unit you should be able to :

- Understand the concept of human resource development audit as distinct from financial and statutory audits;
- Appreciate the need, purpose and scope of human resource development audit;
- Develop a perspective on the know-how of human resource development audit.

11.1   Introduction

In the previous chapters we have noted different functions of HRD Management. Howsoever carefully we may design the HR system, the Implementation is an important step for successful function of HRD management. It is however necessary to know, regularly and at frequent intervals, how the HRD management activities are doing. This is possible by carrying out HRD Audit, i.e., auditing various functions of HRD department. The HRD audit can be carried out by a suitably qualified person of the organisation. The HRD audit is a tool for evaluating the personnel activities of an organisation. It gives feedback about how well the HRD specialist and the line managers who practice HR applications are doing. It acts an overall quality control check on HRD function and the evaluation reveals how these activities support the overall strategy of the organization.

11.2   Human Resource Development Audit

HRD Audit means the systematic verification of job analysis and design, recruitment and selection, orientation and placement, training and development, performance appraisal and job evaluation, employee and executive remuneration, motivation and morale, participative management, communication, welfare and social security, safety and health, industrial relations, trade unionism, and disputes and their resolution. HRD audit is very much useful to achieve the organizational goal and also is a vital tool which helps to assess the effectiveness of HRD functions of an organization.

Human Resource Audit is a systematic assessment of the strengths, limitations, and developmental needs of its existing human resources in the Context of organisational performance.

HRD Audit works on the following features :

      a.   Tangible aspect : Physical facilities, machines, Tools etc.

      b.   Reliability : Functionability of HR jobs

      c.   Responsiveness : Willingness to help

      d.   Assurance : Trustworthiness

      e.   Empathy : Individual treatment with care.

11.2.1 Purpose of Formal HRD Audit

The commonly understood audits are the established and regular accounting audits carried out in accordance with specific statutory regulations. However, in the case of human resource development audits, there is no legal obligation, but enlightened managements have voluntarily accepted its usefulness depending upon the circumstances. The following circumstances may be cited as examples :

- Felt concern by top management.
- Compulsions of the external forces necessitating a situational audit.
- Business changing significantly influenced by internationaln business decisions affecting human resource development management.
- An urge on the part of human resource management professionals towards advancement of the practices and systems.

Human Resource Development Audit (HRA) : What it does?

One premise on which the human resource development audit is based is that opportunities are being missed by staying with the current approaches. It considers the human resource development process as dynamic and that it must continually be redirected and revitalised to be responsive to the ever changing needs.

11.2.2 Objectives of HRD Audit

"The basic objective of HRD audit is to know how the various units are functioning and how they have been able to meet the policies and guidelines which were agreed upon; and to assist the rest of the organisation by identifying the gaps between objectives and results, for the end-product of an evaluation should be to formulate plans for corrections of adjustments" (Gray).

The objectives of HRD audit are:

      a.   To review the organisational system, human resources subsystem in order to find out the efficiency of the organisation in attracting and retaining human resources.

      b.   To find out the effectiveness of various personnel policies and practices.

      c.   To know how various units are functioning and how they have been able to implement the personnel policies, and

      d.   To review the personnel system in comparison with organisations and modify them to meet the challenges of HRD management.

11.2.3 Scope of HRD audit

Every time a human resource development audit is to be taken up; the scope is decided. The audit need not be exhaustive but may focus on particular function of human resource development management such as training and development, compensation, performance appraisal, etc. Nevertheless, the objective and approach of HRA-more or less- remains the same, regardless of scope.

The HRD Audit should cover all aspects of HRD function and the scope can be understood by asking several questions like -

(1)   Is personnel planning, recruitment and selection render timely help for manpower supply?

(2)   Does job analysis exist for all jobs?

(3)   Is the training and development activity useful? What corrections are necessary in this respect?

(4)   Does the remuneration and reward system, motivate employees to do their best ? Are any corrective steps necessary.

(5)   Does the performance appraisal system help in assing the true performance of all employees an ddoe sit reflect the potential existing in the organisation.

(6)   Are the employee relations cordial, are their any conflicts, is the girvance redressal rpocedure working satisfactorily?

(7)   Are the communication channels working do they need any changes?

(8)   Does the HRm practices respond to employee satisfaction needs.

(9)   Are employee related costs within the budgeted limits.

(10)   Is the percentage of employee turnover high? What are the reasons and what corrective steps are necessary.

(11)   What is the level of employee motivation commitment and morale amongst-the employees.

The audit-report should be used to effect corrections and improvement in the performance of personnel function.

11.2.4 Need for HRD Audit

Though there is no legal obligation to audit HRD policies and practices, some of the moder organisations have accepted it due to certain compelling reasons:

i.   Increasing size of the organisation and personnel in several organisations.

ii.   Changing philosophy of management towards human resources.

iii.   Increasing strength and influence of trade unions.

iv.   Changing human resources management philosophy and thereby personnel policies and practices throughout the world.

v.   Increasing dependence of the organisation on the human resources system and its effective functioning.

11.3 Auditing Process

The Human Resource Development Audit should probe much deeper, evaluating personnel policies, programmes, philosophy, practices and concepts comparing with standards and with those of the personnel records of the said organisation and other organisations. The level and the depth of the investigation should be decided in advance. The process of personnel audit, usually carried out through an attitudinal survey or by interpreting data, includes :

   i.   Identifying indices, indicators, statistical ratios and gross numbers in some cases.

   ii. Examining the variations in time-frame in comparison with a similar previous corresponding period.

   iii. Comparing the variations of different departments during different periods.

   iv. Examining the variations of different periods and comparing them with similar units and industries in the same region.

   v.   Drawing trend lines, frequency distributions and calculating statistical correlations.

   vi. Preparing and submitting a detailed report to the top management and to the managers at appropriate levels for information and necessary action.

Various personnel policies, procedures and practices can be evaluated by asking various questions of the following type:

   1.   What are they ? (i.e., policies, procedures/ practices).

   2.   How are they established ?

   3.   How are they communicated to various managers and employers concerned ?

   4.   How are they understood by individual employers, supervisors and managers at various levels ?

   5.   Are they consistent with the managements' organisational philosophy and human resource management philosophy?

   6.   Are they consistent with the existing trends towards human resource management and research?

   7.   What are the controls that exist for ensuring their effective and uniform application?

   8.   What measures exist to modify them to meet the organisational requirements?

Most organisations that employ HR audit examine the employment statistics pertaining to a period-making use of ratios (given below):

- **Effectiveness Ratios**
   - Ratio of number of employees to total output in general.
   - Sales in dollars per employee for the whole company or by organisational unit (business).

- Output in units per employee hour worked for the entire organisational unit.
- Scrap loss per unit of the organisation.
- Payroll costs by unit per employee grade.

- **Accident Ratios**
  - Frequency of accident rate for the organisation as a whole or by unit.
  - Number of lost-time accidents.
  - Compensation paid for accidents per 1,000 hours worked.
  - Accidents by type.
  - Accidents classified by type of injury to each part of the body.
  - Average cost of accident by part of the body involved.

- **Organisational Labour Relations Ratios**
  - Number of grievances filed.
  - Number of arbitration awards lost.

- **Turnover and Absenteeism Ratios**
  - Attendance, tardiness, and overtime comparisons by organisational unit as a measure of how well an operation is handling employees.
  - Employee turnover by unit and for the organisation.

- **Employment Ratios**
  - Vacations granted as a percentage of employees eligible.
  - Sick-leave days granted as a percentage of labour-days worked.
  - Maternity leaves granted per 100 employees.
  - Educational leaves granted per 100 employees.
  - Personal leaves granted per 100 employees.
  - Employment distribution by chronological age.
  - Employment distribution by length of service with organisation.
  - Employment distribution by sex, race, national origin, religion.
  - Managerial distribution by chronological age, sex, race, national origin, religion.
  - Average age of workforce.
  - Average age of managerial workforce.

11.3.1 General Process of Audit

The general process of conducting an audit includes seven key steps, each of which is discussed in greater detail below:

l. Determine the scope and type of the audit

To uncover the needed information, it is important to determine exactly what areas should be targeted for review. If the organization has never audited its HR function, or if there have been recent significant organizational or legal changes, the audit team may want to conduct a comprehensive review of all HR practice areas. On the other hand, if concerns are limited to the adequacy of a specific process or policy, the audit focus should be limited to a review of that particular area.

2. Creating audit questionnaire

Whether conducting a comprehensive audit or an audit of a specific practice, it is important to invest sufficient time in developing a comprehensive document that elicits information on all the subjects of the inquiry. A list of specific questions must be developed to ensure that the questionnaire is complete.

3. Collect the data

The next phase includes the actual process of reviewing specific areas to collect the data about the company and its HR practices. Audit team members will use the audit questionnaire as a roadmap to review the specific areas identified within the scope of the audit.

4. Benchmark the findings

To fully assess the audit findings, they must be compared with HR benchmarks. This comparison will offer insight into how the audit results compare against other similarly sized firms. Typical information that might be internally benchmarked includes the company's ratio of total employees to HR professionals, general and administrative costs, cost per new employees hired, etc. Benchmarking might include the number of days to fill a position, average cost of annual employee benefits, absenteeism rates, etc.

5. Feedback provision on the results

At the conclusion of the audit process, the audit team must summarize the data and provide feedback to the company's HR professionals and senior management team in the form of findings and recommendations. Findings typically are reduced to a written report with recommendations prioritized based on the risk level assigned to each item (e.g., high, medium and low). From this final analysis, a roadmap for action can be developed that will help determine the order in which to address the issues raised. In addition to a formal report, it is critically important to discuss the results of the audit with employees in the HR department, as well as the senior management team, so everyone is aware of necessary changes and approvals can be obtained quickly.

6. Frame out action plans

It is critical actually to do something with the information identified as a result of an audit. The company must create action plans for implementing the changes suggested by the audit, with the findings separated by order of importance: high, medium and low. It actually increases legal risk to conduct an audit and then fail to act on the results.

7. Encourage a climate of continuous improvement

At the conclusion of the audit, it is important to engage in constant observation and continuous improvement of the company's policies, procedures and practices so that the organization never ceases to keep improving. This will ensure that the company achieves and retains its competitive advantage. On way to do this is to continuously monitor HR systems to ensure that they are up-to-date and to have follow-up mechanisms built into every one of them.

It is important to keep track of the audit findings/changes made, turnover, complaints filed, hotline issues, employee survey results, etc. to identify trends in the company's employment-related issues. Identifying problematic issues, growth areas or declining problem spots can help in the decision of where to allocate time, money and preventive training resources in the future.

The benefits that result from such an audit are,

(i)   To identify the contribution of HR dependent on the organisation

(ii)   To identify and take corrective actions on the shortcomings/and or weaknesses that were noticed as a result of the audit.

(iii)   To improve the performance of personnel department and the performance of line   managers who practise HR management in day-to-day discharge of their duties.

(iv)   It clarifies HR department's duties and responsibilities.

(v)   To locate critical personnel problems and take necessary action to resolve them.

(v)   To find out how HR department can become more effective.

11.3.2 Benefits of HRD Audit

It provides the various benefits to the organization. These are:

- It helps to find out the proper contribution of the HR department towards the organization.
- Development of the professional image of the HR department of the organization.
- Reduce the HR cost.
- Motivation of the HR personnel.
- Find out the problems and solve them smoothly.
- Provides timely legal requirement.
- Sound Performance Appraisal Systems.
- Systematic job analysis.
- Smooth adoption of the changing mindset.
- Creat an HR business plan.
- Streamline HR work processes.
- Monitor compliance with established regulations and procedures.
- Develop user-friendly HR systems.

11.4 Frequency of Audit

Generally top management thinks of personnel audit only when serious crisis occurs like strikes, increase in the number and/or magnitude of grievances or conflicts, etc. This type of audit is just like post-mortem of the situation. But a regular programme of auditing helps the management to find out some significant trends. The probability of some serious incidents hitting the organisation could he visualised and some remedial steps could be initiated. This ensures smooth running of an organisation in addition to controlling stressful situations, crises and conflicts.

The management has to, therefore, arrange for regular annual audit of almost all the personnel policies and practices. Certain indicators like absenteeism and employees' grievances should be audited at the end of every month/quarter depending upon the magnitude of the issues.

Types of Audit: Personnel audit may be done either by internal people or by external people. Internal audit is done by the employees in the personnel department. This kind of audit is called internal audit. The audit may be conducted by external specialists or consultants in personnel management. This type of audit is called external audit.

Audit Report: The audit has to examine the various personnel reports, personnel policies and practices. Then the auditor has to record his observations, findings, prepare a report compiling all these findings and advance useful recommendations for the improvement of personnel management practices. The auditor submits a written report of his findings, conclusions and recommendations. The most common elements of the report are given below:

- Table of contents
- Preface
- Statement of the objectives, methodology, scope and techniques used.
- A synopsis containing the summary and conclusions of the audit that has been carried out.
- A clear and in-depth analysis of the data and information, furnished area-wise or department-wise.
- Evaluation, discussions and analysis. This part covers findings and suggestions offered by the auditor.
- Appendix - this includes supporting data and information which is not necessary in the   main part of the report.
- Bibliography - important books and journals which are necessary for future reading are also included at the end.

Problems in HRD audit : The rules, systems and regulations for financial audit are well developed. But it is very difficult to audit personnel policies and practices. Personnel audit involves comparison with past ratios, rates of turnover, expenditure etc., with those of other departments and organisations. The organisation by itself cannot be taken as standard for comparison and a decision arrived at. Hence, it is difficult to conduct the personnel audit. There may be a tendency to turn the survey into a fault-finding process. Every employee may then try to pass the buck. The audit may create more troubles than solutions. The audit has to be done carefully. It must evaluate things in an objective way, find out what has gone wrong and suggest improvements. The emphasis must be on rectifying things rather than fault finding.

11.5 Functions of HRD Audit

The basic functions of the audit (Nevado, 1998) of conformity or of performance as an element of HR auditing are:

1. To examine and see if the firm is fulfilling all its administrative social obligations, as well as those relative to the collective rights of its personnel.

2.   To study the relationship between the employees and the firm based on the legal statutes.

3.   To verify if the organization fulfills its financial obligations (e.g. social security payments) as well as its informative ones.

All the above stated functions of audit are canceled out by preparing it list of indicators that will serve to analyse each of them. These indicators can be either quantitatively (absolute numbers or ratios) or qualitatively derived from the responses given by the people involved.

The main parameters of HR audit as distributed on the personnel sub system functions are given below :

Main Parameters of HRD Audit

HRD Functions	▢ Content of HRD Audit.
	▢ Personnel Policy in the organization.
	▢ The assessment of the current situation of personnel policies.
	▢ The degree of compliance to the development strategy of the firm.
	▢ The evaluation of relationships among the personnel policy.
	▢ The features of the organization and the internal conditions.
Planning the human resources	▢ The assessment of existing resources.
	▢ Targets and development prospects.
	▢ Future personnel request.
	▢ Analysis of planning plan and staff turnover planning analysis
Utilization of human resources	▢ Degree of personnel occupation analysis.
	▢ Personnel stability analysis.
Recruitment and selection of human resources	▢ Assessment of methods and procedures used in recruiting personnel.
Recruitment costs	▢ Recruitment efficiency in filling in the vacant positions.
	▢ Filling in possible positions in the future.
	▢ Efficiency of selection procedures.
Professional assessment of human resources	▢ The analysis of methods used in the personnel assessment.
	▢ Assessment effectiveness.
	▢ Assessment of results.
	▢ Effects of the personnel evaluation process.

Human resources adaptation	☐ Analysis of the methods used for personnel adaption
	☐ Their efficiency.
	☐ Identification and diagnose of issues which appeared in the adaptation process.
Human resources training	☐ Analysis of targets and forms of training.
	☐ Their compliance to the purposes of the organization.
	☐ Study of the training program.
	☐ Assessment of personnel after completing training.
	☐ The efficiency and results of the training program.
Professional career development of human resources	☐ Analysis of development system of personnel in the organization.
	☐ Job analysis.
	☐ Analysis of the plan for personnel development.
	☐ The efficiency of methods used.
Organization and progress	☐ Working process.
	☐ Analysis of work environment.
	☐ Security techniques.
	☐ Analysis of work standardization process.
	☐ Evaluation of work productivity.
	☐ Analysis of investments in this area and results
Human resources motivation and stimulation	☐ Analysis of motivation forms.
	☐ Their relationship with personnel motivation.
	☐ Analysis of the level and structure of payment forms.
	☐ Assessment of compliance between the motivation forms.
	☐ The targets of the organization.
Development of teamwork spirit	☐ Diagnosis of socio-psychological climate.
	☐ Assessment of the relationship strains between employees.
	☐ Hostility towards changes.
	☐ Organizational culture diagnose.
	☐ The type of leadership practiced.

HR system requires analysis of HR on three levels: Strategic, Functional and Medium.

Strategic Level : Focusing on the organizational integration of administration practice of HR in strategic planning within the organization; the relationship between the HR department and other departments; and, utilization of human potential within the organization. The auditors study the organization strategy by studying strategic plans, interviewing staff, systemizing external and internal factors of the firm and establishing the dynamics of changes. It has a major impact on planning the personnel policies, motivation system, work relationships and other aspects in the HR field. The indicators which are used to assess the situation are:

- Level of personnel satisfaction
- Level of personnel stability

Functional Level : Focusing on the department audit requires checking the effectiveness of the financial departments' activity within the organization's human resource system. Auditors are required to answer the three question :

- Do the results meet the established targets?
- Is it possible to have these results with lowest costs?
- Is it possible to simplify and improve the personnel procedures?

Medium (management) Level : Focusing on the management, the auditors are required to check the accuracy of the middle-managers' application information from Employees' Union Representatives, Human Resources Administration and Departments of Internal Resources.

11.6 Who Conducts Human Resource Audit

In routine audits, auditors are engaged to verify the accuracy of financial information and the reasonableness of the accounting practices followed by an organisation. In the course of these audits, the auditors at times provide inputs that may be serve as pointers to the state of affairs with regard to financial planning and accounting procedures, inviting attention of the top management.

Essentially, human resource audits are not routine. These are in fact, studies of an unusual nature. The manner of conduct can be self-directed surveys, or task forces within theorganisation, or reserved for intervention by outside consultants.

The audit can be either a one time affair or an ongoing audit function for operating units within the organisation. For example, in one company, the focus of audit was on analysing the extent to which managers and supervisors complied with established personnel policies and practices.

Outside Consultants and HRA : Some perceived advantages

Many firms prefer to have independent consultants conduct the audit in order to obtain greater objectivity and impartiality in reporting. Consultants who have wider experience and specialisation in the particular field. Most of them possess an uncanny eye on details and data that might otherwise be looked as insignificant. They are supposed to act with impartiality and make judgments on what they review and analyse without risk of prejudice.

11.6.1 Approaches to HR Audit

Following are the approaches for the purpose of evaluation of HR in any organization :

- Comparative approach
- Money YARD STICK
- Outside authority
- Statistical
- Compliance approach and
- Management By Objectives (MBO)

11.7   Self-assessment Questions

1.   Deifne the term 'Human Resource Development Audit'. Describe its objective and importance.

2.   Write short notes on :
- HRD Research.
- HRD Audit Process.

3.   What is the scope of HRD audit ? What records need to be used for it ?

4.   'HRD audits can be used to gather comprehensive information on how well HRD activities in an organisation are being performed'. Elaborate.

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Unit - 12 : HRD Evaluation

Structure of Unit

12.0 Objectives

After going through this unit you will be able to

- Meaning of HRD Evaluation
- Direction of HRD Evaluation
- Process of developing effective evaluation plan.
- Approaches to evaluate HRD Programmes

12.1 Introduction

In an organization HR development programs are evaluated to determine their effectiveness. A variety of measures are available to assess the extent to which development programs improve learning, affect behavior on the job, and impact the bottom-line performance of an organization. HRD Evaluation can serve a number of purposes within the organization.

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13.2 Directions of HRD System Evaluation

According to Kumpikaite and Sakalas directions of HRD system evaluation are:

- The approach of the organization to HR development : In order to make HRD system effective, there should be a positive climate of learning in the organisation. Strategies of the organization and HR development should be congruent. The organization should focus on continual changes and continual learning and should employ team-work methods.

- HRD functions : "HRD function" includes HR development activities and processes. The success of HRD system depends on readiness and willingness of the employees.

- HRD works and their evaluation : When evaluating HRD system it is needed to clarify what HR activities/ works have been undertaken in the organization. It is necessary to look whether the training of new employees, organization of career and reserve, professional development and re-skilling are carried out, according to the needs of the organization. However, it is necessary to perform evaluation of HR development process and clarify whether are employees promoted for development.

- Identification of development needs : The HR development system will act effectively only when the need for this development is properly identified. The concept of "HR development function" covers HR development activity and processes, notwithstanding of who performs them. The success of HR development system activity depends on HR development employees and their approach.

12.3 Process for Developing Effective Evaluation Plan

The process for developing effective evaluation plan of activities includes two tiers HRD managers or practitioners will most likely initiate and drive this process. It involves two phases:

Phase I : Develop an HRD Evaluation Plan

The scope of the evaluation plan could cover anything from the entire HRD function and all its products / interventions, processes, and people to only one or two specific courses or interventions. Phase I of HRD Evaluation suggests what the organization wants regarding evaluation by seeking answers for:

- What does the organization currently evaluate? What does it measure?
- What is the purpose of evaluation? How is the information used?
- Who participates in evaluation? Who measures? Who gets the information? Who cares about the results?
- How effective is current practice? What are current complaints or loopholes?
- Who are real stakeholders in HRD evaluation? What are their agendas? What do they want/need to know about?
- How will stakeholders and/or the organization use the information?
- What other considerations are relevant?

The final output of Phase I is a document, accepted by the stakeholder group, called the Evaluation Strategy. It should articulate the stakeholders and their needs, and it should provide strong and clear direction for the types and frequency of specific measures. This document defines scope in form of different interdependent or independent evaluation strategies.

Phase II: Develop a Measurement Plan

The Evaluation Plan is followed by the Measurement Plan. It selects only the specific data that the organization needs in order to demonstrate the effectiveness of specific HRD activities. Effectiveness is a comparison of actual outcomes to intended outcomes. Hence, this data may be quantitative (hard) or qualitative (soft) data, or a combination of both, and in such a form that it could be measured. Data should be planned with stakeholders and should be verified to provide complete and accurate results.

Specific measurement plans will vary from organization to organization and depends on the specific needs of individual organizations. Thus, broadly two trends have been surfaced:

1. Rigorous, quantitative methods for assessing HRD needs is being used by few organisations. Many organizations rely on "soft" assessment data such as self-report of perceived need, while other organizations may not be conducting any needs assessment. This limits the methods for establishing the effectiveness of the activity because the overall comparison can only be as rigorous as the input data.

2. Few stakeholders care about internal HRD processes; they care, instead, about macro "accounting" factors such as cost per employee per hour of training or fair market value of internal services.end be, right handful of indicators would present much more meaningful picture than the wrong indicators.

Authors provide a human resource development evaluation model based on qualitative evaluation methods. The main idea and novelty of this model is to evaluate human resource development comparing formal human resource development system data and employees approach to this system. No one model provided in literature looked at differences between formal data and employees' opinion for human resource development.

12.4 Approaches of Evaluation

There are different approaches to evaluate HRD programs as under:

12.4.1 Kirkpatrick's Four Levels Model Framework

The model developed by Donald L. Kirkpatrick has gained international acclaimation and is considered as industry standard across the HR and training communities. According to Kirkpatrick (1998) four basic criteria are available for HRD evaluation:

(1) Reactions, (2) Learning, (3) Behavior, and (4) Results.

Some of these criteria are easier to measure than others, but each is important in that it provides different information about the success of the programs. The combination of these criteria can give a total picture of the HRD program in order to help managers decide where problem areas lie, what to change about the program, and whether to continue with a program. It also measures the evaluation description and characteristics, relevance and practicability.
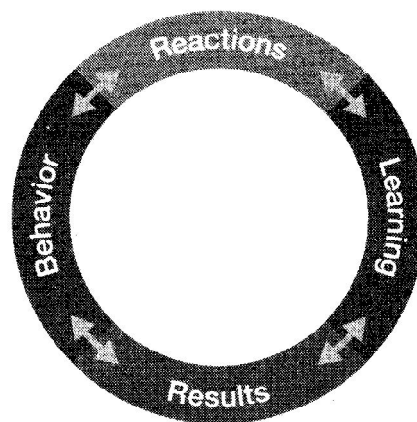

Figure 12.1 Criteria for Evaluating HRD Program

Ispat India Ltd follows various evaluation measures to measure the efficiency of their HRD processes. The reporting officers provide a formal feedback form, six months post training regarding the trainees to check how effective the training has been. After the training each employee provides feedback on a five-point scale. They may also give specific suggestions to the faculty to improve the training process. Audit of processes such as PMS helps in identifying whether there has been an improvement.

Impact of HRD programs are assessed on two parameters: Increased performance / productivity of the employee, and Reduction in breakdown hours (an hour's closure of the plant costs the company around a crore as loss). Beahavioural impact of HRD program is assessed on several parameters such as Decline in number of grievances of employees, and Increase in motivation level.

- **Criterion 1: Reactions**

One of the simplest and most common approaches to evaluation is assessing participant reactions. Kirpatrick desires that every HRD program should be evaluated to provide reactions of its performance. That may have important consequences for next stage of learning.

Evaluation description and characteristics : Reaction evaluation is how employees feel about their learning experience. Contended employees will be more likely to focus on development principles and utilize the HRD processes on the job. Conversely, dissatisfaction with developmental initiatives leads to low employee job satisfaction.

Evaluation tools : Widely used tools in Kirkpatrick's four level evaluation model are -Feedback forms and suggestions. Employees can critique the consultant or make suggestions based on their observation. Potential questions might be included in the feedback form are as following:

• Is the program effective in bringing desired changes in the organisation?

• Does it fulfill employees' personal learning objectives?

• Would you recommend it to others who have similar learning goals?

• What suggestions do you have for improving the program?

• Should the organization continue with it?

Relevance and practicability : The HRD department or consultant might get reaction of the employees and their feedback and suggestions quickly and easily. However, It should be noted that positive reactions are no guarantee that the developmental initiatives have been successful in improving behavior and job performance

- **Criterion 2: Learning**

Positive reaction does not guarantee learning and development though a negative reaction reduces the possibility of learning.

Evaluation description and characteristics - Learning evaluation is the measurement of the employees' increase in knowledge, skills or intellectual capability before and after HRD initiative implementation.

- Do the employees learn what training and development program as part of HRD activities intend to deliver?

- Do the employees experience what was intended for them to experience?

- What is the extent of advancement or change in the employee behaviour in the desired area or direction?

Evaluation tools and methods – Some of the common tools used are:

- Assessments or tests conducted before and after the implementation of HRD mechanisms. Parallel standards can be measured for individuals in a

control group to compare with those in training to ensure that improvements are due to training and not some other factor (such as changes in jobs or compensation). Federal Express took this approach by studying 2 van drivers who attended a weeklong new-hire training program. The company then compared the performance of these drivers with a control group of 20 drivers who had received only on-the-job training. FedEx found that the drivers who had been formally trained made fewer package processing errors, saving the company about $500 per trained driver

- Interview or observation.
- Measurement and analysis of the behavioural outcomes.

Relevance and Practicability : The evaluation process must be planned properly else the cost of evaluation might be more. Proactive approaches must be taken to evaluate HRD programs. For eg attitudinal development is famously difficult to assess. Cost might escalate if systems are poorly designed which increases the difficulty in measuring and analyzing the impact.

- **Criterion 3: Behaviour**

It is often experienced that what is learnt in a development program is not much frequently utilized on the job. In fact, on measures of employee reactions and learning, the program might score quite high. But for several reasons, employees may not demonstrate behaviour change back on the job. Therefore, employees' behaviour after knowledge inputs in the training or development program should also be analysed.

Evaluation description and characteristics – It is the extent to which employees apply the learning and change their behaviour on the job. Behaviour evaluation might seek answers to following questions:

Were the relevant skills and knowledge were emphsised in HRD mechanisms?

Was the change in behaviour and new level of knowledge sustained?

Was there noticeable and measurable change in the activity and performance – like better role clarity , teamwork, proactive orientation, risktaking etc.?

Re the employees' aware of their change in behaviour, knowledge, skill level?

Evaluation tools and measures evaluation – The tools vary depending on the nature of HRD mechanism and employee profile. Some of the tools are as follows:

- 360-degree feedback
- Random snapshop assessment
- Online and electronic assessment
- Observation and interview

Relevance and practicability : Analysts have observed that quantifying the behavioural changes is difficult in comparison to the reaction and learning. The behaviours of the employees at work can be better observed by the immediate supervisors. But objective and subjective behavioural change measurement is necessary for HRD evaluation. Line manager support must be involved.

Behavioural change as a result of training (implemented as HRD mechanism) can be facilitated through transfer of training. Transfer of training refers to the

effective application of principles learned to what is required on the job. To maximize transfer, managers and trainers can take several approaches:

1. Feature identical elements. Transfer of training to the job can be facilitated by having conditions in the training program come as close as possible to those on the job.

2. Focus on general principles. When jobs change or the work environment cannot be matched exactly, instructors often stress the general principles behind the training rather than focusing on rote behavior. This approach helps trainees learn how to apply the main learning points to varying conditions on the job.

3. Establish a climate for transfer. In some cases, trained behavior is not implemented because old approaches and routines are still reinforced by other managers, peers, and employees. To prevent this kind of problem, the manager should ensure that the work environment supports, reinforces, and rewards the trainee for applying the new skills or knowledge.

4. Give employees transfer strategies. Particularly in settings that are not conducive to transfer, managers should also provide trainees with strategies and tactics for dealing with their transfer environment. One approach, called relapse prevention (RP), teaches individuals how to anticipate and cope with the inevitable setbacks they will encounter back on the job-that is, a relapse into former behaviors. By identifying high-risk situations that jeopardize transfer and developing coping strategies, relapse prevention can help employees gain better control over maintaining learned behaviors.

There are several methods for assessing transfer of learned skills back to the job. At Xerox, for example, managers use multiple methods, including observations of employees once they return to their regular positions, interviews with their managers, and examination of their post development program performance appraisals. They combine these indices to ascertain whether training and development have influenced job behaviors.

- **Criterion 4: Results**

HRD system starts with ascertaining business goals and ends with HRD evaluation. Result is the achievement of business goals. Thus evaluation of HRD process end with the component result.

Evaluation description and characteristics : It measure the effect of HRD program on organizational effectiveness and performance. Measure include key performance indicators. such as cost of production, quantity of production, financial ratios, ROI (return on investment) and other indicators like manpower attrition rate, number of customer complaints, retention rate, job satisfaction rate, manpower wastage etc.

Evaluation tools and methods : The tools used are based on business metrics targeted to be improved through HRD initiatives such as:

- ROI
- Financial Ratios
- Balanced Scorecard

Relevance and practicability : Significance and feasibility of results relate following two points: reliance on line managers for results evaluation ; organizational performance is dependent on certain peripheral factors which pose difficulty in identifying the true cause behind good or poor results.

12.4.2 Jack Phillips' ROI method

The Phillip's ROI approach endorsed by the American Society of Training and Development (ASTD) is an internationally acclaimed method to evaluate HRD programs. Phillips had added ROI as fifth level to the Kirkpatrick Model in his book Return on Investment in Training and Performance Improvement Programmes. Through this level he tries to identify if training or HRD program pay for itself? Can the time spent and expenditure incurred for training be justified? If yes then the expenditure incurred will be considered investment to enhance the potential of human assets.

ROI is an accounting valuation method is used in business management worldwide. ROI is a backward looking metric heps in determining return on investment in training and development. ROI is the ratio of the net benefits of an investment compared to its total costs.

$$\textbf{ROI} = \frac{\text{Total Program Benefits} - \text{Total Program Costs}}{\text{Total Program Costs}} \times 100\%$$

or,

$$\textbf{ROI} = \frac{\text{Net Program Benefits}}{\text{Total Program Costs}} \times 100\%$$

Total benefits include money saved by organization, money madeand anything that adds directly or indirectlynto the organization. The elements of total costs broadly includes development costs, employee's time away from the workplace for training cost of job coverage during training, program material, cost of online resources. The following are the types of questions HR managers should try to answer as they calculate a HRD program's benefits:

•   How much did quality improve because of the HRD program?

•   How much has it contributed to profits?

•   What reduction in turnover and wasted materials did the company get after training?

•   How much has productivity increased and by how much have costs been reduced?

In order to conduct a training ROI analysis, the Phillips model recommends an 18-step process that systematically progresses through the key evaluation/development steps from needs assessment through program objectives development, evaluation strategy, evaluation instrument design, data collection, analysis, return on investment calculating, and reporting.

The guidelines for effective ROIevaluation are as follows:

- Use of control group
- Allow time for results to be achieved
- Determine direct costs associated with the HRD program
- Measure the productivity or performance before initiating the program
- Measure the productivity or performance after the closure of the program.
- Measure the productivity or performance increase
- Translate the difference into a monetary value benefit.
- Deduct the monetary value benefit from the cost of HRD program
- Calculate the ROI

The methodology is a comprehensive approach to HRD evaluation. It begins with planning the project. It moves from collection to analysis of data and finally reporting of data. The result is ROI and measurements on Kirkpatrick four levels as well. This yields a balanced scorecard approach to the measurement exercise.

12.4.3 CIPP approach to Evaluation

CIPP (Context, Input, Process and Product) model was developed by Daniel Stufflebeam in the 1960s. This model was developed to link evaluation with program decision making. The model provides an analytical and rational basis for program decision making through a cycle of. planning, structuring, implementing, reviewing or revising decisions. Each stage of the cycle is examined through a different aspect of evaluation-context, input, process and product evaluation.

1. Context evaluation includes examining and describing the context of the program being evaluated, conducting a needs and goals assessment, determining the objectives of the program, and determining whether the proposed objectives will be sufficiently responsive to the identified needs. It helps in making program planning decisions.

2. Input evaluation serves structuring decisions by projecting and analyzing alternative procedural designs; i.e.a comparison of how the program might perform compared to other programs, a prospective benefit/cost assessment. It helps in making program structuring decisions.

3. Process evaluation serves implementing decisions by monitoring project operations; it includes examining how a program is being implemented, monitoring how the program is performing, auditing the program to make sure it is following required legal and ethical guidelines, and identifying defects in the procedural design or in the implementation of the program. In general, process evaluation helps in making implementing decisions.

4. Product evaluation serves recycling decisions by determining the degree to which objectives have been achieved and by determining the cause of the obtained results. It includes determining and examining the general and specific outcomes of the program (i.e., which requires using impact or

outcome assessment techniques), measuring anticipated outcomes, attempting to identify unanticipated outcomes, assessing the merit of the program, conducting a retrospective benefit/cost assessment and/or conducting a cost effectiveness assessment Product evaluation is very helpful in making summative evaluation decisions (e.g., What is the merit and worth of the program? Should the program be continued?)

The four aspects of evaluation in the CIPP model supports different types of decisions and questions.

Table : CIPP Model of Evaluation

Evaluation Aspect	Decision Type	Answer seeked
Context Evaluation	Planning Decision	What should be done?
Input Evaluation	Structuring Decision	How should be done?
Process Evaluation	Implementing Decision	Whether being done in Planned manner?
Product Evaluation	Recycling Decision	Whether it worked?

This approach emphasizes the systematic provision of information for programme management and operation as information helps programme managers to make better decisions. Therefore, evaluation activities should be planned to fulfill the decision needs of the decision makers. The CIPP model is an attempt to make evaluation directly relevant to the needs of the decision makers during different phases of the program. Since the program may change during execution, hence evaluation activities would adapt to the changing needs.

One of the problems with this evaluation in general is getting its findings used. CIPP aims to ensure that its findings are used by the decision makers in its projects. It also takes a holistic approach to evaluation and highlights its context and processes at work.

In nutshell it can be said that Stufflebeam views purpose of evaluation as:

- Establishing and providing information that helps in evaluating decision alternatives.
- Assisting the employees to judge and improve the worth of developmental programmes.
- Assisting the improvement of policies and programmes.

12.4.4 CIRO Approach

The CIRO approach is another 4 level approach which was propounded by Warr,Bird and Racham. This approach consists of four level of evaluation, first letter of each evaluation forms the word CIRO.

1. **Context evaluation**
2. **Input evaluation**
3. **Reaction evaluation**
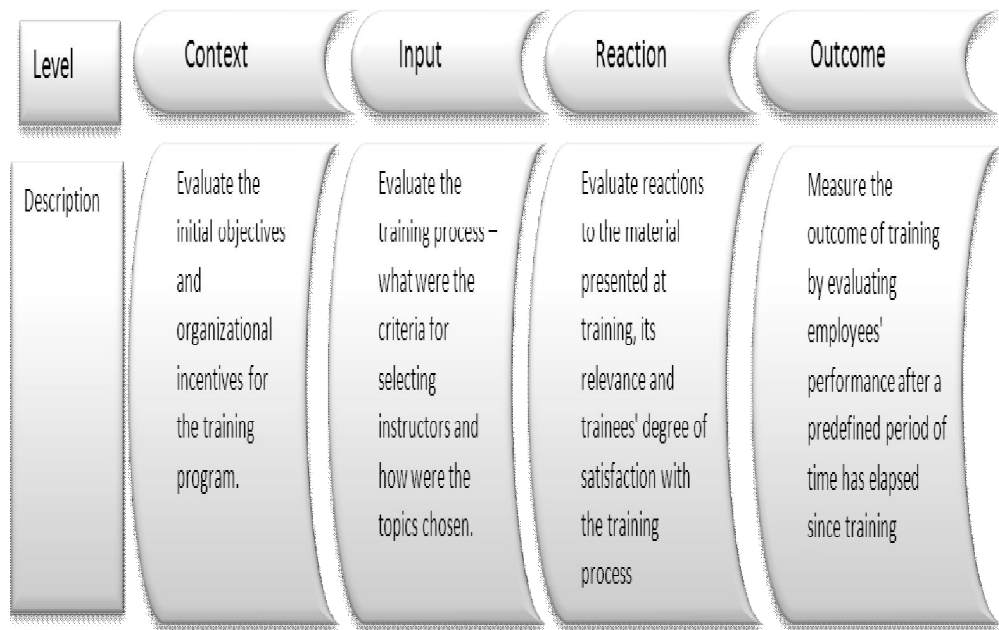4. **Outcome evaluation**

Level	Context	Input	Reaction	Outcome
Description	Evaluate the initial objectives and organizational incentives for the training program.	Evaluate the training process – what were the criteria for selecting instructors and how were the topics chosen.	Evaluate reactions to the material presented at training, its relevance and trainees' degree of satisfaction with the training process	Measure the outcome of training by evaluating employees' performance after a predefined period of time has elapsed since training

Fig 13.2 CIRO Model for Evaluating Effectiveness of Training

- **Context**

Context evaluation involves collecting information about performance deficiency, assessing that information to establish training needs and on the basis of those findings, setting of objectives at three levels. Context of the learning event concerns with obtaining and using information about the current operational situation in order to determine training and development needs and objectives. This evaluation determines the training and development needs. During this process   three   types   of   objectives   may   be   evaluated.

Ultimate objectives: The specific problem in the organization that program will solve.

1. **Intermediate objective:** Changes in employees work behavior and organization work culture that will foster attainment of ultimate objectives.

2. **Immediate objectives:** New competenties (knowledge, skills or attitudes) that employees must acquire to change their behavior and to reach intermediate objectives.

- **Input**

It is concerned with evaluating the planning, managing, designing and delivery processes of HRD program that determines the appropriateness and accuracy of the inputs which are crucial to the success of development initiative. It ialso determines the cost efficiency, cost effectiveness and feasibility inputs chosen. It involves analyzing the resources available and determining how they can be deployed in order to achieve maximum possibility of desired objectives.

- **Reactions**

Reaction evaluation concerns with obtaining and using information or feedback of the participants about development program in order to assess the relevance and improve the HRD processes. The distinguishing feature of this type of evaluation is to rely on the subjective inputs of the participants.

- **Outcomes**

This involves assessing the extent of change in behaviour or learning as a result of a HRD mechanism like training. Outcome should be measured at any or all of the following levels, depending on the object of the evaluation exercise and resources available for the task.

The learner level: This involves identifying changes in learners knowledge, skills and attitudes after the conclusion of HRD program. These changes can be determined and compared with levels of knowledge, skills and attitudes identified at the beginning of program.

The workplace level: This involves identifying changes that take place in the job behavior of the concerned employees like attendance, absenteeism, work commitment, role clarity etc.

The team/department or unit level: This involves identifying changes that take place in team, department or unit as a result of the program. Changes at departmental level may include levels of output, costs involved, wastage of time, or accident frequency. Unit level changes may include increase in sales, revenue, profits etc.

The organizational level: This involves identifying changes that take place in the organization as whole. It may include changes in culture of organization, organizational development, organizational efficiency, ability to attract and retain valued workers.

12.4.5 Kaufman's Model of Evaluation

Kaufman's Model has been modeled after Donald Kirkpatrick's four level evaluation method. Roger Kaufman's theory applies five levels and has designed this model to evaluate a program from the trainee's perspective and assess the possible impact of implementing a new development program may have on the client and society.

Level 1- Input and Process

The first level of Kaufman's evaluation method is broken down into two parts. Level 1a is the "Enabling" evaluation, designed to evaluate the quality and availability of physical, financial and human resources. This is an input level. Level 1b, "Reaction," evaluates the efficiency and acceptability of the means, methods and processes of the proposed HRD program. Test subjects are asked how they feel about the contents of program.

Level 2 and 3 - Micro Levels

Levels 2 and 3 are classified as micro levels. Level 2, "Acquisition," evaluates the competency and expertise of the test group/individual in a classroom setting. Level 3, "Application," evaluates the success of the test group/individual's utilization of the HRD program. Test subjects are monitored to determine how much and how well they implement the knowledge they gained within the organization.

Level 4 - Macro Level

"Organization Output" is level 4 in Kaufman's method of evaluation. This level is designed to evaluate the results of the contributions and payoffs of the organization as a whole as a result of the proposed training program. Success is measured in terms the organizations overall performance and the return on investments.

Level 5 - Mega Level

In the final level of Kaufman's method of evaluation, "Societal Outcomes," the contributions to and from the client and society as a whole are evaluated. Responsiveness, potential consequences and payoffs are gauged to determine the success of implementing the proposed HRD program.

12.5 Summary

In an organization HR development programs are evaluated to determine their effectiveness. A variety of measures are available to assess the extent to which development programs improve learning, affect behavior on the job, and impact the bottom-line performance of an organization Kirkpatrick's Four Levels Model framework, Jack Phillip's ROI Method, Stufflebeam's CIPP Model,Warr et.al. context, input, reaction , outcome(CIRO) Model and kaufmann Model.

12.6 Self Assessment Questions

1.	What are the objectives of HRD evaluation? Discuss the principles of HRD evaluation.

2.	`Discuss the different methods of HRD evaluation in detail.

3.	What does CIRO stand for?

4.	Discuss the Kirkpatrick method for HRD evaluation.

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Unit - 13 : Feedback System

Structure of unit

13.0 Objectives

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

- Meaning and importance of feedback
- Feedback as HRD mechanism
- How feedback can be made effective
- Meaning of Multi Source Assessment and Feedback System

13.1 Introduction

The creation of a well-functioning feedback system is a key factor of HR development and any organisation in general. The feedback system comprises of different means to gain feedback both at the individual and organisation level. It is based on the assumption that employees are able to learn from all people surrounding them. Most employees feel they are performing as well as possible, but if their work is not achieving company goals or their work efforts must change to meet new company goals, it is vital to inform the employee of the discrepancy. Feedback is key in changing employee behavior, particularly if it is explicit and non-threatening. The most common dimensions on which organizations seek feedback include leadership ability, commitment to excellence, communication, initiative, team skills, commitment, customer orientation, ownership, and learning, etc.

13.2 Meaning

Feedback is communication to a person or a team of people regarding the affect of their behavior on the organization, the customer, the team, or on any other person, It is the information about performance or behaviour of a person that leads him to action to reaffirm or develop that performance or behavior in the upcoming assignments. Feedback is a means of communication whereby the performer, whether it is an individual or a group, receives information that guides their future actions, in order to achieve a desired outcome. Feedback systems can be used as part of an intervention in organizations to increase awareness and improve performance.

Joseph Folkman says that to find the greatest level of success in an organization, working with other people, a person should learn how to accept any kind of feedback, analyze it in the most constructive manner possible, and use it to further impact future decision making.

Fig 14.1 Feedback Loop

As an organization seeks to improve its performance overtime, feedback facilitates in making required adjustments. Through the regular feedback Performance goals are revisited and the employee comes to know if he or she is on the track to achieve goals, or comes to know how to improve performance to get back on the track of desired performance.

Feedback motivates employees in the work place by providing report related to their performance. Feedback whether negative or positive helps employees to take decision how to apply it to their job. Employee development is a joint, on-going effort on the part of an employee and the organization where he works and in order to upgrade the employee's knowledge, skills, and abilities feedback of his performance at appropriate time is necessary.
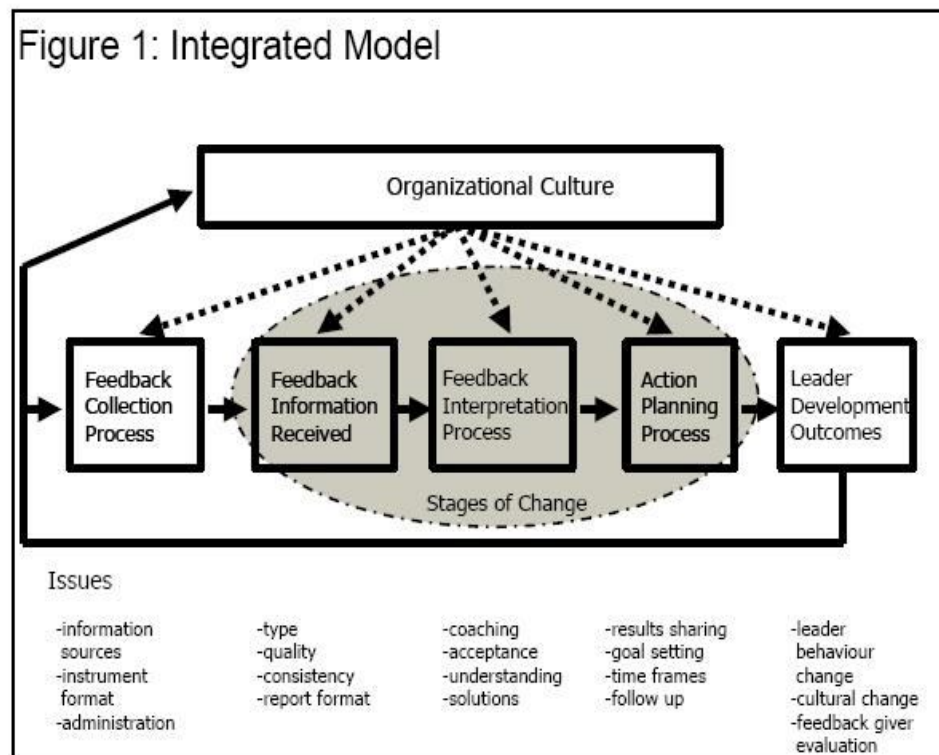
13.3 Feedback as HRD Mechanism

Each employee working in the organisation has certain strengths and weaknesses which may be unknown to his superiors, peers etc. and even unidentified by the employee himself. In certain critical or specific situations these strengths become useful for the organisation. In a HRD system feedback is used as a HRD instrument and it is assigned as a responsibility of the superiors to observe, identify and provide feedback to the subordinates about their strengths and weaknesses and guide them towards improving their enabling and performance capabilities.

Feedback in form of employee performance data can be used to monitor individual development and for identifying training needs. On the basis of feedback career counselling and verbal rewards are given to the employees. Feedback enables counselling to become integral part of review discussions between the superior and the subordinate. Counselling serves several purposes in any organisation. It helps in strengthening the superior and subordinate relationship, helps the executives to understand the limitation of his superiors and problems of his subordinates, improves communication, thereby facilitating quality decision, helps employees in recognising their strengths and weakness and also help evaluate the impact of their decisions and so on.

14.4 Steps in a Feedback System

A feedback system involves the following steps:

1. **Preparation:** Developing the purposes of feedback in participation with all concerned. it is critical for organizations to consider their cultures before setting the purpose of assessment/feedback system.
2. **Finalise parameters :** Finalising the independent parameters skills, competencies, behaviours on which feedback is to be given or taken to/from key constituents
3. **Collection of Feedback Data:** The feedback collection process refers to the information sources used (e.g. self, superior, direct report, peer and/or client) for the feedback (referred to as feedback givers), the instrument content (e.g. values, competencies, behaviours), the rating scales (e.g. frequency, performance. Data are collected through surveys, audits etc.

Figure 1: Integrated Model

Organizational Culture

Feedback Collection Process → Feedback Information Received → Feedback Interpretation Process → Action Planning Process → Leader Development Outcomes

Stages of Change

Issues

-information sources	-type	-coaching	-results sharing	-leader behaviour change
-instrument format	-quality	-acceptance	-goal setting	-cultural change
-administration	-consistency	-understanding	-time frames	-feedback giver evaluation
	-report format	-solutions	-follow up	

Steps and Issues Involved in Feedback System

4. **Organising Feedback Information received**: Feedback information so received Shall be organized as positive, negative, or balanced, qualifying the quality of information e.g. accurate or consistent (e.g. across time, within rater groups   and between), and reporting in particular style i.e. graphical information, numbers or by following other norms.

5. **Feedback Interpretation:** Analysing the effectiveness and relevance of feedback data and interpret feedback. Organizations that believe strongly in self- development and initiative will simply provide reports back to feedback receivers and expect them to deal with the information and to find their own ways to address issues.

   Feedback receivers who do not value the feedback process and are not required to develop as part of their roles will not invest the time to review and interpret their results also known as the "binder on the shelf" phenomenon. Supportive organizations will provide resources to facilitate the interpretation process either through training, coaching or both. An effective report interpretation process is critical to action planning

6. **Action Planning:** Validate feedback and plans for improvement and generative dialogue and consultation with the constituents. Organizations that use goal or objective setting processes can use this approach effectively in dealing with behavioural change. These organizations will be familiar with the

   critical elements of effective goal setting, how to write good objectives, how to develop specific action steps and how to stay focused on the goals over time.

7. **Leader Development Outcomes:** Leader development outcomes involve any positive changes that result from the assessment/feedback process, is contingent on a strong, supportive organizational culture, an effective assessment/feedback program and a willingness/commitment to personal change.

13.5 Types of Feedback

Feedback can be classified on different criterion**:**
13.5.1 On the basis of purpose of feedback
The purposes of Feedback are
- To influence the quality of performance
- To influence quantity of performance.

Formative Feedback - Feedback that affects quality of performance is called formative feedback, As a rule, performance is improvr/developed with formative feedback

Summative Feedback - Feedback that affects quantity of performance is called summative feedback. Performance can be repeated with summative feedback.
13.5.2 On the basis of impact on behaviour
Feedback can encourage or discourage behavior depending on what form it takes.
- **Positive feedback**- Positive feedback involves telling someone about good performance. Thus reinforces behavior.
- **Negative feedback** – It may extinguish behaviour or may result in corrected behaviour. It can also result in an unpredictable substitution or change of behavior hence should be used with caution or avoided altogether.

According to Sterman the use of term feedback in organizations is sometimes misleading. In common practice the term "feedback" is used for criticizing others. But this meaning of feedback is not the same as it means in system dynamics. Further, "positive feedback" does not mean "praise" and "negative feedback" does not mean "criticism". Positive feedback denotes a self-reinforcing process, and

negative feedback denotes a self-correcting one. Telling someone ones opinion for him does not constitute feedback unless he acts on his suggestion.

Constructive feedback- It alerts an individual to an area in which his performance could improve. Constructive feedback is not criticism; it is descriptive and is directed to the action and not to the person. Through constructive feedback people understand where they stand in relation to expected and/or productive job behavior.

13.6 Guidelines for Effective Feedback

Three general principles for effective feedback given by Tosti (1986) are **fit**, **focus** and **timing**. The following table offers basic guidelines for creating effective feedback:

Table 1: Feedback Guidelines

Fit	Focus	Timing
• Ensure the performer can understand and act upon the feedback. • Tailor the information to the performer's needs. Match praise or rewards to what is important to the individual. • Use the performer's language (especially with novices).	• Concentrate on the behavior, not the person. • Avoid overloading the performer. Focus on one area or subject at a time. • Be specific. • Check receptivity.	• Give feedback when the performer can use it. Encourage now (summative) and advise later (formative). • Give feedback often enough. (more often is particularly important if low confidence is an issue or the behavior has the potential for severe consequences).

Other requirements for effective feedback are :

Specificity

Feedback is most effective when it relates to a specific goal. Establishing employee performance expectations, standards and goals before the job starts/assigned, is the key to providing tangible, objective, and powerful feedback. Informing employees about the status of their performance by not only saying whether good or bad but to what extent it is good or bad, further helps them to improve their performance

Timeliness

Employees should receive information about how their performance in a timely manner. If improvement needs to be made in their performance, the sooner they find out about it the sooner they can take corrective measures to solve the problem. If employees shows to the mark performed or reached beyond expectations and exceeds a goal, the sooner they receive positive feedback, the

more rewarding it is to them. Whether the feedback is positive or constructive, the information should be as closely tied to the event as possible

Manner

Feedback should be given in a manner that helps improve performance. Since people respond better to information presented in a positive way, feedback should be expressed in a positive manner. It must include accuracy, facts, and should be complete in all respect. Feedback is more effective when it reinforces what the employee did right and then identifies what needs to be done in the future. Constant criticism eventually may either demotivate the employee or may go unheard. Some kinds of feedback occur naturally while other kinds must be carefully planned and well-managed. It should not include advice unless it is necessary. Naturally - occurring feedback can be classified into two categories :

- **Self-evident Feedback** – It is information that employees can see for themselves as they do their work. For instance, a team of materials handlers who are given the assignment of moving ten stacks of boxes from one side of the warehouse to the other by the end of the day will know that if only one of ten stacks is moved by noon, the assignment will not be completed on time. This information is self-evident and is obtained by the employees making their own comparisons against a specific goal. Similar feedback could also be called automatic feedback which may be gained by having a broader scope of work. The broader the scope of work that an employee has, the better the employee can determine the quality of the finished product. For example, a writer/editor assigned to write a portion of an article may have been satisfied with the section he wrote. But if he'd been responsible for the entire article, he would have seen that his section had no relation to the rest of the article and had to be rewritten.

- **Planned Feedback** – Planned Feedback is designed to be given often and automatically through a measurement system. Feedback can be designed as a part of work process or a measurement system so that it is received automatically by the employee. For example, many work processes have been designed to provide performance measures daily, such as a production or printing process, i.e. the number of quantity of product produced in a day may be displayed as machine count. This may be used as extensive work process measurement methods. Employees can measure for themselves how they and their team are doing. This feedback can be used in work redesign and task allocation. If effective feedback is used as HRD mechanism, individual and team performance will improve, which will ensure the organizational success. With effective feedback processes, employees get regular inputs about their job which helps them to improve their performance and achieve their objectives successfully. Feedback should be as consistent as possible. If the actions are great today, they're great tomorrow. If the policy violation merits discipline, it should always merit discipline.

13.7 Implementation of a Feedback System

A task of manager to know the employees well in order to explore their latent talents put them into maximum use for the achievement of the organization's primary objectives. This role expects the manager is to be the leading person to organize a network of relationships and create prerequisite for synergy in working.

A technologically improving world should address the people as a non-exhaustive, rare resource, because the creative aspect of work is invaluable and

inimitable. Manager should ensure that the feedback communication is honest, perfect and added value is more than just an exchange of information.

A manager should ensure that the person had understood what was communicated by using a feedback loop and continuously observing changed behavior. Feedback should be well timed so that the employee can easily connect the feedback with his actions.

Example of a Feedback Systems Intervention

In this example it is being illustrated, how feedback can be used as an effective tool in improving performance in a real-world situation, where safety is a challenge.

Behavioral Safety Programs (BSP) enhances workplace safety through increased communication, employee involvement and behavior modification; by applying behavioral science fundamentals or in other words, feedback. Companies that are interested in continuous improvement in both quality and safety are increasingly implementing such safety management tool.

The BSP approach is employee driven. In fact, employees become the observers who provide feedback to their coworkers to increase their awareness of their actions and to increase the frequency of safe acts. Figure 1 is an example of how it works.

Step One: Supervisor through observation method observes an employee or group of employees performing a task and identifies safe behaviors, critical behaviours or the areas that can be improved using checklist.

Step Two: The observer provides immediate feedback to the employees, indicating good and careless behaviors and tries to check their careless behaviour by taking feedback from employees to explore the problems and difficulties in the job if any. He welcomes suggestions to avoid such behaviours and accordingly suggest ideas to further improve the safety at the task they are in.

Step Three: The employee records the observations identifies any areas of concern and records the suggestion, which will then be used in the next safety meeting or to establish goals or targets or guidelines for future activities.

Step Four: Model behaviors will be recorded so those individuals may be submitted for awards or recognition.

113.8 Multi-Source Assessment and Feedback System

Multi-source assessment and feedback system (MAFS) is also known as the 360-degree feedback or the multi-rater appraisal system. It is a long-felt need by organizations and has gained great popularity. In the traditional appraisal system, a person does the assessment of his/her immediate subordinates. The interpersonal relations play a dominant role in the process of assessment and it suffers from biasness. An employee while executing his duties and responsibilities has to perform different roles and is required to interact with different people - the immediate superior, peers, customers, suppliers, subordinates, seniors of cross-functional areas. All-round capability and performance of the employee can only be judged if the views of all the persons regularly interacting with him/her are gathered.

Fig 14.2 - 360 Degree Feedback

MAFS not only includes direct feedback from an employee's subordinates, peers, and supervisor(s) but self-evaluation as well. MAFS is based on the assessment of an individual's management styles, competencies, and behaviour by colleagues horizontally and vertically, by involving the boss, peers and direct reports in the organisation. The primary reason to use this full circle of confidential reviews is to provide the worker with information about his/her performance from multiple perspectives. It may also include, in some cases, feedback from external sources, such as customers and suppliers or other interested stakeholders. It may be contrasted with "upward feedback," where managers are given feedback only by their direct reports, or a "traditional performance appraisal," where the employees are most often reviewed only by their managers. The results MAFS are often used by the person receiving the feedback to plan and map specific paths in their development. From this feedback, the worker is able to set goals for self-development which will advance their career and benefit the organization. Under

ideal circumstances, MAFS is utilized as an assessment for personal development rather than evaluation. Results are also used by some organizations in making administrative decisions related to pay and promotions.

MAFS lays emphasis on a softer dimension of performance like leadership, creativity, originality, innovation, teamwork, initiative, emotional intelligence, entrepreneurship, etc. Today, organizations need information regarding softer dimensions and get multiple assessments for a more objective assessment. As such, the use of MAFS has emerged as a crucial organizational need. Internet web sites confirm that almost every Fortune 500 company has implemented MAFS in some form. .MAFS enables the multiple raters to measure behaviours critical to performance, using questionnaires designed by HRD department. The design Multi-source Assessment or 360-Degree Feedback System of the questionnaires for different appraisers is different. The raters' or appraisers' identity is kept confidential. Thus, in the anonymous MAFS, 'what has been remarked' is important, not 'who has offered the remarks'. To eliminate any sort of bias, external consultants are engaged to collect the assessment sheets and analyze the comments to make out different competencies.

13.8. 1 Importance of MAFS

MAFS adds value to the organization's HR initiatives. The set of feedbacks enables an organization to focus on developmental efforts, at the individual and group level, in the present business environment where the success of the company depends on continuous overall progress through organizational development interventions. A 360-degree feedback facilitates the alignment of individual capabilities and behaviours with organizational strategies. It adds value to the organization in different ways:

- The questionnaire, including questions relevant to the candidate's role, skill requirements, delegation, and quality of performance, helps to identify his hidden talent—skills competencies and deficiencies.
- Employees also rate themselves on the various performance dimensions between self perception and the perceptions of others. A 360 degree feedback syatem usually reports usually including information on dimensions for which there is further development needed. This information is used in formulating developmental plans.
- Appraisers assess employee performance and all the raters could not be biased in a single direction.
- Carefully designed questionnaires help getting realistic feedback.
- Layout of the questionnaire enables the raters to offer comments, which are more important than the quantitative assessment.
- An appraisee learns self-management from the negative feedbacks received.
- Confidentiality helps protect the interpersonal relationship of the appraisee with evaluators such as superiors, various colleagues, subordinates, and other stakeholders.
- In a developed organizational culture, employee accepts the remarks positively.
- Feedback is essential to improve self-esteem in addition to understanding how others view the appraised employee.

- Feedback from multiple and concerned appraisers reveal the true performance of the employee.
- An appraisee, on accepting the views of the raters, gains acceptance of the multiple stakeholders.
- An appraisee gains new insights and more encouragement from feedback that reinforce the desired behaviour.
- Identified individual strengths can be aligned with the organizational requirements for the best advantage to the organisation.
- There is increased awareness of and relevance of competencies.
- There is increased consciousness by senior management that self-development is an ongoing process and they too have development needs.
- Individuals get a broader perspective of how they are perceived by others.
- Implementation of MAFS in an organization may be the starting point to improve the organizational climate and culture and boost employee morale.

13.8.2 Objectives of MAFS

The objectives of a multi-source assessment and feedback system are manifold. It provides insights into the strong and weak areas of the appraisee in terms of the effective performance of roles, activities, styles, traits, qualities, competencies (knowledge, attitudes, and skills), impact on others, and the like. It helps to identify the developmental needs and prepare development plans more objectively in relation to current or future roles and to plan performance improvements for an individual or a group of employees of managerial and other levels. MAFS provides the means for generating data to serve as a more objective basis for rewards and other personnel decisions.

MAFS facilitates building conducive, organisational culture, leadership development, potential appraisal and development, career planning and development, and succession planning and development. Furthermore, it aids team building, restores role clarity and increased accountabilities, and planning internal customer satisfaction improvement measures

In the dynamic business scenario, MAFS helps to reinforce Management Change efforts and organizational effectiveness-directed interventions. These may include TQM efforts, customer focus, internal customer satisfaction enhancing interventions, flat organizational structures, quality-enhancing and cost-reducing interventions, decision process changes, etc. An organization excels only when individual and group goals are aligned with organizational vision, values, and goals.

The objectives of MAFS may be summarised as follows:
- Identifying developmental needs
- Generating data to serve as a more objective basis
- Reinforcing management change efforts and organizational effective dimensions such as (a) TQM efforts, (b) customer focus, (c) flat structure, (d) quality improvement programmes, and (e) decision process changes
- Linking pay or rewards to performance
- Aligning individual and group goals with organizational vision, values, and goals
- Building organization culture

- Developing leadership
- Implementing potential appraisal and development system
- Establishing career planning and development system
- Succession planning and development
- Encouraging team building
- Laying emphasis on role clarity and increased accountabilities
- Planning internal customer satisfaction improvement measures

13.8.3 Advantages of MAFS

MAFS supplements the regular key performance areas (KPAs) or key result areas (KRAs) based on appraisal systems.

Most world-class companies are promoting new organizational cultures like participative culture, learning culture, quality culture, competency-based performance culture, teamwork culture, empowering culture, leadership culture, and so forth.

MAFS has many advantages, some of which are :
- Free from biasness as all the feedback providers cannot be biased.
- An employee gets the unique opportunity to improve his/her role, performance, managerial style, ideas, and, most importantly, his/her acceptability to others. from the multiple inputs received,
- MAFS supplements the traditional appraisal system and serve the basic purposes of the traditional appraisal system- identifying developmental needs, managing a reward system, developing performance, pursuing compensation management, etc. It.
- Researches prove that MAFS provides more acceptable feedback to employees.
- It is more objective in comparison to the traditional system wherein the traits and qualities of the appraisees are identified.
- Multi-source Assessment or 360-Degree Feedback System 569
- It is more participative, which leads to quality HR decisions about the employee.
- The spectrum of opinions received is broad, as internal and external customers offer the feedback in structured questionnaires.

13.8. 4 Prerequisites of MAFS

There are certain prime requirements for implementing a 360-degree appraisal system in an organization, the foremost being the top management support. According to Rao and Rao a set of prerequisites for participation in 360-degree feedback should be identified, some of which are as follows:

- Commitment of the top management of the organization for developing competencies of employees on a continuous basis
- Analysing the HRD mechanisms operating in the organization effectively while implementing MAFS
- Willingness of the top management to invest time and effort in giving feedback to their own subordinates
- Conduct of performance review sessions by the top management and senior managers regularly
- Acceptance of feedback by employees positively and using it for self-development

- Regular encouragement by Management to working teams
- Employees not viewing top management intervention with suspicion
- A high degree of process-orientation in the organization
- The organization be value driven
- Proper management handling of the softer issues like professionalisation, man management, development, etc.
- Proper organizational culture

13.8. 5 Indicators of Candidate Readiness

There are certain indicators to assess readiness of a candidate for the MAFS. Rao and Rao specify the indicators of readiness, which are as follows:

- The candidate has a desire to know himself/herself through the eyes of others. He/she is willing to receive feedback from others and does not become over-defensive.
- The candidate intends to improve.
- The candidate is receptive and respects the views of others.
- The candidate is a learning-oriented individual.
- The candidate has an aptitude for healthy competition.
- The candidate has at least one-and-a-half years of experience (except in the case of managerial trainees).
- The candidate has a direct relationship with at least six individuals who can rate him/her.
- The candidate has no history of any previous psychological and psychiatric problems.
- Senior managers get reliable feedback about their performance, since different raters judge from different viewpoints.
- Most managers are surprised and delighted by the amount of feedback and feel positive on introspection.
- A set of negative feedback exemplifies to the appraisee about what to focus on in order to develop further.
- A manager's effectiveness is enhanced by knowing what he/she is doing well, what he/she is not doing well, and how he/she can improve.
- Perception of feedback as more valid and objective, leading to acceptance of results and actions required.
- Provides a clearer picture to senior management of the individual's real worth (although 'halo' effect syndromes cannot be totally eliminated).
- It supports a climate of continuous improvement and leads the organization towards excellence.
- The system identifies managers having low self-esteem.

Before introducing MAFS or 360-degree feedback system, the benefits the organization is likely to derive should be properly addressed and the perceived risks should be communicated to all participants. The reviewers, particularly subordinates, may have concerns about issues like confidentiality of their identity and the use of completed reviews. The appraisee might also be worried about the comments he/she is going to receive. The purpose of the feedback system should be properly communicated to them so that they can appreciate the value of the 360-degree feedback system.

13.9 Summary

The feedback system comprises of different means to gain feedback both at the individual and organisation level. Through the regular feedback Performance goals are revisited and the employee comes to know if he or she is on the track to achieve goals, or comes to know how to improve performance to get back on the track of desired performance.

MAFS is a HRD feedback mechanism where an employee is provided feedback by all the people she/he interacts with at work, superios, peers, subordinates and customers. Feedback can be sought on various managerial and behavioural dimensions. The multi-rater feedback system or 360 degree feedback system can then be applied to prepare a profile of the assessee. It can be communicated to the assessee so that corrective measure could be taken.

13.10 Self Assessment Questions

1.   Define Feedback. Explain how Feedback is a HRD mechanism.
2   Discuss the steps of Feedback System.
3.   Explain the different types of Feedback.
4.   Explain MAFS in detail.
5.   Discuss 360 degree feedback system.

13.11 Reference Books

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Unit – 14 : Technology and HRD

Structure of Unit

14.0 Objectives

After completing this unit, you would be able to:

- Describe how HR technology has evolved.
- Explain what a human resources information system (HRIS) does, and identify its main components.
- Describe the key functions of an HRIS system and the different types of HRIS systems.
- Explain the process organizations use to choose an HRIS system.
- Discuss the impact that HR technology has on the role of HR professionals, and describe the five core competencies that have emerged.
- Identify key trends in technology.

14.1 Introduction

Businesses have always faced external challenges, whether it is heightened competition in the market or customers demanding lower cost solutions, but businesses are increasingly facing internal challenges that have a direct impact on business performance. The ongoing war for talent, the employee experience, retention and employee engagement are all issues that are have a significant impact on businesses. These issues become even more challenging given the changing nature of the workforce being increasingly mobile and based in multiple locations, and the associated costs and complexities of managing this workforce.

Over the last few years, there has been no shortage of enthusiasm surrounding 'integrated talent management', yet the concept has remained largely inspirational. Most recognise that integrating Talent Management technology simplifies the complexities associated with managing multiple HR processes by providing a single platform to manage processes such as recruitment, learning, payroll, performance and advisory.

In the current economic climate, HR departments are faced with the challenge of standardizing HR processes and providing a 'single view' of corporate data though improved HR information. In a time when operational costs are questioned and spending is scrutinized, for investment in integrated HR and Payroll technology to be considered, particularly for non-revenue making departments, the business case must identify a direct correlation between efficiencies led by the automation of processes, and cost reduction.

14.2 Evolution of Technology based HRD

Technology has and continues to play a pivotal role in enabling HR organizations to move from personnel management to business execution. To illustrate this process, let's take a look at four different "generations" of HR that have emerged over the past 20 plus years.

14.2.1 Stages in the Evolution of HR Technology

Stage 1: Paper-Based Systems

Initially HR systems were "paper-based." These systems operated independently and did not integrate with any other business-related functions. Features were added as needed. Data were typically stored on mainframe computers, the reporting was very rudimentary, and HR was the sole custodian of the data. It was common for managers during this period to send employees to HR to get their all their "personnel" questions answered.

Stage 2: Early Personal Computer (PC) Technology

In the next stage, there was a migration of the information resident in these paper-based systems to PCs and local area network (LAN) systems. These HR databases were able to produce reports that simply listed **"tombstone" data**, meaning basic employee information. Advances in database technology included payroll and some very basic versions of employee tracking.

The HR data were typically stored on a **client server**—a network architecture in which each computer on the network is either a client or a server. Servers are powerful computers dedicated to managing disk drives (file servers), printers (print servers), or network traffic (network servers). Clients are PCs or other work stations on which users, such as HR professionals, run software applications. Clients rely on servers for resources, such as files; devices, such as printers; and even processing power.

Stage 3: Electronic Database Systems

The next stage began with the emergence of relational database technology. A **relational database** means that a piece of data can be stored in more than one file, each one containing different types of data. The different files can be linked so that information from the separate files can be used together. A relational database allows databases to be established in several different locations and the information linked. This technology provided organizations with the ability to develop more complex reports that integrated several data elements.8 For example a report could be generated from different databases that included name, address, and salary and benefit information. With this move toward electronic databases, HR systems began to become integrated with other business-related systems. Leading HR organizations began to purchase enterprise-wide systems that included HR-related modules. An enterprise-wide system is defined as a system that supports enterprise-wide or cross-functional requirements, rather than a single department or group within the organization.9 A popular enterprise-wide system at the time was SAP.

At this time, use of the Internet was increasing, and managers began to consider what it could offer to HR technology. HR continued to own the HR data, but HR began to evolve into a more integral part of the business, as these databases

became important in aiding HR with the generation of reports and empowering HR to provide managers with meaningful HR-related information.

In addition, other functional areas could share information from these databases. For example, if the company decided it wanted to send out a mass mailing to employees to introduce a new product or organizational change, it would access the data from the HR system. At this point, HR entered fully into the digital world of electronic HR and the term "e-HR" began to appear.

Stage 4: Web-Based Technology

At the present time, many companies have started to embrace HR technology. The benefits of automation are becoming widely known to HR and other areas of the business. The focus has shifted to automating as many transactions as possible to achieve effectiveness and efficiencies. Call centers and interactive voice response systems are widely used by organizations. An **interactive voice response (IVR)** system is a telephone technology in which a touch-tone phone is used to interact with a database to acquire information from it or enter data into it. For example, employees can call in to report their attendance by entering a specific code.

Web-based applications use a Web browser as a user interface (called the "front-end"). Users can access the applications from any computer connected to the Internet via a secure, password-protected login page and from that point forward all the data are encrypted.

For the most part, the HR department continues to be the owner and custodian of HR information but others have begun to recognize the value of this information to the business. The reports that HR is able to produce have become more sophisticated. At this point, the majority of systems are still not Web-based, but some leading-edge organizations have embraced this technology.

Web-Based Self-Service Trends

The two most popular Web-based HR applications used today are self-service for employees and self-service for managers. These applications have enabled companies to shift responsibility for viewing and updating records onto individual employees and have fundamentally changed the manner in which employees acquire information and relate to their HR departments.

Employee Self-Service

Employee self-service (ESS) systems enable employees to access and manage their personal information directly, without having to go through their HR departments or their managers. ESS systems are set up so that employees can sign onto their company system via the Internet and be immediately authenticated and verified. Recently, HR organizations have utilized portals as a tool to make this access seamless. A **portal** is a single site that can be accessed within an existing Internet site. With this technology, HR departments can set up employee access to HR services. Access can also be provided through IVR or physical kiosks. Employees who have access to these types of ESS systems are able to use this service on a 24/7 basis. Some common self-service applications these systems feature include allowing employees to update their personal information, such as address, phone number, and emergency contact information; revising banking information; researching benefit options and enrolling in benefit programs; viewing payroll information, such as salary deductions; recording vacation time

and sick days; recording travel expenses; accessing HR policies; participating in training delivered via the Web; and accessing company communications and newsletters issued by the HR department. As an example and employee who recently split with a significant other can change his or her emergency contact name, beneficiary information, and benefit details by logging onto the company intranet site and clicking on the HR portal. ESS systems have fundamentally changed the way employees relate to their HR departments. Employees are able to access information that is relevant only to them and they no longer need to speak with a HR representative directly for routine updates. These systems have also helped HR departments to reduce their operational costs. From the perspective of the HR professional, the burden of being responsible for basic administrative and transactional activities has been shifted onto the employee. This shift in responsibility allows HR professionals to focus on strategic issues. One study found that the workload of HR generalists was reduced by an average of 15 percent.

Management Self-Service

Management self-service (MSS) systems differ from ESS systems in that they allow managers to access a range of information not only about themselves but also about the employees who report to them. MSS systems also give managers the opportunity to process HR-related paperwork that pertains to their staff. Managers view résumés that are on file, view merit reviews, submit job requisitions, view employee salaries, and keep track of employee performance and training histories. Typically, this type of application system offers a broader range of services than that available to non managerial staff. MSS is broader than just providing HR-related information. Often these systems provide managers with tools to help them with duties, such as budget reviews and report writing, and permit them to authorize expense reimbursements. The benefits are that managers have ready access to information that is useful both to them and to their employees, and do not have to go through a third party. In this way, MSS systems reduce overall company workloads. In fact, research has indicated that when used properly, MSS systems reduce the workload of the HR generalists by more than 21 percent because they are not spending the same amount of time on planning annual compensation increases, viewing employee histories, initiating requests for positions, or posting jobs. Managers are receptive to MSS systems because they contribute to data integrity and accuracy, the number of data validations decreases, and processing time improves.

14.3 Technology based HR Initiatives

Those of us who have been hired know that it is necessary to fill up application forms so that we can become an "official" employee. The type of information requested usually includes first name, last name, address, emergency contacts, banking information, beneficiaries for the benefit plans, marital status, and other information based on job opportunity. There are data and the human resources (HR) department has always been the custodian of employee data. The type of data collected, where the data are stored, how the data are used, and the type of system used for these purposes has changed over time, but the need to collect information relating to hiring, promoting, and firing employees has not changed. HR technology is increasingly being used by small, medium, and large employers

to meet the needs of its stakeholders. What sets high-performing organizations apart from others is how they use technology to deliver HR services.

The use of technology within human resource management has grown considerably over the last decade with the majority of organizations now using some form of HR information system (HRIS). For instance, in Europe, Watson-Wyatt (2002) found that 70% of the organizations surveyed used the Internet or Intranet to deliver HR services to employees with most respondents planning to enhance substantially their e-HR capabilities over the two years after the survey. In the UK alone, survey research by the Chartered Institute of Personnel and Development in 2005 showed that 77% of organizations used an HRIS. Research from Cranfield School of Management in 2003 found an even higher proportion of companies using HRIS at 82%. An HRIS can perform a number of functions from the simple storage and communication of information, to more complex transactions. As technology advances, the range of functions that an HRIS can undertake increases. The use of HRIS can provide a number of benefits to the HR function, line managers, and the wider organization. On one level, the use of technology has been shown to lead to faster, more accurate and more efficient processes, and reduced HR costs. Technology can also be used to provide HR information and to enable managers and employees to perform simple HR tasks themselves. On another level, the use of HRIS to reduce the administrative and transactional burden on the HR function can lead to a change in the structure of HR and allow the function to play a more strategic role in the organization. The reasons behind an organization's introduction of an HRIS may vary considerably from the need to facilitate efficient processes or cut costs, to improve communication and customer service, or the desire to create a shift in the role of the HR function from one that is mainly administrative to one that is more strategic.

1.   HR technology has evolved from paper and pencil to PCs to electronic databases to being integrated with company-wide enterprise systems. Web-based technology has been an important development in enabling HR to reduce transactional activities and increase customer and strategic services.

2.   The main components of HRIS systems are employee administration, recruitment, time and attendance, training and development, pension administration, employment equity, performance evaluation, compensation and benefits administration, organizational management, health and safety, labour relations, and payroll interface.

3.   The main functions of HRIS are creating and maintaining employee records, compliance reporting, HR planning and forecasting, talent management, strategic alignment, and enhancing decision making.

4.   The role of the HR professional has changed fundamentally as a result of technology. The core competencies that have developed are mastery of HR technology, strategic contribution, personal credibility, HR delivery, and business knowledge.

5.   To choose an HRIS, organizations engage in a three-step process. The first step is the adoption phase, whereby organizations carry out a needs analysis to determine requirements. The second step is the implementation phase, where project teams are created, the software is tested, and privacy

and security concerns are addressed. The third step is the institutionalization phase, where training and change management activities are highlighted.

6. The more popular Web-based self-service applications are employee self-service (ESS) and manager self-service (MSS). Some benefits derived from these applications are a reduction in administrative costs, reduction in process steps, enhanced HR service delivery, and increased employee satisfaction.

7. Current technology trends that will impact HR are outsourcing, advances in technology, and a continued focus on measuring the value that HR brings to the organization.

Technology has changed the business world many times over. In the Information Age, the advent of computers and the Internet has increased that impact significantly. Many businesses cannot even function without the use of computer technology. This impact is seen in nearly all areas of business, including human resources, where technology continues to have a significant impact on HR practices.

Recruiting

One way in which human resources has been significantly impacted by technology is in the area of recruiting. Before the Internet, HR recruiters had to rely on print publications, such as newspapers, to post jobs and get prospects for open positions. Other methods such as networking also were used, but HR recruiters did not have the ability to post a job in one or more locations and have millions of people see it all at once. Technology has made recruiting more efficient and, in the hands of the right recruiter, more effective as well. This has been aided by e-recruitment web portals were employers post positions and qualifications needed for a specific job. Then the job seeker will select their field of expertise and apply for that particular position online. Now days, these portals have even made e-recruitment visual, by enabling Job seekers post videos describing what they can do as well show case some of their potential. There also other Medias were these job postings can be found for example social media sites. Many people have been recruited through social networks like face book, linked In etc. A business simply posts a job position on its facebook page and its fans will apply, if any of them qualifies for the position they will get that job. This process has also made human resource management more social than ever.

Training

After the process of recruiting is finished, human resources manager will have to use technology to train new employees. Even though they qualify for the position, their some things which the human resource manager has to put clear before new employees take their positions. Technology will allow the team to access required documents on every specific position via a decentralized computer "Database" and they will read through to understand every aspect. If illustrations are required, the human resource manager can use a visual illustration to explain some points in details. This saves time and makes the process easier. Information technology makes it possible for human resources professionals to train new staff members in a more efficient manner as well. The ability to access company information and training programs from remote locations eliminates the need for trainers to work directly with new hires on all training. Some interaction will always be necessary

on some level, of course, but training in virtual classrooms makes it possible for the HR professionals to train a large number of employees quickly and to assess their progress through computerized testing programs.

Data Storage and Retrieval

Human resources professionals generally process a considerable amount of paperwork and also have to keep much of that paperwork on file for a considerable period of time. The use of electronic imaging has made it possible for companies to store and retrieve files in an electronic format. Technology also makes it possible for human resources professionals to simply print the forms that are needed for employees. Printing on demand eliminates the need to dig through an endless number of files in the file cabinet to find what is needed.

Performance Management

Human resource manager can use technology to monitor the performance of employees. With the help of tools like CPM (Computerized performance monitoring), the manager can know how much work has been accomplished by each employee per a given period of time. Also the same software can help in the flow of information about employee performance across the organization. At the end of the day every thing is transparent and production is guaranteed because humans once monitored, they will do their best to look good. Enhanced performance management is another byproduct of technological improvement. Human resources professionals can use computer technology to assess employee performance and also to get employee feedback to be used for the betterment of the organization. Various software programs make it possible for human resources professionals to examine employee performance using metrics to ensure that employees are meeting performance standards. Employees that don't measure up can be subjected to additional training or let go in favor a replacement that can come in and do the job.

Given that high-quality performance feedback should be one factor that helps organisations retain, motivate, and develop their employees, these outcomes are more likely to occur if employees are satisfied with the performance appraisal process, feel they are treated fairly, and support the system. Conversely, if ratees are dissatisfied or perceive a system as unfair, they have diminished motivation to use evaluation information to improve their performance (Ilgen, Fisher, & Taylor, 1979). In the extreme, dissatisfaction with appraisal procedures may be responsible for feelings of inequity, decreased motivation, and increased employee turnover.

Technology may contribute to performance management and thus to appraisal satisfaction in two primary ways. First, technology may facilitate measuring an individual's performance via computer monitoring activities. This frequently occurs as an unobtrusive and rote mechanical process that relies on minimal input from individuals beyond their task performance. Jobs that incorporate this type of appraisal technology are frequently scripted or repetitious and involve little personal judgment or discretion. Working in a call centre or performing data entry are examples. In this instance, the very act of performing a job simultaneously becomes the measure of how well a jobholder accomplishes it. Keystrokes, time on task, or numbers of calls made are recorded and at once become both job content and appraisal content.

A second approach to technology and performance management changes the emphasis so that technology becomes a tool to facilitate the process of writing reviews or generating performance feedback. Examples here include multi-rater appraisals that supervisors or team members generate online, as well as off-the-shelf appraisal software packages that actually construct an evaluation for a manager. This particular technological approach occurs more often in the context of jobs that involve personal judgement, high discretion, and open-ended tasks for which real-time performance monitoring is not an option.

Rewarding HR

Furthermore, from a reward standpoint, linking performance to compensation is difficult when employees are dissatisfied with the appraisal process. Noting this difficulty, Lawler (1967) suggested that employee opinions of an appraisal system might actually be as important as the system's psychometric validity and reliability. The question of appraisal satisfaction is a relevant concern in discussions of how technology interacts with performance management systems since absent user satisfaction and support; technological enhancements are likely to be unsuccessful.

We believe that appraisal satisfaction will remain a relevant concern, even when technology is a primary mechanism for the feedback process. Beyond this, appraisal satisfaction is also a critical concern when technology actually becomes the appraisal process. This is because an important link exists between satisfaction with appraisal processes and technology's potential as an effective force for change and improved performance.

14.3.1 The Role of HR in an IT-Enabled Organization

The effective use of technology is a key determinant of the successful management of human capital in organisations of all sizes. It has revolutionised the way HR functions from short listing to recruitment, performance management and even to psychometrics.

With the rapid and constant development of the Sri Lankan IT industry of which we witnessed a remarkable growth in the last 10 years, business organisations, its cultures and practices were changed positively. Information Communication Technology (ICT) has now become a way of life.

Intellectual capital and technology have become the new measure of business success while capital and cash flows remain as important as ever. The role of HR has also changed accordingly. It is becoming increasingly important for an HR manager to understand business and what drives it. Challenges faced by an HR manager cannot be considered in isolation as it goes hand in hand with business. They must respond to the requirements of today and prepare for tomorrow as well. For a time, Human Resource Management was almost strictly an administrative function, with the professionals focusing their attention on completing repetitive tasks and serving as personal consultants to employees.

Until 1970s most of the Personnel Departments were considered as a place which hire and fire people and keep personnel tracking. Through those records, the companies were able to get information on newly-hired employees to the organisation, fired, promoted and transferred while producing reports on present and to some extent on the past. Unfortunately those reports and information were not sufficient to contribute

significantly in designing and developing strategic plans and the decision making process of the organisation

The impact of technology has fundamentally changed the HR role. It has enabled HR to (1) decrease its involvement in transactional activities, (2) increase its focus on the customer, and (3) increase its delivery of strategic services.

14.3.2 Transiting from Personnel to HR

Slowly the personnel departments took on the name Human Resource Department and started to spend more time planning and analysing to support top management requirements in decision-making. The role of human resources departments even in small and mid-size businesses turned more complex. They changed their ways of dealing with people slowly and developed relationships. Organisations that were willing to adopt this change with the hope of revolutionising the industry kept a step ahead and now are amongst the top business leaders in the country today.

Most of those organisations recognised the importance of improving and integrating the human resource department with the strategic business direction of the entire organisation. Considering the pace at which technology is taking over business functions, those companies welcome new technology to their HR departments, use technology to manage day-to-day details, administrative functions, etc., and contribute more to elevate their roles in organisations.

With the growth of computerised business applications, the first HR information system was introduced in the late 1960s and HR managers began to spend a significant amount of time establishing relationships with employees and serving their requirement. A human resource information software system or HRIS system is one way that a lot of companies use to manage everything easily and become even more productive. Having this system in the company could aid the human resource team to become more organised and practice being practical in the workplace. It is a database application used to track information pertaining to the employees and applicants. New research indicates that companies with the most high-performing HR functions behave differently when it comes to the use of HR technology and this may be the most convincing reason for HR professionals to improve their knowledge and skills in this competency domain.

Challenges in implementing automation system in an organization :

To keep pace in an increasingly competitive business world, companies need to function as efficiently as possible. Technology can do wonders but only to the extent of helping people to do their tasks better. We cannot forget the fact that technology cannot replace the intelligence that man carries with him. Even the best technology cannot replicate the convincing HR manager who can motivate an employee to give his best, understand complex human problems and provide solutions, show empathy to employees, etc.

14.3.3 The Advantages of an Integrated HR Technology Solution

Most human resources departments are in charge of managing employee benefits, performance appraisals, training, recruiting and retention. In many small businesses, the HR department is also responsible for payroll and compensation surveys. Coordinating all these different types of duties can be time and resource-

consuming, so some companies take advantage of integrated HR technology solutions that combine different databases and streamline work processes.

Most HR departments already have to work with outside vendors, such as health insurance companies or payroll businesses, but the different vendor databases and software programs are not connected in any way. The internal HR department usually has to field questions from employees about any problems or issues with the different self-service websites, which can take up valuable time. When you install an integrated technology system, employees only have to log in to one website to view their current insurance information, payroll status, accrued vacation time and retirement plan information. A one-stop website that encompasses all employee information can save everyone time and energy.

Provides Clear Career Pathways

Rather than depending on your department heads or managers to take the initiative to help employees develop career progression plans or promote star employees, an integrated system can give your self-starters the power to take matters into their own hands. All the HR representative has to do is input different training courses and other requirements, and employees can take online courses or sign up for in-person classes to meet the requirements for the next steps in their career pathways.

Helps with Consistency

In an integrated HR technology solution, you can connect your performance reviews and compensation databases together. For example, the HR coordinator can input clearly defined job competencies for each position into the system. During the performance appraisal time, each employee is evaluated against these predetermined competencies. You can also compare employee salaries, as well as their overall reviews, in the system to ensure everyone is getting paid fairly.

Ensures Compliance

Many integrated HR technology solutions feature online W-4 and I-9 forms, the federal forms for tax withholding and employment eligibility verification. With an integrated software solution, you can relax knowing that the system will send you reminders when an employee's work authorization is about to expire or has any discrepancies. Some companies even place employee policies on the self-service website and employees have to digitally sign them before they are able to do anything else on the website. This ensures that you have digital records for any mandated procedures or agreements.

14.4 Human Resources Information Systems (HRIS)

HRIS can be defined as integrated systems used to gather, store, and analyze information regarding an organization's human resources. Using HRIS technology can help HR automate and simplify tasks, reduce administration and record keeping, and provide management with HR-related information when required. These systems provide a repository for information/data to be stored and maintained, and they possess varying degrees of reporting capability. However, for the data to be useful, they need to be transformed into information that is meaningful to managers. This is the challenge facing HR departments today and what will ultimately determine whether HR is able to deliver strategic HR services.

An HRIS is a systematic procedure for collecting, storing, maintaining, retrieving and validating the data needed by an organization for its human resources, personnel activities and organization unit characteristics. HRIS can also provide the management with a decision-making tool rather than merely a robust database. Turek offers numerous examples of how HR technology has reduced the response time and enhanced the quality of HR service in the workplace.

HRIS is the composite of databases, computer applications, and hardware and software necessary to collect, record, store, manage, deliver, manipulate, and present data for human resources. It is important to note that the term "systems" does not just refer to hardware and software. Systems also include the people, policies, procedures, and data required to manage the HR function. In reality, computer   technology is not the key to being successful at managing human resource information, but what it does do well is provide a powerful tool for "operationalizing" the information making it easier to obtain and disseminate and ensuring that it is specific to the organization's HR policies and practices. A sound HRIS must allow for the assimilation and integration of HR policies and procedures with an organization's computer hardware and its software applications. For example, a simple business rule (e.g., promotions are not to exceed 8 percent of salary) could easily be programmed into the system, and errors could be flagged when they occur. Let's now look at important HRIS subsystems and the types of data that can be resident in these systems.

14.4.1 Advantages

There is no better answer than technology which will give an edge over our competition. The development of HR technologies is helping to transform HR into a decision-making science, with this people can measure the impact on business and its growth. Not only HRIS but also internet and email play a major role in communication and have accelerated business functions.

Whether it concerns the hiring and firing of employees or whether it concerns employee motivation, the Human Resources Department of any organisation now enjoys a very central role in not only formulating company policies, but also in streamlining the business process.

To make a human resource department more effective and efficient, new technologies are now being introduced to make things much simpler. As mentioned previously, one of the latest human resource technologies is the introduction of a Human Resources Information System (HRIS); this integrated system is designed to help provide information used in HR decision making such as administration, payroll, recruiting, training, and performance analysis.

The basic advantage of a Human Resource Information System (HRIS) is to not only computerise employee records and databases but to maintain an up to date account of the decisions that have been made or that need to be made as part of a human resource management plan.

The Human Resource Information System not only makes the functionalities less challenging, but they are also ensures a smooth running, without any hindrance or hick-up.
This system paves the way to human resource personnel to apply new technologies to effectively gather and appraise employee time and work information. It lets an employee's information be easily tracked so that it can be

assessed on a more scientific level whether an employee is performing to their full potential or not, and if there are any improvements that can be made to make an employee feel more secure. Employee benefits are very crucial because they help to motivate an employee to work harder. By using an automated system in employee benefits, the human resource department is able to keep better track of which benefits are being availed to which employee and how each employee gets the benefits provided. Such automated system also has advantages in HR management because it restrains time and cost consuming activities leading to a more efficient HR department. Technology definitely take away some of the drudgery associated with administration.

14.4.2. HRIS Subsystems

There are several different components, called subsystems that compose an HRIS. They are employee administration, recruitment, time and attendance, training and development, pension administration, employment equity, performance evaluation, compensation and benefits administration, organizational management, health and safety, labour relations, and payroll interface, and as shown in **Figure 14.1**.
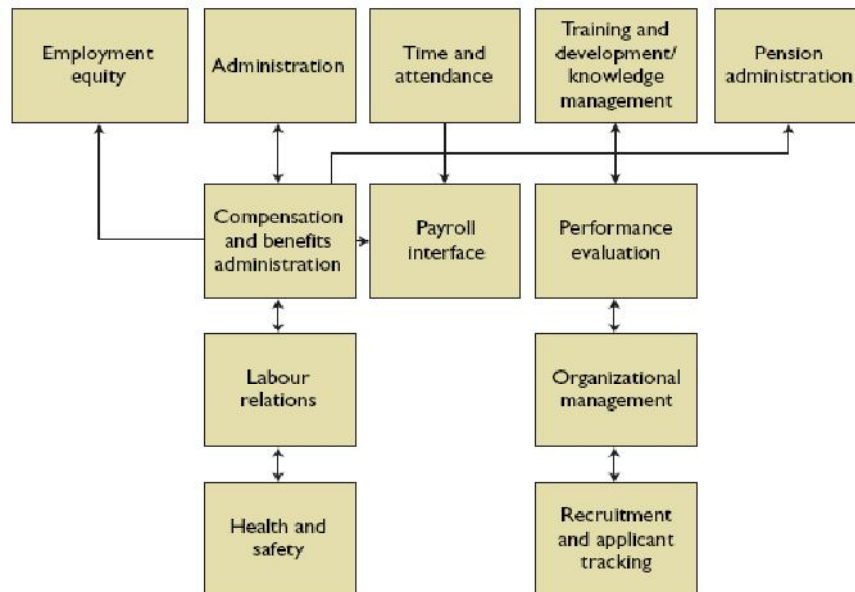

FIGURE 14.1 HRIS Subsystems

Employee Administration: A basic component of an HRIS system is its administrative function. The typical information you would find in an HRIS system for each employee would include hire date, name, address, telephone, e-mail address, birth date, sex, salary, emergency contact information, department code, location, employment status (full-time, part-time, or contract), the start date of each position held, position titles, and benefit information.

Recruitment: This subsystem includes information on the position name and number, the department in which the position resides, whether the position has been approved, and whether the position is full-time or part-time. In some cases, online forms will be available so that applicants can be tracked and résumés can be scanned for key words to identify skills and experience.

Time and Attendance: This subsystem includes the information necessary to calculate vacation time, such as hire date, any leaves of absences (paid or unpaid), termination date if applicable, and any other events that interrupted service. In addition, the company's policy details, such as "use it or lose it," might be programmed into the system. If there are any special rules, then this information is programmed into the system. For example, employees often continue to accumulate vacation on some type of leaves. Other data in this subsystem often include the number of days an employee was absent, leaves of absence, whether these leaves were sabbatical leave, personal leave, or maternity/paternity/paternal/adoption leaves, and the dates the employee started and ended each leave. Policy details would also be programmed; for example, some companies have a policy that states if absenteeism exceeds a certain number of days, then pay will be decreased by a certain amount.

Training and Development: This subsystem includes data on an employee's skills and competencies, training courses taken, costs of courses, developmental activities, and career planning in terms of which positions might be most appropriate for an employee based on skills and competencies.

Pension Administration: Information as to the design of the plan is found in this subsystem. In addition, employee contributions and company contributions for each employee would be included.

Employment Equity: Organizations that are subject to employment equity legislation could include information on the number of employees in the four designated groups (women, Aboriginals, visible minorities, and people with disabilities), type of industry, and geographic region in this subsystem in order to provide the information required by the legislation.

Performance Evaluation: This subsystem includes information regarding performance ratings, the date these ratings were received, the type of appraisals that were used, comments about the appraisal, and performance objectives and goals.

Compensation and Benefits Administration: Information regarding the company's compensation and benefits plans and the policies relating to these plans are found in this subsystem. For example, policies on the type of increases allowable when an employee receives a promotion, data regarding pay grades and ranges for each position, positions that are entitled to a bonus and bonus structure could be included. In addition, information regarding the type of benefit plans, whether there is a cost-sharing arrangement, and what that arrangement would be if an employee took an unpaid leave would also be available in this subsystem.

Organizational Management: This subsystem includes the organizational structure and job descriptions. It may have a field to enter the National Occupational Classification (NOC) codes; described in the next chapter). It may also link positions/jobs to specific workers.

Health and Safety: Accidents happen at work and organizations are responsible for reporting these accidents to the Workers' Compensation Board (or equivalent) in their jurisdiction. Data on the number of accidents, types of accidents, health and safety complaints, resolutions, Workers' Compensation claims, and related forms may be included in this subsystem.

Labour Relations: Such information as seniority lists, union membership, grievances, and resolutions of grievances can be found in this subsystem.

Payroll Interface: This subsystem has information on salary, wages, and benefits to make it easier to interface with accounting (payroll). Most HRIS systems today have a payroll component, and the more sophisticated systems have an ability to directly interface with payroll providers.

14.4.3 Key Functions of an HRIS

The HRIS is made up of a number of subsystems, and data can be stored, maintained, and generated from the system. These data can be used to create information that will serve different purposes for many different stakeholders.

- **Create and Maintain Employee Records:** The data being entered create an employee record and this record is maintained throughout employment. In most organizations the HRIS administrator is responsible for creating (entering the information into the system) and maintaining these records. Accuracy and timeliness are critical. For example, if an employee recently received a promotion and salary increase, this information would need to be entered into the system. Over time, managers, employees, and human resource professionals will all need to access employee records.

- **Compliance:** Data entered into the HRIS can be used to help the organization comply with government regulations in an accurate and timely fashion. Ensuring data integrity and accuracy is very important and a key responsibility of the HR professional. For example, organizations that are subject to employment equity legislation are required to file an annual report. If the data required to produce the necessary information have been recorded and maintained appropriately, these reports can be generated with ease.

- **HR Planning and Forecasting:** Information from the recruitment, training and development, and administrative subsystems, such as number of open positions, types of positions, employee skills and competencies, job rates (salaries), retirement eligibility, and employee turnover rates, can be used to help managers develop long-range staffing plans and provide valuable information to HR professionals.

- **Talent Management/Knowledge Management:** The data that are entered into the system, such as skills, competencies, jobs held, training, and employee development interests, can be used to help managers provide development opportunities for their employees, ensure that the appropriate employees are offered positions that will enhance their skills, provide the appropriate training for employees so they can advance in the organization, and highlight an employee's interests and development paths. This information will help HR professionals to provide more targeted advice and counsel to managers and help HR to work more effectively with employees and managers to create a development plan that meets organizational and employee needs.

- **Strategic Alignment:** Information from the system can help organizations align HR activities more effectively with their strategic plan. For example, if the organization's plan was to enter into a new market and it required a certain number of certain types of employees (say, five accountants), the data from the system can tell management whether it has these employees, and if not, when they are expected to be hired.

- **Enhancing Decision Making:** The ability to extract data from the HRIS and use these data not just to create information but also to improve the quality of management decisions has become increasingly important. HRIS can access a data warehouse, or central repository for all the data collected by an organization's business systems. For example, managers are often asked to recommend an appropriate budget for salary increases. In order to make a "quality" decision, managers might need to confirm the current salaries of their employees, look at the past history of salary increases, review the company policies, and review their employees' performance history. To make a more informed decision, the information needs to be relevant, useful, timely, and accurate.

Some of the most commonly requested reports from the HRIS include :

- basic information, such as name, address, phone number
- compensation reports, such as salary history
- performance evaluations, leaves of absence, paid or unpaid
- number of jobs held and position titles
- number of vacation days taken and number outstanding
- types of training taken and skills acquired
- health-care cost per employee,
- pay and benefits as a percentage of operating expenses,
- cost per hire, return on training,
- volunteer turnover rate,
- turnover cost, and time to fill jobs, and
- return on investment in human capital.

In addition to these reports, managers utilize the system to perform HR calculations

Another use of HRIS data is for making decisions regarding the effectiveness of the organization's human resources.

Workforce analytics refers to the use of HRIS data to assess the performance of an   organization's workforce by using statistics and research design techniques. Workforce analytics attempts to analyze factors contributing to effective HR contribution to the achievement of strategic goals. The ability for HR to use data analytically to aid managers in effective decision making has transformed HR into a "decision science" and enabled it to demonstrate that effective HR management can have a significant and measurable impact on a company's bottom line.

14.4.4. Selecting and Implementing an HRIS

The choice of technology can be described in two ways:

(1) how much customization does the organization want and

(2) what type of system does the organization prefer and need?

Organizations can decide if they want to purchase a system that brings "best practice" or, alternatively, they can purchase a system and customize the software to fit their existing processes. Regarding the type of system, organizations may want a stand-alone system or an **enterprise-wide system** that stores all company data together on a single "platform."

Companies are different in terms of their information needs, their existing technology, and their commitment to technology. They are also different in terms of their ability to afford technology, the value they place on HR information, the size and culture of the organization, and the human resources available to devote to a technology upgrade. A company may need a very simple system that captures time-card and payroll information or it may need a very sophisticated system. But all companies can agree on the key reasons for adoption of HR technology:

(1) cost savings,
(2) faster processing of information, and
(3) a system that will provide relevant information to help the organization achieve its goals.

14.4.5. Process of HRIS

Typically, organizations follow a process to select an HRIS. The process can be divided into three steps:

Adoption Phase

In this phase, organizations typically engage in a needs analysis to determine what type of system they will purchase. A needs analysis helps the organization decide on what the system should be capable of doing and what the technical specifications will be, and helps the organization develop an information policy about how the information should be managed with respect to storage and access. Additionally, a needs analysis will provide the organization with a framework to use to evaluate vendors of software. There are several main areas to be considered in the needs analysis: company background, management considerations, technical considerations, HR considerations, and pricing.

Implementation Phase

In this phase, the company selects a project team. This team typically comprises outside consultants who have the knowledge and expertise on the technical side and also expertise in change management to help the organization with the implementation. In addition to the outside consultants, there is typically a senior project manager who leads the team, subject matter experts from HR and payroll, as well as management from the various functional areas across the organization. After all, these managers will be using the system and it is important for them to ensure that the system is implemented effectively and that their requirements are clearly understood. The activities involved in this phase focus on getting the system "up and running" within a controlled environment so that the system can be tested to ensure it is functioning as the organization requires. The existing data are "converted" into the new system, requiring the transformation of data from the old system to make them compatible with the new system. The software is tested and users are expected to provide feedback before the system goes "live." In this phase, security profiles are established for the users.

Privacy and Security: Major privacy concerns focus on what type of information can be stored on the system. For example, should personal medical histories be stored, who should have access to the computer hardware and software, and who should have access to the databases and be authorized to modify them? Establishing security profiles is a very important activity when implementing an HRIS system. The staff members who will be working with the HRIS are identified and security profiles are established. These profiles determine who has access to what screen, which data elements or fields each person can have access

to, and who will be authorized to change information, enter information, or merely view the information. Security profiles typically are attached to a job description or to an employee number. A final, critical piece of HRIS security is making sure that system users clearly understand and adhere to the company confidentiality and code of ethics policies. All users need to understand that they must not share passwords, post them in view of others, or compromise them in any way.

Institutionalization Phase

The final step in implementing an HRIS is to train the users on the system. The organization's goal is for the stakeholders to use the system and reap the benefits identified through the needs analysis. However, many difficulties can arise with the implementation of a new system. As with any change, people need to become comfortable. People typically have difficulties in transitioning to an HRIS and the organization can experience inertia. Employees need to be trained but even after training they may not feel fully competent and might not use the system. With any new system, stakeholders typically underestimate the complexity of the system.

HR may have difficulty with the change as well. Very recently, a popular extension of HRIS technology has been self-service for employees and managers in order to automate workflow. With these technological developments, the typical activities that HR used to carry out are no longer required and, as a result, HR staff may feel disenfranchised. A recent survey examined the impact of technology on the number of HR staff and found that the implementation of HR technology does not necessary mean a reduction in HR staff and that, in fact, the number of HR staff increased or remained the same.

One technological development that has impacted HR and the delivery of service has been Web-based self-service applications. The next section will discuss these new self-service options and how organizations have benefited from these innovations.

14.5 Transforming HR-Technology Trends

The age of true mobile connectivity coupled with decent connection speeds being made available through the launch of LTE (Long Term Evolution) technology to owners of smart phones and tablets that has now enabled the users to truly be able to reap the benefits of mobile computing. Although connectivity has been around for a while through 2G and then 3G networks, accessing bulk data has still posed problems. There are 2 major technological trends that are starting to transform HR, namely:

1.   Employee Mobility

This is probably the most significant change the workforce is experiencing. Employees are no longer required to be physically present at the workplace for the utilization of their skills. Eg. a software development perspective, programmers are able to post their CV with references online. All that is required is to then submit his programming specification to various parties, evaluate the various proposals prior to selecting the relevant resource to complete the work. In essence the whole transaction can take place without ever having to meet the resource. A far cry from having to employee or contract the necessary skills in and then post project, wonder how you are going to utilise them further.Suddenly scarce skills sets, once almost totally unavailable, are now being

traded globally, and as such have become available for you to utilise, something not possible without the connectivity we experience today.

2.   Data Analytics

Over time HR departments have been collecting data on employees, whether they realise it or not. Through your current HR and Payroll solutions, and any other separate niche products you may use, data has invariably being entered and stored. This can include information such as salary increases, grade changes, employee transfers, leave forms, employee sickness, disciplinary incidents etc. Data which was previously stored and viewed in isolation can now be looked at as a single unit. Combinations of data could include looking at for example those employees with high absenteeism with the corresponding overtime posing the question "Are employees that continuously work a lot of overtime the same group of employees that have high levels of sickness?" Another example could be looking at accidents in the workplace and then seeing which sector of your employees are these most prominent it areas to look at could include gender, age group, employee grade etc.

The power of analytics is data, the more historical data you have, the better your results will be, and if you are one of the organisations that have been collecting data for the past 10 – 20 years, you have a gold mine of information to perform data analytics on, and now is the time to start accessing this data from an analytical perspective. Technology is providing a means for HR to undergo rapid transformation, and in turn HR needs to turn to the effective use of technology to assist them in enabling the organisation to get the best out of each and every employee. With the current versatility and depth of HR technology available in South Africa today, there is certainly no excuse for not having a solution selected and implemented, ready to meet any new business challenges.

Today's HR technology goes way beyond being just a glorified data repository, the technology available can be used as a sophisticated tool for employers to analyse and manage the information needed to recruit top talent, retain this talent through appropriate training and advancement opportunities, and then to also manage the performance of this newly acquired talent within the organisation. If your current HR system is falling short on human resource planning now might be the time to initiate the project to acquire an HR solution that best fits your business requirements. You will also need to factor in the time and cost of training and implementation of the new solution to ensure you have a budget that is adequate for the entire project. Having the best product can easily be negated by a poorly planned and budgeted implementation.

16.5.1 Human Resource Management Systems

Several major software companies provide HRMS packages. SAP, PeopleSoft, Oracle, and ADP are the largest. Depending on the company's needs and size, package options may include some or all of the following services:

- Employee career cycle management
- 24/7 data access to authorized managers
- Customized levels of access to confidential data
- Pre-populated forms and templates
- Access to real-time data with instantaneous updates
- Employee administration
- Benefits administration
- Compliance

- Recruitment
- Performance and development
- Safety and health
- Succession planning
- Time-off management
- Organization management
- Payroll
- Training

For most companies, the hardware and software needed to run these programs are fairly standard. Hardware and software is dependent on the complexity of the HRMS package; more complex HRMS packages require more hardware (e.g., server space and speed).

Another benefit of HRMS includes allowing HR to transition from an administrative department to a strategic management department. The strategic value aspect of the HRMS investment focuses on managing human capital by supporting functions such as recruitment, performance/competency management, employee development, and employee customer service. By executing well in these areas, companies can reduce employee turnover, reduce hiring costs, and improve individual performance.

Another HRMS trend is the use of online surveys. This allows companies to get fast information on their employees, policies, procedures, competition, and anything else they decide to survey. This also gives employees a sense of belonging and contributing to their company. Online employee surveys usually have an 80 percent return ratio, which is much higher than paper surveys.

Employees are becoming more self sufficient in the workplace because of HRMS and the growth of technology. They are able to answer questions, download forms, enroll in benefits, change payroll options, and complete training on their own. This saves both time and money. An employee does not have to make several phone calls in order to speak with the one person who knows the answer to their questions. Answers are readily available, usually on the company intranet. This also frees up HR to focus on more profitable activities for the company, such as recruiting and employee development.

Growing trend includes improved methods for monitoring and managing employees' use of the Internet. This helps management to improve productivity, reduce legal liabilities, and control IT costs. Companies are blocking e-mail that may be offensive in order to reduce legal liabilities. They also are blocking Web sites that are inappropriate for workplace viewing. This has improved productivity by reducing nonproductive activities.

HRMS providers have products for companies of all sizes. These providers profit by maximizing the services they offer. Therefore, they are going to target large companies that need more support. However, providers are still interested in small companies, and those that will need more support as they grow.

SOFTWARE EXAMPLES

There are many software programs designed to help in HRIS process. The following are only a few of the companies currently providing HRIS software:

• Ascentis offers payroll and HRM programs for small- to mid-level organizations, software that tracks many traditional employee benefits and several nontraditional such as paid parking and club memberships.

• Apex Business Software offers HR programs to meet company objectives and manage many facets of the HR process, including employee leave and benefit tracking. They also offer instant access to employee attendance information that can be made available even to customers, thereby enforcing accountability.

• People Track has a wide variety of HR software, including personnel, compensation, safety, applicant, and position management. They also have programs for COBRA and benefit administration, for both simple tasks and strategic planning of HRM.

• Manager Assistant offers software with many different modules developed to assist HR employees in each stage of HR analysis.

• Atlas Business Solutions creates programs that allow easy filing and retrieval of employee information, including vacation accruals and performance evaluations, in their software package called Staff Files.

As the need for corporate cost-cutting, efficiency, and productivity becomes more important, the HRMS industry is going to continue to have strong growth potential. Not only can HRMS help with employee administration from recruiting to benefits, it can save companies thousands of dollars by lowering workforce and employee turnover levels. By 2005, the corporate world had only seen the beginning potential of HRMS.

14.5.2 Predictions for HR Technology

The following predictions are what this group feels will be the most significant t rends that will impact HR Tech in 2013 and onward.

Social Networking:

As businesses strive for greater employee engagement, they will continue to leverage social networks with their processes and systems especially with performance management and learning management. The use of platforms like Pinteret, You Tube and Slide Share will continue to grow as a way to help information stand out in infographics, videos and images. Collaboration will also play a large part in tying the organization's workforce together, providing forums for a new ideas and acceleration within the business.

Personal Devices:

Since more and more employees are using mobile devices and are bringing them to work (and expecting to use them), HR will be partnering more with IT in not only encouraging companies to allow the use of personal devices in the workplace but also helping create policies around their use. Compatibility and

security will bring new challenges to IT in making these devices a part of the workplace.

Mobile vs Desktop:

There's a new generation of talent coming up that views desktops as a relic from the past. The world is growing evermore global and mobile and HR has to be, too. To reach the right talent, you need to be mobile-friendly in design and ease of usage. HR should always go where the talent is and these days it's on. Desktop workstation will start to be replaced by the mobile device especially with the increasing use of tablets among consumers. More consumers use their mobile devices (both in and outside of the workplace), companies will spend time & resources on developing and/or improving processes designed for a smart device particularly when it comes to recruiting, information access and learning.

Predictive Analytics:

While workforce analytics will keep growing as a key HR and business management tool, there will be a huge push to integrate this HR data to help influence decisions in the boardroom. Predictive analysis will start to encroach on the metrics/analytics space as vendors start providing tools for gathering and interpreting trend data for purposes of predicting business environments and the accompanying workforce demands and individual potentials.

Cloud Computing:

More and more companies are moving their HR applications to the cloud. More and more vendor companies, if they are not already there, are putting their software in the clouds. There will be a big drive to meet the demands of the complex global organisation, as the HR Vendor that get this right will have a remarkably competitive edge to their cloud HR systems.

Systems Integration:

As companies continue to merge or be acquired, the need for developing a single global system of record (SOR) grows. And with the increasing use of talent management applications in the workforce, the real need for integration of these processes will become a bigger and to complicate this trend, cloud based systems integrating with premise based systems present challenges likened to "storm clouds on the horizon".

Metrics:

Metrics will no longer be considered an optional part of HR Technology, as vendors will be showing off user friendly dashboards that can be configured used to provide the report and information an HR manager needs. As such, the HR teams that leverage the full power of workforce analytics will see a tremendous playoff for their companies (and their own respective caeers).

Big Data:

Big Data has invaded the HR space, but the understanding of what use it has and what HR and the business can do with it is still in its infancy. The focus will be on not just collecting the data but on the ways to convert the data into information the need will be for the applications that allow meaningful interpretation and analysis leading to better decision making.

Gamification: As the top levels of management recognize the business value of using gaming principles to their advantage, the use of 'play' will be expanded to enhance employee

engagement. As this grows, it will become a bigger part of all HR processes / rewards / recognitions and help to leverage the expectations of the newer workforce which already sees the value in "experimental learning."

Enterprise-wide system A system that supports enterprise-wide or cross-functional requirements, rather than a single department or group within the organization.

Request for proposal (RFP) Request to vendors to schedule demonstrations of the various systems and ultimately choose one that most closely aligns with their needs analysis, budgets, and management requirements.

Electronic HR (e-HR): A form of technology that enables HR professionals to integrate an organization's HR strategies, processes, and human capital to improve overall HR service delivery.

Intranet A network that is interconnected within one organization, using Web technologies for sharing information internally.

Portal A single site that can be accessed within an existing Internet site.

14.6 Summary

The HRM function in organizations has gained increasing strategic emphasis, and the importance of its alignment HRM and business strategies is well-acknowledged. In fact, effective HRM is vital in order to be able to meet the market demands with well-qualified employees at all times. Technology and HRM have a broad range of influences upon each other, and HR professionals should be able to adopt technologies that allow the reengineering of the HR function, be prepared to support organizational and work-design changes caused by technology, and be able to support a proper managerial climate for innovative and knowledge-based organizations. These technological advances are being driven primarily by strong demands from human resource professionals for enhancement in speed, effectiveness, and cost containment. In the present context of increasing globalization, employing organizations and their environments have become increasingly complex. Managers in these organizations face growing difficulties in coping with workforces that may be spread across a variety of countries, cultures and political systems. Given such trends, IT has considerable potential as a tool that managers can utilize, both generally and in human resources functions in particular to increase the capabilities of the organization.

The technology of the future will be about speedy access to accurate current information, and the ability to access this information via multiple systems will give organizations a strategic edge. HR is expected to relinquish its role as sole owner of HR information, so that managers and employees can use this information to solve their own problems using Web-based systems. This new system will not necessarily mean a reduction in HR staff. The new system will enable HR professionals to focus on transforming information into knowledge that can be used by the organization for decision making; it will be about HR and IT working together to leverage this technology. A recent study by the

Hackett Group, a business process advisory firm, found that high-performing organizations spend 25 percent less than their peers on HR because they use technology effectively. To conclude, we discussed some IT-HR trends and how these trends will impact human resources management (HRM). We reflected on the various levels of sophistication by examining the evolutionary aspects of HR technology. These aspects can be characterized into four stages of development: (1) paper-based systems, (2) early personal computer (PC) technology, (3) electronic databases, and (4) Web-based technology. As we prepare our organisation for the challenges of the future, we will need to continue to strengthen our competitive advantage, with HR technology being an essential component playing a pivotal role in ensuring we are able to attract and retain a winning workforce.

14.7 Self Assessment Questions

1. Why would an organization develop an HRIS?
2. What Human resources functions would a large organization utilize efficiently with the investment of an HRIS?
3. List the key functions of an HRIS
4. Elaborate the Web Based self services Trends.
5. Describe the differences between Employee Self Service Systems and Management Self Service Systems.
6. Discuss in detail the role of HR in IT enabled organizations.
7. Assume that you are an HR manager in a small-sized retailing company that is in the middle of entering a global market. There has been a steady fast increase in hires and it is anticipated that within 2 years, there will be a 200% increase in staff. The company is thinking about purchasing an HRIS and you are equipped with the task of recruiting more HR professionals to the team. The impact of technology has changed the HR role. What are the key competencies required of your prospective HR applicants.

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Unit - 15 : Managing Globalisation

Structure of Unit

15.0 Objectives

After completing this unit, you would be able to:

- Understand the relationship between HRM in international environment;
- Define and explain the concept of globalization
- Discriminate between different perspectives on globalization
- Explain the impact of globalization on work and organizations
- Examine the implications of globalization on the practice of HRD within organizations
- Appreciate the implications of globalization on the practice of human resource development

15.1 Introduction

Globalization has been a recent phenomenon that has swept the world. The world has become increasingly integrated and interdependent. It has been the harbinger of radical change. All the Fortune 500 companies have a foothold in the world market and are harvesting good profits. The trade barriers have been lowered worldwide resulting in expansion of trade, foreign direct investment, exchange of technology, promoting the greater movement of people across borders. The Indian markets were also opened for foreign companies and investors resulting in more and more privatization and turned India into a more capitalized form of economy. The liberalization, privatization and globalization policy of 1991 opened up new horizons and new opportunities for the Indian business. Globalization is about the creation of a borderless global economy that allows unhindered movement of finance, products, services, information, and people. This has resulted in changes in forms of how many organizations are structured, how they are managed, how they conduct their operations, and how they plan for the future? Inevitably globalization is having a huge impact on the role, nature, and purpose of HRD in organizations of all the sizes and sectors across the world. When referring to the practice of HRD it is important to understand that this involves several stakeholders, in particular the HRD practitioner, the line manager, are the learner at the operational level, and the HRD practitioner and senior manager at a strategic level. The contribution made by each of these stakeholders varies considerably depending on the context.

15.2 Understanding Globalization

'Globalization' means integration of economies and societies through cross country flows of information, ideas, technologies, goods, services, capital, finance and people. Globalization is a term in business that refers to the integration of an organization's operations, processes and strategies into diverse cultures, products, services and ideas. Because of its emphasis on diversity, globalization also has a deep impact on the way companies manage their employees. Understanding the effects of globalization on human resource can help managers to better equip their organizations for the increasingly challenging global business environment.

Cross border integration can have several dimensions like cultural, social, political and economic. In fact, some people fear cultural and social integration even more than economic integration. Globalization relies on three forces for development:

- The role of human migration
- International trade and rapid movement of capital
- Integration of financial markets.

While looking at globalization following questions need to be answered:

- Does it protect wages and reduce income inequalities?
- Is this good for the economy?
- Does it boost economic growth?
- Is it bad for workers?
- Does it increase poverty and inequality?
- Is this causing a threat to the environment?
- Does it improve our society?

15.3 Globalization and India

In early 1990s the Indian economy had witnessed dramatic policy changes. The idea behind the new economic model known as Liberalization, Privatization and Globalization in India (LPG), was to make the Indian economy one of the fastest growing economies in the world. An array of reforms was initiated with regard to industrial, trade and social sector to make the it more competitive. The economic changes initiated have had a dramatic effect on the overall growth of the economy. It also heralded the integration of the economy into the global one. The Indian economy was in major crisis in 1991 when foreign currency reserves went down to $1 billion and inflation was as high as 17%. Fiscal deficit was also high and NRI's were not interested in investing in India. The following measures were then taken to liberalize and globalize the economy:

Globalization and the social sector

As globalization continues people tend to discard long standing restrictions, prejudices and discriminations based on gender, race colour and religions. Benefits of globalization in the developing nations can also be observed in the improvement of the socioeconomic status of women there. India has seen a rapid rise in the status of women, looking at the presence of women in every field. The advancement in medicine, new and amended public health polices, and increase in food supplies also count as other benefits of globalization. India is fast becoming a centre for medical tourism; the advances in the medical services have diminished the infant mortality rate and increased the expectancy of life.

Globalization and Indian Manufacturing

The reforms involved putting an end to the license Raja, reduction of high industrial tariffs, the privatization of metal refining car manufacturing, telecoms and information technology companies, the liberalization in the area of exchange mergers, takeovers, global alliances joint ventures and collaborations are taking place, almost every day. India's telecom sector is exploding and all the big handset makers are talking about setting up manufacturing facilities here so that they can cater to this strong domestic demand", says Shirish Sankhe, a partner

at Mckinsey in India. This shows that even in a sector where imports were cheaper because of zero duties, "Made in India" is being preferred. Manufacturing capacities are being expanded the country is emerging as a global source. Globalization has increased share in GDP.

Globalization, Wages and the Income Inequalities

Research indicates that FDI tends to increase wage levels and reduce poverty in both developing and developed countries. For developing ones, it increases income inequalities in the short term but levels them with greater investment over time. For developed countries FDI tends to decrease income inequalities. Income inequalities among the richest and poorest nations seem to be decreasing. According to the liberals, globalization is an effective tool for eliminating want and for permitting the poor people to get hold of a steady grip of the global economy.

Globalization and Education

Entry of foreign universities is the best example of it. India has become a hub of information technology outsourcing, after the government decided to privatize education ten years ago. The most dramatic impact of the 21st century "Foreign Hand" is in the opening of the higher education sector to foreign institutions. The Ministry of HRD (Human Resource Development) has withdrawn the requirement for prior approval before Indian institutions enter into MOUs with foreign institutions. This is undoubtedly a pragmatic step, which reinforces the autonomy of universities and institutions.

Globalization and Environment

There is no denying the fact that pollution is reality associated with increased manufacturing shift to developing countries. In an empirical study, Dande found that globalization triggers an increase in CO_2 emission which is the main culprit of global warming. A more positive view of globalization would be that it has the potential to enhance productivity and raise the living standards everywhere, since a globally integrated economy makes for a better division of labor and an environment which can be exploited by the large companies to achieve economies of scale. It also claimed that, with globalization capital can be shifted to whatever country offers the most productive investment opportunities, creating economic growth. The concept of corporate social responsibility needs to become a globally accepted fact alongside the globalization of markets, since it will ultimately benefit the business.

Actions by India

The second set of measures that should form the part of the action plan must relate to strengthening India's position in international trade. India has much strength, which several developing countries lack. In that sense, India is different and is in a stronger position to gain from international trade and investment. India's rise to the top of the IT industry in the world is a reflection of the abundance of skilled manpower in our country. It is, therefore, in India's interest to ensure that there is a greater freedom of movement of skilled manpower. At the same time, we should attempt to take all efforts to ensure that we continue to remain a frontline country in the area of skilled manpower. India can attract greater foreign investment, if we can accelerate our growth with stability. Stability, in this context, means reasonable balance on the fiscal and external accounts. We must maintain a competitive environment domestically so that we can take full advantage of wider market access.

Wherever legislations are required to protect sectors like agriculture, they need to be enacted quickly. In fact, we look a long time to pass the Protection of Plant Varieties and Farmers' Rights Act. We must also be active in ensuring that our firms make effective use of the new patent rights. We need a truly active agency in India to encourage Indian firms to file patent applications. In effect, we must build the complementary institutions necessary for maximizing the benefits from international trade and investment. Changes in the foreign trade and foreign investment policies have altered the environment in which Indian industries have to operate. The path of transition no doubt is difficult. A greater integration of the Indian economy with the rest of the world is avoidable. It is important that Indian industry be forward looking and get organized to compete with the rest of the world at levels of tariff comparable to those of other developing countries. Obviously, the Indian Government should be alert to ensure that Indian industries are not the victims of unfair trade practices. The safeguards available in the WTO agreement must be fully utilized to protect the interests of Indian industries. Indian industry has a right to demand that the macroeconomic policy environment should be conducive to rapid economic growth. The configuration of policy decisions in the recent period has been attempting to do that. It is, however, time for Indian industrial units to recognize that the challenges of the new century demand greater action at the enterprise level. They have to learn to swim in the tempestuous waters of competition and away from the protected waters of the swimming pools. India is no longer a country producing goods and services for the domestic market alone. Indian firms are compulsory and are in the process of becoming global players in a big way.

15.4 Impact of Globalization on Organizations

Principal drivers of globalization are:

- Advancements in technology and communications,
- Global competition, and
- Changing organizational structures.

These have impacted the businesses in a variety of ways (described in the table as 'organizational requirements').

Table 15.1 The impact of economic globalization on organizations

DRIVERS OF GLOBALIZATION	ORGANIZATIONAL REQUIREMENTS
Technology and communications • Digital technology (speed, efficiency) • Portability(laptops, palmtops, mobile phones) • Workflow/collaboration software (24/7 working, higher productivity) • Connectivity (Internet, intranets) • Customization (products, services) **Global competition** • Integrated global market • Free market capitalism (US Model) • Global brands • Deregulation • Off shoring (labour intensive and low automation) • Outsourcing (low value-added activities) • Disintegration of supply chains and fragmentation of production processes (having different parts of the process carried out in different countries to minimize costs) **Organizational structures** • Mergers, acquisitions, and alliances • Restructuring • Migration of work (manufacturing, services and specialist/knowledge functions) • Workforce demographics (diversity: gender, ethnicity, age) • Health (longer life spans in developed countries)	• Global leadership (understanding global markets; matching management practices to the needs of a global business) • Adaptable and flexible organizational structures (e.g. flexible firm; integrating offshore and outsourced elements of the firm; matching structure to innovation requirements) • Managing supplier chains (implications of outsourcing and off shoring; preparing managers for international assignments) • Managing a diverse workforce (external and internal labour markets) • Updating core competencies and skills • Innovation (better products and services at a lower cost; shorter product life cycles) • Knowledge management systems for knowledge creation, sharing, and transfer • Retention of intellectual capital • Cost reduction (e.g. labour) • Increased productivity (quality of service) • Market expansion

15.5. Globalization and HR

Globalization has made it possible for companies of all sizes to reach customers on a worldwide scale with their products and services. But it has also made it necessary for businesses to ensure that their human resources practices evolve in order to recruit, train, supervise and retain the best workers. Companies have had to find a balance between maintaining consistent corporate cultures and addressing cultural, language and other differences among markets.

Recruiting Challenges

A globalized market means there is more intense competition to nurture the best talent. A 2006 study by the consulting firm Development Dimensions International found that companies are responding by adjusting their Internet advertising and other recruiting tools to reach candidates in target markets. More than 80 percent of the companies make use of expatriate assignments, sending locally based workers overseas for projects or management missions that could last two to three years, but this can be costlier for a company in terms of pay, language and other advance training.

Changing Demographics

Boston Consulting Group found in a 2008 global study that companies worldwide are concerned about the need to replace older retiring workers over the long term with younger workers. This is of particular concern in some markets, including the United States, Europe and Japan, where the workforces are aging and the pool of younger workers has been shrinking for several years. In markets like India and Latin America, there is a relatively large pool of young talent, but those workers place a higher priority on maintaining a work-life balance, which must be addressed in efforts to recruit highly skilled and sought-after workers.

Staying Consistent

The DDI study found that more than 80 percent of respondents were taking steps to make HR practices consistent across all their global offices, including developing a common corporate culture. There are several challenges, however, including differences in social and economic environment, and resistance to change of any kind among long-established offices within a company. There are also differences among global regions in the importance that managers and workers place on HR functions and the way employees respond to and interact with authority figures.

Adjusting Oversight

Companies generally are becoming increasingly decentralized in the way they oversee HR, with supervision placed more in the hands of regional offices. However, to maintain fairness in pay, promotion and other practices, they still need to develop standardized policies that respect cultural differences. They need to fine-tune their leadership and worker training as well as their processes for interviewing and assessing job candidates -- in order to keep general policies consistent and enforceable.

15.6. Distinction of Domestic and International HRM

Domestic HRD is typically defined as a broad typology that covers three areas:

- Work relations (i.e. the way work is organized, the division of labour and the deployment of workers around technologies and production processes);
- Employment relations (i.e. the arrangements governing such aspects of employment as recruitment, training, promotion, job tenure and the reward of employees); and
- Industrial relations (i.e. the representational aspirations of employees and the 'voice systems' that may exist,

Domestic HRM has not developed in isolation, but rather in the context of industrial change and economic development. The internationalization of HRM, becomes increasingly complex as new types of employees and their unique attributes are considered as part of the IHRM activities:

- Host-Country Nationals (HCNS),
- Home-/Parent-Country Nationals (PCNS) and
- Third-Country Nationals (TCNs) (Morgan, 1986).

One obvious difference between domestic and international HRM is that staff is moved across the national boundaries into various roles within the international firm's foreign operations – these employees have traditionally been called '**expatriate'**. An expatriate is an employee who is working temporarily and is residing in a foreign country. Domestic HRM is the employees within only one national boundary; on the other hand International HRM deals with 3 nationals or country categories (expatriate): PCN, HCN and TCN.

Broadly speaking factors that differentiate international from domestic HRM are:

1. A wide range of HR activities
2. The need for a broader perspective
3. More involvement in employee's personal life.
4. Responsiveness to changes in requirements as international strategy changes.
5. Higher risk exposure
6. More external influences.
7. The complexities of operating in different countries / cultures
8. Employing different nationals and categories of workers across boarder.

The complexity of operating in different countries and employing workers/employees from different countries is the key variable that differentiates domestic and international human resource management, rather than any major HRM activities performed to manage.

The HRD practitioners responsible to manage an international cross section of employees. The globalization presents an unique opportunity that is to deliver a wide range of HRD interventions that add value to an organization. In order to achieve this they need to work in partnership with key stakeholders at both a strategic and operational level. Managing these stakeholder relationships is a challenging and complex task and is influenced by how the HRD function is structured. In order be a successful HRD practitioner one must understand global trends and the issues that matter most to their stakeholders. This knowledge needs to be integrated with an understanding of the global economy and different national HRD policies and practices and an understanding of cultural differences and how all these can impact on formal and informal workplace learning. In

addition HRD practitioners must know to design, deliver and evaluate strategic global training in a multinational environment. This enables the HRD function to design interventions that are linked to the achievement of organizational goals. For business corporations most of these goals will be financially oriented. HRD should adopt a leadership role to ensure that the globalization brings its benefits to humanity. Organisations also vouch for 'socially conscious' HRD which involves promoting ethical and socially responsible management and leadership.

The nature and purpose of HRD at an organizational level differs across countries and regions and between different types of organization. The purpose of human resource management (HRM) is to enable appropriate deployment of human resource so that the quality culture can be maintained and also satisfy the customers not only at the national level but at the global level too.

15.7. Globalization and HRD

Internationalization of the business not only influences the labour markets and staffing requirements but also HR practices. Multi domestic operations (MDOs), Joint Ventures (JVs) and strategic Alliance (SA) are common forms of business structures across regions. Changes in organizational structures, relationships with overseas operations, state – of – the art communications technology and global market now demand different HR approaches for managing MNCs. Globalization of business has probably touched the HR managers more severely than any other functional heads. The HR executives needs to give international orientation to whatever he or she does like employee hiring, training and development, performance review, remuneration, motivation, welfare, or industrial relations. International orientation assumes greater relevance as business get increasingly interlinked across nations.

 Since an international business must procure, motivate, retain, and effectively utilize services of people both at the corporate level and at the foreign locations, therefore, the process of procuring, allocating and effectively utilizing human resources' skill, knowledge, ideas, plan and perspective corresponding to TQM is called **International Human Resource Management**.

15.7.1 Dimensions of Globalised HRM
According to P.V. Morgan: Global HRD is the interplay among 3 dimensions:
1) Broad HR activities– procurement, allocation and utilization of human resources cover all the six activities of domestics HRM i.e, HR planning, Employees Hiring, Training and Development, Remuneration, Performance Management and Industrial Relations.
2) The three **types of employees** of an international business are –
- Parent Country Nationals (PCNs) ,
- Host Country Nationals (HCNs) and
- Third Country Nationals (TCNs).

3) The three **types of national or country categories** involved in Globalized HRM activities are:
- The host country where subsidiary may be located
- The home country where the company has its head quarters and
- Other countries that may be sources of labour or finance.

18.7.2 Major Issues in International HRM

According to Hendry (1994), there are three main Issues in IHRM:

1. The management and development of expatriates- selection, training, compensation and repatriation of expatriate failures.

2. The internationalization of management through out the organization (host country, parent country and other third countries)

3. The need to internationalize the whole organization by creating a new corporate culture reflecting the need for greater international experience across the whole organization, due to the increasing frequency of cross cultural interactions of managing business that is at home and abroad mainly Cultural communication & gauge and Language and communication

15.8. Managing Global HRD Interventions

International human resource management is the basis of success of any global multinational organization. International HRM enhances employee's effectiveness to achieve goals of the organization and meet the needs; to develop employees to handle more diverse tasks, assignments, face challenging situations and better understand the cultural variations across the nations.

International HRM department deals with heterogeneous functions and has to pay additional focus on various aspects, such as:

1. More involvement in the employee's personal life.

2. Deal with different groups of employees i.e. PCN, HCN and TCN for which HR policies and practices may differ. International HR managers have to understand cultural differentiation in multicultural environment.

3. Manage external influences, i.e host government authorities, business and other stakeholders and pressure groups like trade unions and political entities.

4. Lay different emphasis on management training to deal diverse workforce, their orientation and to meet international environment and

5. Provide guidance on taxation and compensation aspects.

15.8.1 The international dimensions in Global HRM/HRD: The practice of HRM in the international context is different from its domestic counterpart in a number of ways. These include:

1. Being responsible for a greater number of functions and activities such as selection, training and management of international assignees.

2. Having to expand one's area of expertise to include a much broader knowledge of foreign country employment laws and global organization designs.

3. Having to get much more closely involved with employees lives as the firm moves employees to foreign assignments. For example, collecting information and furnishing to visa authorities about aids or material status of employees.

4. Being involved with greatly expanded and constantly changing mix of employees (from the host countries and foreign locals), adding considerable diversity and complexity to the HR tasks.

5. Having to cope with more external influences; for example to consider the impact of foreign cultures and laws.

6. Having to face greater exposure to problems and liabilities (for example, making mistakes in expatriate assignments can cost as much as US$4 million per assignee). The accumulated direct and indirect costs can be huge.

7. Additional responsibilities like translation of language, both at headquarters and at the subsidiary level, organizing schooling and housing for expatriates and providing administrative services.

8. Management of differential compensation due to variety of allowances and adjustments.

9. More emphasis on activities like international relocation and orientation, both pre eparture and post departure cultural training. Knowledge of international taxation, rate of inflation and cost of living, including currency fluctuation.

10. Diversity management, like managing people from different cultural and political backgrounds and gender differences.

11. More contacts with Government officials for obtaining visa, work permits, tax certificates, fixing of meetings and so on.

12. More coordination and travel to assess performance of expatriates and solve problems.

13. More risk management as threats from terrorists, kidnappers and protecting intellectual property rights of firms.

14. More public relations work to enhance the multinationals image and deal with human rights and other NGOs and interest group operating in different countries.

What type of people are required where or in which unit, depends on the following points:

• Availability of useful human resources

• Economic Justification / cost effectiveness

• Employee motivation and performance

• Global exposure for need of the organization

• Development of Cross cultural Management

• Brand Loyalty or International fame.

The implications of globalization for HRD interventions and practices are mentioned in the following table in detail:

Table 15.2 The implications of globalization for HRD interventions and practices.

Organizational requirements	HRD interventions and practices
The development of global leaders Developing leaders who can think and act from a global perspective is a critical success factor for organizations operating in global markets. There is a view that organizations need to create a unique leadership brand	**Formal** • Management development programmes that focus on the development of leadership skills. This includes inhouse and external programmes (T&D) • Educating managers to behave in ethically and socially responsible ways. This can be achieved through workshops, courses, conferences and seminars, mentoring programmes, and executive coaching (T&D) • Identifying less senior managers and developing who demonstrate potential senior managerial talent. This can be linked to organizational systems for career development and succession planning (CD) **Informal** • Promoting ethical management and leadership as part of daily activities (HRD practitioners and senior managers as role models) • Informal mentoring and coaching (can include upward coaching)
Adaptable and flexible organizational structures There is an increasing number of mergers, acquisitions, alliances, and joint ventures, often involving cross-national and cultural boundaries. Management need to help ease any transition and counter engrained attitudes that may hinder the process of change. Organizations of all sizes seek some degree of flexibility	**Formal** • Creating and sustaining new forms of organizational structures with cultures based on cooperation and collaboration (OD) • Management training in change management processes (T&D) • Keeping departments and employees affected by an impending merger or acquisition informed about the change using multiple communication channels (OD) • Educating management about potential reorganization options and the implications for the organization and its workforce of those options (T&D) **Informal** • Keeping departments and employees affected by an impending merger or acquisition informed about the change using informal communication channels
Managing supplier chains The off shoring and outsourcing of parts of the supplier chain (e.g. production) has resulted in the dispersion of core assets and the creation of competence clusters around the globe. The number of global organizations has continued to rise and the number of employees, primarily managers, relocating abroad also continues to increase. However, there is a lack of consistency in preparing managers for international assignments. For instance, many US companies are sending employees abroad without any preparation	**Formal** • Creating and sustaining new forms of organizational structures (OD) • Building global teams that can handle problems of diversity and distance (OD, T&D) • Training local customer service/call centre staff in British or American language and voice skills (as well as product and customer skills training). This is important as it helps create empathy with the customer (T&D) • Training local, indigenous managers in modern management techniques and behaviours (T&D) • Cross-cultural training for managers: educating them in 'cultural fluency' (i.e. the ability to work effectively within and between multicultural environments) (T&D) • Increasing the cultural competence of employees generally (OD, T&D) • Preparing employees and managers for expatriation (T&D, CD) **Informal** • Facilitating the activities of global teams • Preparing employees and managers for expatriation
Managing a diverse workforce Internal and external labour markets are becoming increasingly diverse.	**Formal** • Diversity education and training programmes. These communicate the importance of diversity and help to

For instance: the skill needs of immigrant workers; the rising number of female workers; employees working beyond the traditional retirement age. It is likely that those organizations with cultures that support diversity will be better positioned to retain the best talent needed to remain competitive. There is also a need to improve basic literacy and numeric skills among low skilled and low-paid employees	remove barriers, among as employees those who do not understandthe value of diversity (T&D) • Developing cross-cultural team working and communication skills. Cross-cultural training, traditionally restricted to preparing employees for expatriate assignments, can be used to help domestic employees interact with colleagues from diverse cultural backgrounds (T&D, OD) • Training immigrants in technical and customer service skills (T&D) • Reskilling and retraining of older employees beyond the traditional retirement age (T&D) • Providing employees with opportunities to improve their basic literacy and numeric skills to give them the potential to break out of the low-wage cycle (CD, T&D) **Informal** • Promoting cultural sensitivity • Helping employees understand how they can learn from team experiences
Updating core competencies and skills The core competencies and skills needed by employees are changing rapidly as new forms of technology are introduced, new products and services are developed, new markets are opened up, and suppliers are sourced from around the globe	**Formal** • Systems for the identification and monitoring of core competencies and skills (OD) • Training and development programmes to enable employees to upgrade or learn new competencies and skills (T&D) • The promotion of lifelong learning (CD) • Developing alliances with regional and national institutions (e.g. Learning Skills Councils in Britain; labour–market partnerships in the US) (OD) **Informal** • The promotion of lifelong learning and facilitation of informal workplace learning
Innovation The need for innovative products and services. The life cycles of many products and services are becoming shorter day by day, which places increasing demands on the ability of organizations to be innovative	**Formal** • Developing a global culture of continuous learning which instills employees with a spirit of innovation (OD) • Helping employees to unlearn old behaviours and skills and to learn new ones (T&D, OD) • Creating new ways to work (OD) **Informal** • Promoting the role of informal groups and social networks as sources of innovation and problem-solving • Facilitating the activities of informal groups and social networks • Helping employees to unlearn old behaviours and skills and to learn the new ones
Knowledge management systems Knowledge management (KM) systems are needed to ensure the effective creation and sharing of knowledge within an organization and transfer around the globe. The latter, in particular requires sophisticated technology.	**Formal** • Developing employee competencies in knowledge creation, sharing, and transfer (T&D) • Creating a learning infrastructure that maximizes opportunities for organizational learning and knowledge sharing between organizations (OD) • Improving employee familiarity with technology-based KM systems through the utilization of new technologies to deliver e-learning programmes around the globe (T&D, OD) **Informal** • Facilitating knowledge management processes involving both electronic and face-to-face interactions • Identifying and improving opportunities for knowledge creation, sharing, and transfer

15.8.2 HR Development Interventions

Globalization allows businesses to recruit and hire employees from all around the world. This is particularly to attract the smaller businesses who, may not be able to hire more than a few employees also can hire the very best talent, even if that talent doesn't live locally. The HR trend of international recruitment and hiring is focused on bringing diversity to the organization and it recognizes the fact that employees from abroad may be able to provide unique perspectives on customer service, marketing and sales, among other areas of the business.

Recruitment

Attracting, hiring and retaining a skilled workforce are perhaps the most basic of the human resources functions. There are several elements to this task including developing a job description, interviewing candidates, making offers and negotiating salaries and benefits. Companies that recognize the value of their people place a significant amount of stock in the recruitment function of HR. There is good reason for this as having a solid team of employees can raise the company's profile, help it to achieve profitability and keep it running effectively and efficiently. With the rise of globalization, companies of all sizes are now interacting with customers and stakeholders from diverse cultures, languages and social backgrounds. In response, many human resources managers seek to hire employees from equally diverse backgrounds. Companies engaging in this diversity recruitment recognize the value of having those people on staff with whom customers can relate to, and they know that having a team of diverse people contributes to the range of ideas and influences within the organization.

Supply and Demand

When viewed from a global perspective, the demand for employees exceeds the supply. This can be especially true for highly skilled jobs, or positions that require specialized knowledge. HR must not only find qualified candidates, it must find them in locales across the globe. If your company has a need for a specific type of employee that you are used to finding locally, you may be surprised that such employees don't exist in remote locations where you need them. HR department must devise strategies to relocate or train employees to suit company needs.

Communication

Though the Internet has made global communication simpler, time zones have not. HR must devise ways to communicate vital information in a timely manner, without expecting remote employees to be available at odd times, such as at midnight or at the early morning hours. HR departments can meet this challenge by limiting same-time communication to emergencies only, and setting up email alerts that arrive at the beginning of the remote employee's work day.

Push for Professional Development

A further effect of globalization on HR management is a push for professional development. Professional development is about providing employees with opportunities for growth outside the day-to-day routine of the organization. For example, HR might send employees to training seminars to sharpen their IT skills for use in global social media campaigns, or customer service personnel might be sent to language courses to enhance their ability to communicate with customers who live abroad. Such professional development programs keep employees motivated and feeling rewarded, and the new skills these employees learn are put

to direct use within the company. Professional development is concerned with providing employees opportunities to achieve their career-related goals. Some organizations provide resources for their employees to earn a university degree; others send their employees to conferences or networking events and training. Professional development is important to globalization because it creates a win-win situation. The employees feel that the organization is concerned with providing a range of skills and competencies for their employees. Likewise, the organization benefits from the added skills and connections that the employees who take advantage of professional development programs acquire. Professional development training programs have also arisen as a trend in response to global compensation approaches. Many human resource departments offer professional development opportunities to their employees by sponsoring them to visit conferences, external skills training days or trade shows. The result is a win-win: it helps the employee feel like she is a vital and cared-for part of the team and the organization benefits from the employee's added skill set and motivation.

Greater Emphasis on Training
Closely related to training in HR's function is professional development. But whereas training needs are centered on the organization's processes and procedures, professional development is about providing employees with opportunities for growth and education on an individual basis. A greater emphasis on training has resulted because of globalization in human resources management. Training, however, tends to be focused on the needs and professional competencies of groups of employees within the organization. The company might, for instance, host language classes to give its call center staff an edge in telephone sales. It might also teach its employees how to use a new global software platform. This emphasis on training seeks to give the company a competitive edge in the global marketplace by honing the employees' diversity emphasis. Even when an organization hires skilled employees, there is normally some level of on-the-job still required training that the human resources department is responsible for providing. This is because every organization performs tasks in a slightly different way. One company might use computer software differently from another, or it may have a different timekeeping method. Whatever the specific processes of the organization, human resources has a main function in providing this training to the staff. The training function is amplified when the organization is running global operations in a number of different locations. Having streamlined processes across those locations makes communication and the sharing of resources a much more manageable task. HR must devise ways to deliver training to employees abroad who cannot attend live sessions in the company's home country. Solutions may include self-paced training; virtual training that is live but conducted through Internet connections, and teleconferences. If the nature of the training is such that personal contact is essential, HR must find ways to either send trainers abroad or bring remote employees to the home country temporarily.

Expatriation
HR department may have to persuade employees to work abroad for extended periods. That means they must provide for housing, orientation to new customs and even new language skills. HR department also must be prepared to provide such services to entire families, because employees with families cannot be expected to spend extensive time abroad without their spouses and children.

Management of Laws across Jurisdictions

A final effect of globalization on human resources management is the need for businesses to understand and apply the laws of many different jurisdictions to the particular business. For example the federal government sets out a number of tax and labor laws that businesses operating in the United States must comply with, but there may also be local and regional laws that apply to companies that operate in different states or different countries. Selling products in Europe, for example, might mean that a company has to impose a Value-Added Tax on its goods. Hiring employees at branches in different locations might change the requirements on minimum wage, tax allowances or working hours. Understanding these laws is vitally essential to the organization because any breach of them will have a serious impact not only on the business's financial well-being but also on its reputation. The final function of human resource management is perhaps the least glamorous but arguably of utmost importance. Ensuring legal compliance with labor and tax law is a vital part of ensuring the organization's continued existence. The federal government as well as the state and local government where the business operates impose mandates on companies regarding the working hours of employees, tax allowances, required break times and working hours, minimum wage amounts and policies on discrimination. Being aware of these laws and policies and working to keep the organization completely legal at all times is an essential role of human resources.

Progressive Approaches to Benefits and Compensation

Similar to the trend of recruiting abroad from a diverse pool of applicants is a progressive approach to provide benefits and compensation to employees. Federal laws mandate minimum wage and basic employee benefits; however, globalization has brought new ideas to business owners and managers on how to reward their employees both as a standard policy and as a reward for hard work. Taking their cues from abroad, some U.S.-based businesses are now offering paternity leave, extended holiday time, work-from-home programs and flexible childcare options for their employees. These approaches to compensation allow employees to balance their work with their personal life and are aimed to increase happiness and productivity among the staff. HR must now adapt to new ways of providing benefits to an organization's employees. Non-traditional benefits such as flexible working hours, paternity leave, extended vacation time and telecommuting are ways to motivate existing employees and to attract and retain new skilled employees. Balancing compensation and benefits for the organization's workforce is an important HR function because it requires sensitivity to the wants and needs of a diverse group of people.

Introduction of Social Media

Social media and mobile technologies are a hot trend in HR globalization. Social and mobile tech enables HR to expand its services by more easily and rapidly communicating with employees. If the office will be closed for inclement weather, for instance, HR can send social media messages to let employees know as opposed to using a phone free. Social and mobile tech also helps HR to increase the value of the company by providing the business with employees who are tech savvy and eager to embrace new ways of doing business.

15.9   Implementation and Limitations of Global HRD

18.9.1 Globalized HR Strategy Implementation

The successful implementation of a global HR system means overcoming significant planning and technical challenges, as well as meeting regulatory compliance demands liable to change based on region or country. The central role of HR in business processes and employee relations also complicates the process and calls for increased caution during implementation, so as not to create unnecessary disruption to business activities.

Executive Buy-In

All projects that entail a widespread change in departmental or organizational behavior meet resistance. Overcoming this resistance means that the business owner, executive or senior management must buy-in elaborate this to the change and demonstrate support. Top-level support gives the team tasked with HR system implementation the necessary clout to secure buy-in from mid-level and regional management. Executive buy-in also simplifies securing the necessary resources to bring the project to a successful completion.

Project Teams

The business needs to create a project team tasked with developing, coordinating and managing the system implementation at a global level. The business also needs to create teams to handle the implementation at the local or regional level. Both the global and regional teams should include IT and HR experts to ensure that the technical and HR-specific requirements are accommodated.

Communication

Communication plays a pivotal role in the success of a global implementation of an HR system. Keep the organization as a whole in the loop about the proposed change and its impact by means of emails, newsletters and announcements. HR departments should receive detailed information about the timing of the planned changes, required training and the method of the system change. Software installations performed on individual computers represent a very different situation than a new program that gets installed on servers and appears on workstation desktops from one day to the next. Knowing what to expect helps employees and managers prepare.

Phased Roll-Out

The roll-out plan for the new HR system should happen in phases, both regionally and within the individual offices. Rolling out the system in one region at a time offers a number of benefits. It allows the company to receive feedback and correct any functionality problems before moving on to the next region. The phased approach also gives the company a chance to adapt the system to any regional quirks that defy a standardized approach. The system should become available to employees in a phased manner as well, starting with department heads and moving down in stages. This allows senior staff to master the system before they must field questions about it.

Enlisting Support

The business may find it necessary to enlist the support of the system provider or consultants during the implementation process. HR programs often cannot communicate with one another, which mean the vendor for the new system may need to develop a fix that allows the new system to import and interpret data from the old system. If your business has little experience in a global-level change projects, it's a good idea to hire a consultant with experience in global change management and HR may help the company avoid costly or time consuming mistakes.

15.9.2 Formulation and Implementation of an effective IHR Strategy

The following checklist identifies some of the critical decisions/actions required in the formulation and implementation of an effective IHR strategy.

1. Ascertain the current and intended nature of international operations in the organisation (multi-domestic, international, global or transnational?)

2. Determine the extent to which HR policies and practices should be standardised or localised in accordance with overall organizational strategy.

3. Assess the extent to which local cultural, social, political, economic and legal factors will impinge on any attempts to apply standard HR policies if integration is a key factor in organisational strategy.

4. Ensure a computerised database of global human resources is used if integration is desired.

5. Work with the senior management team to identify the competencies required to achieve global organisational objectives.

6. Work with national HR and line managers to formulate IHR policies and practices in the key areas of sourcing, development and reward which will embed a transnational mindset in the organisation.

15.9.3 Limitations in managing globalised HRM

- Management is basically the principle based on local cultures, traditions, practices and needs of the organizational growth. It is not universal for everywhere, especially in the field of human resources management.

- HRM methods and systems developed by one society can not always be transferred and applied to another.

- HRM and industrial relations practices differ across countries as these have their historic origin in countries.

- Personnel management and industrial relations are embedded in societal rules, norms, values, ideologies and no MNC can afford to ignore the influence of local culture.

15.10 Summary

In a competitive scenario of globalization, effective utilization of human resources has become necessary and the primary task of every organization is to identify, recruit and channel competent human resources into their business operations for improving productivity and functional efficiency. Business environment has become global business environment. This chapter defined and explained the concept of globalization by drawing upon two contrasting perspectives. The dominance of the economic perspective was highlighted and discussed. The principal drivers of globalization were identified as advancements in technology and communications, global competition, and changing organizational structures. It was argued that particularly for those working in an international context globalization presents HRD practitioners with the opportunity to deliver a wide range of HRD interventions that add value to an organization. But to achieve this they need to work in partnership with key stakeholders at both a strategic and operational level. Comprehensive review presented shows the importance of it. It should be clear that the increasing importance of globalization cannot be underestimated or ignored. In more than one way globalisation is the need of the hour. Only countries which have effective social practices can in a true sense, reap the payback of globalisation. The degree of adaptation on International HRM to local customs in various subsidiaries of MNCs will be remaining on the strategic agenda and managing International HR activities is an elaborate and complex task for to day's manager. Virtually any type of international problem, in the final analysis, is either created by people or must be solved by people. Hence, having the right people in the right place at the right time emerges as the key to a company's international growth.

15.11 Self Assessment Questions

1. When analysing the impact of globalization on an organization try to think about the social and environmental implications as well as the economic.

2. What are the principal perspectives on globalization?

3   Summarize how globalization is impacting on organizations generally. What are the Principal implications for human resource development practices?

4   Is it really possible for business corporations to operate ethically in a global economy when their primary goal is to maximize profits? Can you identify any examples of good and bad practices?

5. Discuss various Global HRD interventions. What are the dimensions of Global HRM?

6. Explain in detail the implementation and limitations of Global HRD strategy.

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