ALAGAPPA UNIVERSITY

[Accredited with 'A+' Grade by NAAC (CGPA:3.64) in the Third Cycle
and Graded as Category–I University by MHRD-UGC]

KARAIKUDI – 630 003

DIRECTORATE OF DISTANCE EDUCATION

P.G. Diploma in Hospital Administration

418 24

HUMAN RESOURCE MANAGEMENT IN HOSPITALS

II - Semester

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HUMAN RESOURCE MANAGEMENT IN HOSPITALS

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SYLLABI-BOOK MAPPING TABLE

Human Resource Management in Hospitals

Syllabi	Mapping in Book
BLOCK - I: BASICS OF HUMAN RESOURCE MANAGEMENT IN HOSPITALS **Unit 1:** Human Resource Management: Definition – Nature and Scope – Objectives Functions **Unit 2:** Role of HRM in Hospitals – Human Resource Planning: Nature and Scope Objectives – Need and Importance **Unit 3:** Human Resource Planning Process – Job Analysis – Job Description – Job Specification. **Unit 4:** Recruitment and Selection of Employees: Recruitment Policy Sources, Methods	**Unit 1:** Introduction to Human Resource Management **(Pages 1-12);** **Unit 2:** Overview of Human Resource Planning in Hospitals **(Pages 13-21);** **Unit 3:** Human Resources Planning Process **(Pages 22-34);** **Unit 4:** Recruitment and Selection of Employees **(Pages 35-48)**
BLOCK - II: SELECTION AND TRAINING **Unit 5:** Selection Process: Tests, Interviews, Kinds – Placement – Induction. **Unit 6:** Training of Employees: Training Needs – Identification **Unit 7:** Training Methods and Evaluation of Training –Promotions – Policy – Transfers Types – Dismissals. **Unit 8:** Wage and Salary Administration: Meaning – Purpose – Developing Wage and Salary Structure	**Unit 5:** Selection Process **(Pages 49-71);** **Unit 6:** Training of Employees **(Pages 72-80);** **Unit 7:** Methods and Evaluation of Training **(Pages 81-102);** **Unit 8:** Wage and Salary Administration **(Pages 103-120)**
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BLOCK IV: NATURE OF CHANGE RESISTANCE **Unit 12:** Group Norms – Group Cohesiveness – Their Relevance to Organisational Behaviour. **Unit 13:** Organisational Culture – Meaning, Significance – Organisational Climate – Implications on Organisational Behaviour – Organisational Change **Unit 14:** Need and Nature – Causes of Change – Resistance to Change – Management of Change in Hospitals.	**Unit 12:** Group Norms, Cohesiveness and Organizational Behaviour **(Pages 185-192);** **Unit 13:** Organizational Culture **(Pages 193-212);** **Unit 14:** Organizational Change **(Pages 213-230)**

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INTRODUCTION

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Human Resource Management (HRM) is concerned with the 'people' dimension in management. This term is increasingly used to refer to the philosophy, policies, procedures and practices relating to the management of people within organizations. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance, and ensuring that they continue to maintain their commitment to the organization are essential to achieving organizational objectives.

Hospital administration relates to the planning, organizing, coordinating and executing of activities related to the procurement and delivery of services in hospitals. Hospitals, though are considered to be community and welfare organizations, need to be on top of their management activities so as to ensure that proper medical services are delivered to the customers, who in this case are mostly patients. Their administration activities include coordination between patients, doctors, trustees, medical staff; recruitment of medical professionals and other staff; coordinating between different departments to ensure the vision of the board is met; ensuring proper implementation of top class services and focusing towards expansion and growth of scientific research as well as medical services. In this sense, hospitals work like most other business organizations.

This book, *Human Resource Management in Hospitals,* is written with the distance learning student in mind. It is presented in a user-friendly format using a clear, lucid language. Each unit contains an Introduction and a list of Objectives to prepare the student for what to expect in the text. At the end of each unit are a Summary and a list of Key Words, to aid in recollection of concepts learnt. All units contain Self-Assessment Questions and Exercises, and strategically placed Check Your Progress questions so the student can keep track of what has been discussed.

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BLOCK - I
BASICS OF HUMAN RESOURCE MANAGEMENT IN HOSPITALS

UNIT 1 INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

Structure

1.0 INTRODUCTION

Human resource management (HRM) is the management of an organization's workforce or human resources. It is responsible for the selection, training, assessment, rewarding and retaining of employees. It is also responsible for overseeing organizational leadership and culture, and ensuring compliance with employment and labour laws.

In this unit, you will study the objectives and functions of HRM in organizations. Organizational objectives, individuals and social goals influence the objectives of HRM. Integration of the interests of both the employer and the employees is important in order to attain these objectives. Furthermore, you will learn that the basic functions of HRM involve operative and managerial functions, each of which cannot function without the other.

The unit will also discuss the role and structure of HRM in organizations. The role of personnel managers is influenced by factors such as size, nature

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and location of the business or industry. In terms of the changing environment, some of the important roles of HR managers are:

- Reactive/proactive roles
- Business partner role
- Strategist's role
- Interventionist's role
- Innovation role
- Internal consultancy role
- Monitoring role

1.1 OBJECTIVES

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

- Understand the nature and scope of Human Resource Management
- Explain the objectives of Human Resource Management
- Discuss the functions of Human Resource Management

1.2 DEFINITION OF HRM

Different experts in the field have defined it differently. It is a task that facilitates the most effective use of people to achieve organizational and individual goals. Human Resource Management (HRM) seeks to bring together and develop an effective organization enabling the employees to do their best both as an individual and as a member of a working group. The scope of HRM, on the other hand, is vast. It embraces a wide range of activities. The importance of HRM lies in the fact that along with financial and material resources, it contributes to the production of goods and services in an organization. The functions of human resource management include operative and managerial functions, personnel management policies and strategic challenges for HR.

1.2.1 Nature of HRM

According to Ivancevich and Gluck, 'Human resource management is the function performed in organizations that facilitates the most effective use of people (employees) to achieve organizational and individual goals.'

Byars and Rue say: 'Human resource management encompasses those activities designed to provide for and coordinate the human resources of an organization.'

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According to Dale Yoder, 'The management of human resources is viewed as a system in which participants seeks to attain both individual and group goals.'

According to Flippo, HRM is 'the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and reproduction of human resources to the end that individual, organizational and societal objectives are accomplished.'

In the words of Michael J. Jucious, human resource management 'may be defined as that field of management which has to do with planning, organizing and controlling the functions of procuring, developing, maintaining and utilizing a labour force, such that the (i) objectives for which the company is established are attained economically and effectively, (ii) objectives of all levels of personnel are served to the highest possible degree; (iii) objectives of society are duly considered and served.'

1.2.2 Objectives of HRM

Objectives are preset goals towards which all individuals or groups direct their activities in an organization. The objectives of HRM are affected by not only organizational objectives but also individual and social goals. Every organization has certain objectives and each part of it make some contribution, whether direct or indirect, to achieve these predetermined objectives. The character of an organization can be judged by its objectives. These objectives form the basis for voluntary cooperation and coordination among all employees. Objectives also form the bases for deciding benchmarks or standards for performance evaluation. The primary aim of HRM is the promotion of effectiveness of the employees in performance of the duties assigned to them. This can be done by substituting cooperation instead of the hostility characteristic employer-employee relations. According to Indian Institute of Personnel Management, 'Personnel management (Human Resource Management) aims to achieve both efficiency and justice, neither of which can be pursued successfully without the other. It seeks to bring together and develop an effective organization, enabling men and women who make up an enterprise to make their best contribution to its success both as an individual and as a member of a working group. It seeks to provide fair terms and conditions of employment and satisfying work for all those employed.'

Objectives of human resource management are derived from the basic objectives of an organization. In order to achieve organizational objectives, integration of the employer's and employees' interests is necessary. The objectives of human resource management may be summarized as follows:

1. To improve the services rendered by the enterprise by building better employee morale which leads to more efficient individual and group

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performance. Thus, HRM seeks to manage change to the mutual advantage of individuals, groups, organization and society.

2. To establish in the minds of those associated with the enterprise—employees, shareholders, creditors, customers and the public at large—the fact that the enterprise is rendering the best service it is capable of and distributing the benefits derived from the fairly and contributing success of the enterprise.
3. To create and utilize an able and motivated workforce for accomplishing the basic organizational goals.
4. To understand and satisfy individual and group needs by providing adequate and equitable wages, employee benefits, status, social security, incentives, prestige, recognition, challenging work and security. Thus, an organization can look into and realize the individual and group goals by offering appropriate monetary and non-monetary incentives.
5. To employ the skills and knowledge of employees efficiently and effectively, i.e., to utilize human resources effectively in achieving the organizational goals.
6. To fortify and acknowledge the human assets continuously by providing training and developmental programmes. These programmes help the organization in attaining its goals by providing well-trained and well-motivated employees.
7. To keep the moral of the employees high and maintain sound human relations by sustaining and improving the various conditions and facilities.
8. To increase job satisfaction and self-actualization of employees by encouraging and assisting every employee to realize his full potential.
9. To make available good facilities and working environment and generate a favourable atmosphere for maintaining the stability of employment.
10. To identify and satisfy individual needs and group goals by offering appropriate monetary and non-monetary incentives.
11. To create and enforce a quality of work life (QWL) that makes employment in organization comfortable.

Maximum development of individual, good working relationship and optimum utilization of human resources are the primary aims of HRM. Management has to create a comfortable and suitable environment and provide necessary preconditions for the attainment of the objectives

1.2.3 Scope of HRM

The scope of personnel management is indeed vast. All the major activities in the working life of an employee from the time of his joining an organization till he leaves come under the scope of personnel management (Figure 1.1).

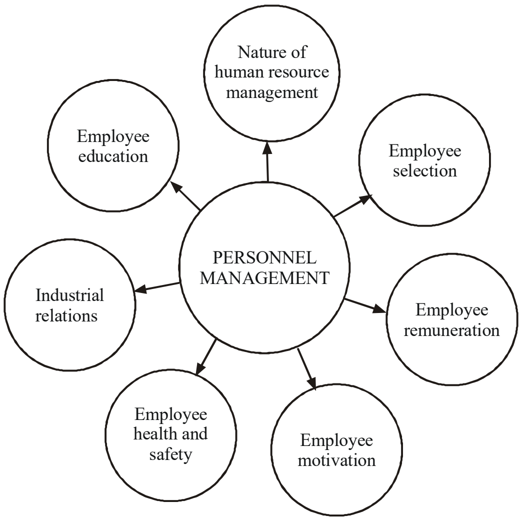

Fig. 1.1 *Scope of Personnel Management*

HRM embraces a very wide field of activities. Its scope is so wide and varied that the HR department and the personnel executives perform a variety of roles in accordance with the needs of a situation. The HR manager plays multiple roles like that of a researcher, counsellor, bargainer, mediator, peacemaker, problem solver, and so on. The functional areas of HRM as outlined by Northcott are:

(i) employment
(ii) selection and training
(iii) employee services
(iv) wages
(v) industrial relations
(vi) health and safety
(vii) education

It has, therefore, been rightly observed by Peter Drucker that 'management is a multipurpose organ, which has three jobs, two of which are directly related to personnel: managing a business; managing managers; and managing workers and the work.' The personnel executives play an important role in a business organization. They not only help in determining the rules of the organization, but also play a significant role in interpreting and applying the rules of the system itself. They are expected to enjoy the confidence of the management which is crucial to the efficient and effective operation

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of the business organization. The focus of human resource management is on people at work. It is indeed a wide area and covers a broad spectrum of activities. A manager, whether he is in charge of production or marketing function, deals with human beings and gets his job done through people.

In the past, a lot of attention has been paid to the significance of HRM in establishing a firm's competitive advantage. Randall Schuler have identified the factors that have caused businesses to focus increased attendance on HRM. These factors were as follows:

- Rapid change
- High levels of uncertainty about basic business conditions
- Rising costs
- Rapid technological changes
- Changing demographics
- More limited supplies of highly trained labour
- Rapidly changing government legislation and regulations
- Increased globalization of industries

These transformations in the business environment present a number of competitive trials that differ from those confronted by firms in earlier times. Several researches have shown that there is a strong connection between the manner in which firms manage their people and the economic results achieved by them. Following high-performance work practices can significantly affect a firm's economics. High-performance work practices provide important basis for increased organizational performance. People work more because they are increasingly involved and committed. This commitment comes from having more control on their work. They are smarter at work because of the encouragement they receive to build skills and competence. HR systems have an important practical effect on the existence and economic performance of the firms and on the productivity and quality of work of its employees.

1.2.4 Importance of HRM

Human resources, along with financial and material resources, contribute to the production of goods and services in an organization. Physical and monetary resources, by themselves, cannot improve efficiency or contribute to an increased rate of return on investment. It is through the combined and concerted efforts of people that monetary and material resources are harnessed to achieve organizational goals. However, these efforts, attitudes and skills have to be sharpened from time to time to optimize the effectiveness of human resources and to enable them to meet greater challenges. This is where HRM plays a crucial role. The significance of HRM can be discussed at four levels:

1. **Corporate:** Good human resource practices help to attract and retain the best people in the organization. Planning alerts the company to the types of people it will need in short, medium and long run. HRM can aid an enterprise to attain its goals in a more well-organized and effective way by:
   - Inviting and keeping talent through effective human resource planning, employment, selection, compensation and promotion policies
   - Developing the necessary talent and right outlook among the employees through training
   - Securing cooperation of employees through motivation
   - Effectively utilizing the available human resources
2. **Professional:** Optimum management of human resource helps to further improve the quality of work life. It plays an important role in the professional growth in the following ways by:
   - Making available adequate opportunities for personal development of each employee
   - Allocating work properly and scientifically
   - Maintaining healthy relationships between individuals and groups in the organization
3. **Social:** Sound human resource management has a great significance for society. Society, as a whole is the major beneficiary of good human resource practices in the following ways:
   - Employment opportunities multiply.
   - Scarce talents are put to best use.
   - Organizations that pay and treat people well are always ahead of others and deliver excellent results.
   - Maintain an equilibrium between the jobs available and job seekers in terms of numbers, qualifications, needs and aptitudes.
   - Provides appropriate employment that ensures social and psychological contentment to people.
4. **National:** Human resources and their organization plays an important role in the development of a nation. There is a wide disparity in development among countries with similar resources due to qualitative differences among their peoples. Development of a country depends primarily on the talent, mental framework and habits of its human resources. Efficient management of human resources helps to fasten the process of economic development, which in turn leads to higher standards of living and fuller employment.

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1.2.5 HRM Functions

The basic functions of HRM or personnel management involve two categories of functions: operative and managerial.

1. **Operative functions:** The operative functions essentially belong to activities concerned with procurement, development, compensation, utilization and maintenance of an efficient workforce.
   (i) **Procurement:** The term 'procurement' means recruitment of the required number of employees possessing the right qualifications and experience, keeping in mind the importance of achieving the established objectives of the organization. It is primarily concerned with recruiting the most suitable people to fill positions, at the right time. Procurement involves activities such as planning, selecting and placing manpower.
   (ii) **Development:** This term refers to activities aimed at increasing the efficiency and skills of the workers by educating and training the employees. Development-related activities include conducting workshops, training sessions, seminars, group discussions and educational programmes.
   (iii) **Compensation:** This includes activities dealing with the technique and standard of remuneration and terms of employment.
   (iv) **Utilizing:** This term refers to the use of employees' services to the maximum and in the best possible manner. This includes not only incentive schemes but also schemes to share the profits from higher productivity.
   (v) **Maintaining:** This is all about maintaining good, comfortable and amicable working conditions for the employees. This means not just preparing but also implementing health and safety schemes, etc.
2. **Managerial functions:** These functions include activities such as planning, organizing, coordinating, directing and controlling the employees. These functions are performed by all managers. Therefore, these common functions are referred to as managerial functions. In other words, they are performed by all types of managers including personnel managers.
   (i) **Planning:** When the process of management is reviewed, the very first function that a manager performs is planning. A personnel manager is responsible for beginning a programme for developing personnel. This can only be done through planning. A plan is a predetermined course of action for the achievement of established objectives. Planning leads to specification of the whats and hows for the performance of the personnel functions.

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(ii) **Organizing:** You already know that planning helps the management decide what to do and how. Organizing is an effective tool to achieve the plans. Organizing requires grouping of personnel activities and assigning them to different individuals.

(iii) **Coordinating:** Coordination is concerned with action directed towards a common goal in a harmonious and unified effort/action. Coordination makes sure that all groups and persons work in an efficient, economical and harmonious manner. Inter-personal communication is very effective in achieving coordination.

(iv) **Directing:** Directing is a function involving the management of managers, workers as well as the work by motivating, leading, communicating effectively and coordinating. A personnel manager is expected to develop the capability to command as well as direct others.

(v) **Motivating:** Motivation is a managerial function to inspire and encourage people to take required action. Motivation involves guiding and supervising the personnel. Motivation can help manage any enterprise successfully and smoothly. A personnel manager should be able to not only inspire but also persuade workers to appreciate the policies of the organization and see the positive side of everything. Motivation can help an individual to perform certain tasks properly. A personnel manager should guide employees towards improving performance and motivating the team to perform with enthusiasm and confidence.

(vi) **Controlling:** Control is the process of measurement of actual results with certain standards of performance. It involves investigation why there are deviations of actual results from desired ones and taking corrective action whenever necessary. Therefore, controlling facilitates the realization of plans.

These two functions are significant because one cannot work without the other. The personnel manager has to mix both to an extent desired.

Personnel management policies

A policy is a statement or a general guideline for employees to make decision with respect to any course of action. Personnel policies provide guidelines for a variety of employment relationships and identify the organization's intentions in recruitment, selection, development, promotion, compensation, motivation, and so on. According to Armstrong, 'personnel policies are continuing guidelines on the approach the organization intends to adopt in managing its people. They define the philosophies and values of the organization on how people should be treated and from these are derived principles upon which managers are expected to act when dealing with personnel matters.'

The objectives of HR or personnel policies is described by Peter Drucker in the following words: 'The management must gear its policies and objectives in such a fashion that the employees perform their work and do their assigned tasks.… It also means a acknowledgement that human resources, unlike any other resources, have attributes like personality, citizenship, control over where they work, how much and how well. … And it is the management alone, that can satisfy these requirements.'

HR or personnel policies are required in the following areas:

- Acquisition of personnel
- Training and development
- Appraisal and compensation of human resources
- Human resource mobility
- Working conditions and work schedules
- Industrial relations

1.2.6 HRM Challenges

Human resource element works towards the vision, mission and goals of an organization. The three major roles of HRM in any organization are transactional, transformational and transitional. The challenges faced by human resource managers in an organization are naturally evolving with the ever-transforming scenario in the corporate world.

Organizations face several challenges in human resource management, some of which are listed as follows:

- Strategic challenges for HR
- Challenges for organizations and HRM professionals
  - o Changing workforce demographics
  - o Implications for HRM professionals
  - o The need for lifelong learning
  - o Competing in a global economy
  - o Facilitating organizational learning
  - o Eliminating the skills gap

Check Your Progress

1. Define human resource management.
2. What are objectives?
3. What is under the scope of personnel management?
4. What do you understand by procurement?

1.3 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

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1. Human resource management encompasses those activities designed to provide for and coordinate the human resources of an organization.
2. Objectives are preset goals towards which all individuals or groups direct their activities in an organization.
3. All the major activities in the working life of an employee from the time of his joining an organization till he leaves come under the scope of personnel management.
4. The term 'procurement' means recruitment of the required number of employees possessing the right qualifications and experience, keeping in mind the importance of achieving the established objectives of the organization.

1.4 SUMMARY

- Human resource management (HRM) is the management of an organization's workforce or human resources. It is responsible for the selection, training, assessment, rewarding and retaining of employees.
- The importance of HRM lies in the fact that along with financial and material resources, it contributes to the production of goods and services in an organization.
- The functions of human resource management include operative and managerial functions, personnel management policies and strategic challenges for HR.
- The objectives of HRM are affected by not only organizational objectives but also individual and social goals. Every organization has certain objectives and each part of it make some contribution, whether direct or indirect, to achieve these predetermined objectives.
- The scope of personnel management is indeed vast. All the major activities in the working life of an employee from the time of his joining an organization till he leaves come under the scope of personnel management.
- Human resources, along with financial and material resources, contribute to the production of goods and services in an organization. Physical and monetary resources, by themselves, cannot improve efficiency or contribute to an increased rate of return on investment.

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- The challenges faced by human resource managers in an organization are naturally evolving with the ever-transforming scenario in the corporate world.

1.5 KEY WORDS

- **Management:** The process of dealing with or controlling things or people.
- **Corporate:** Relates to a large company or group.
- **Organization:** An entity comprising multiple people, such as an institution or an association that has a collective goal and is linked to an external environment.

1.6 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short Answer Questions

1. Briefly explain the scope of HRM.
2. Why is HRM important? Discuss its significance at various levels.

Long Answer Questions

1. Discuss the meaning, purpose and objectives of human resource management.
2. Explain the operative and managerial functions of HRM in detail.

1.7 FURTHER READINGS

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UNIT 2 OVERVIEW OF HUMAN RESOURCE PLANNING IN HOSPITALS

Structure

2.0 INTRODUCTION

Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization are essential to achieve organizational objectives. Those organizations that are able to acquire, develop, stimulate and keep outstanding workers will be both effective and efficient. On the other hand, those organizations that are ineffective or inefficient have the risk of stagnating or going out of business. Human resource thus plays an important role in the hospitals as well, as they are also organizations. If human resources are neglected or mismanaged, the hospitals are unlikely to do well. Human resource planning has thus become a crucial requirement in every hospital. It involves predetermining the future path of action selected from a number of different courses of action to acquire, build up, administer, and stimulate the human element of enterprise. It identifies a deliberate choice of patterns of the humanization of work milieu in a hospital. In this unit, we will discuss human resource planning in a detailed manner in the context of hospitals.

2.1 OBJECTIVES

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

- Understand the role of Human Resource Management in hospitals

- Describe the nature and scope of human resource planning
- Explain the objectives and importance of human resource planning

2.2 ROLE OF HRM IN HOSPITALS

Human resource management is a cornerstone of healthcare setup. A healthcare provider institute is known by the quality of workforce. It directly impacts the quality of healthcare services provided by the hospital through experienced and qualified manpower. Planning of human resource process starts right with the beginning of the hospital project. In the beginning, a research study is done to understand the presence of the healthcare personnel in the chosen area. The different kind of salary slabs and staffing models of hospital manpower are also reviewed.

HR management begins with recruiting qualified and experienced staff in different departments of the hospital as per the job profile and description defined. It is necessary to define roles and responsibilities of different designations in a detailed manner, depending upon the scope and establishment of key performance indicators as well as key result areas for all the staff, so that it can also be used as factors against which the staff performance can be measured. In modern days, hospitals have to be fierce and cost effective in order to face today's tough competition. From the viewpoint of hospital administration, the main concern is satisfaction of patients. In order to satisfy patient's need during their hospital stay, hospital's employees, infrastructure, and services are on test all the time. HR management in hospital applies the functions of general management planning, organizing, directing, and controlling each one of the tasks of HR management procurement, development, compensation, integration, maintenance, and separation.

Training of staff is another area, which is mostly overseen by hospital administrators. It is necessary to be updated and competent in line with the present vogue. Each staff of hospital should undergo continuous training. At the onset of every coming year, a training calendar should be generated to facilitate the training program of hospital staff. The human resource department of hospital should have policies and procedures related to human resource planning, recruitment process, credentialing and prevailing, performance appraisals, grievance handling, sexual harassment, etc. in place for smooth functioning of each department. Accreditation guidelines like JCI (Joint Commission International) and NABH (National Accreditation Board for Hospital and Healthcare Providers) can aid in the organization of the departmental processes.

The broad objectives of HR management should be contribution towards achievement of hospital goals. The HR is accountable for the nomination of the staff to be designated. Verification should be done in a detailed manner including individual's credentials, background, and experience, which should be checked before confirming their job. A mandatory medical check-up is required for all employees recruited by a hospital. There should be a procedure to conduct police verification of the staff in case it is required. The hospital management program will conduct an induction training for the newly joined staff including deputation to familiarize with the hospital and its vision, mission, policies, structure, key management personals, and rights and responsibilities of that employee.

Human Resource Department has six main functions to implement in the hospital.

An efficiently run HR department can make the hospital meet business needs via controlling organization's most precious resources-its workers. There are various HR subjects, but HR practitioners in each discipline may execute more than one of the six necessary functions:

(i) **Human resource planning:** To ensure availability of an adequate number and mix of employee base in order to meet the care, treatment, and service needs of the organization and also to fulfil the future needs of the organization. In order to deliver medical services of the highest standards, organization ensures that right talent, in terms of qualification, skill, experience, and attitude is recruited in the hospital.

(ii) **Induction and orientation of newly joined staff:** To ensure that all the employees are conversed and familiar with the hospital environment, a system to facilitate a smooth transition to achieve the objective of medical service excellence in delivering patient care should be there. All new employees on the pay-roll of the hospital and those on contracts with the organization, shall attend the new employee training within two weeks of their joining the organization. Induction program shall be common for all functional category of employees (Physicians, Nursing, Paramedical staff, and support function).

(iii) **Recruitment process:** Every year total number of positions shall be approved by the senior management team of a hospital before the start of the next year. Based on requirements, the management team may decide to create additional and temporary positions during the coming year to strengthen hospital's services.

(iv) **Training and development:** To make sure that the employees of hospital are appropriately trained on the functional features of the job. The policy also aims at providing a platform for continuous learning and development. Once an employee is inducted and oriented in the organization, it shall be the responsibility of the respective department heads to impart function-specific training before allowing an employee to function independently. The duration of training may vary from department to department depending on the type of the task, experience, and the learning potential of the individual.

(v) Performance appraisal: It is essential to ensure a fair and transparent tool to assess the performance of an employee for further development and reward. A formal performance appraisal shall take place as per organization's policy, when required. The employee shall be informed of the parameters before the process. An employee's compensation is normally reviewed during the appraisal, the review will be based on individual performance, business performance, and business affordability. The employees are assessed according to these parameters and is rated accordingly.

(vi) Grievance redressal: The purpose is to standardize practices and procedures related to administrating grievance handling procedure with an aim. It also helps and encourages staff to achieve and maintain the appropriate standards of conduct which the organization expects from its staff. It also provides easy accessible mechanism for resolution of grievances and to adopt steps in the hospital that would ensure swift resolution of grievances of employees leading to increase in the satisfaction of staff and improved productivity and efficiency of the organization.

Check Your Progress

1. Which accreditation guidelines can aid in the organization of the departmental processes?
2. What should be the broad objectives of HR management?

2.3 NATURE AND SCOPE OF HUMAN RESOURCE PLANNING

Human resource planning is the predetermination of the future course of action chosen from a number of alternative courses of action for procuring, developing, managing, motivating, compensating, career planning, succession planning and separating the human element of enterprise. It determines a conscious choice of staffing decisions in an organization.

Characteristics of HR Planning

According to Geisler, 'HR planning is the process (including forecasting, developing and controlling) by which a firm ensures that it has the right number of people and the right kind of people at the right places at the right time doing work for which they are economically most useful.'

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According to Wendell French, human resource planning may be defined as "the process of assessing the organization's human resources needs in the light of organizational goals and making plans to ensure that a competent, stable workforce is employed."

From the above definitions, we can gather some general characteristics of human resource planning as follows:

1. Human resource planning must incorporate the human resource needs in the light of organizational goals.
2. A human resource plan must be directed towards well-defined objectives.
3. Human resource planning must ensure that it has the right number of people and the right kind of people at the right time doing work for which they are economically most useful.
4. Human resource planning should pave the way for an effective motivational process.
5. A human resource plan should take into account the principle of periodical reconsideration of new developments and extending the plan to cover the changes during the given long period.
6. Adequate flexibility must be maintained in human resource planning to suit the changing needs of the organization.

The HR manager must follow a systematic process for HR planning as given in Figure 2.1.

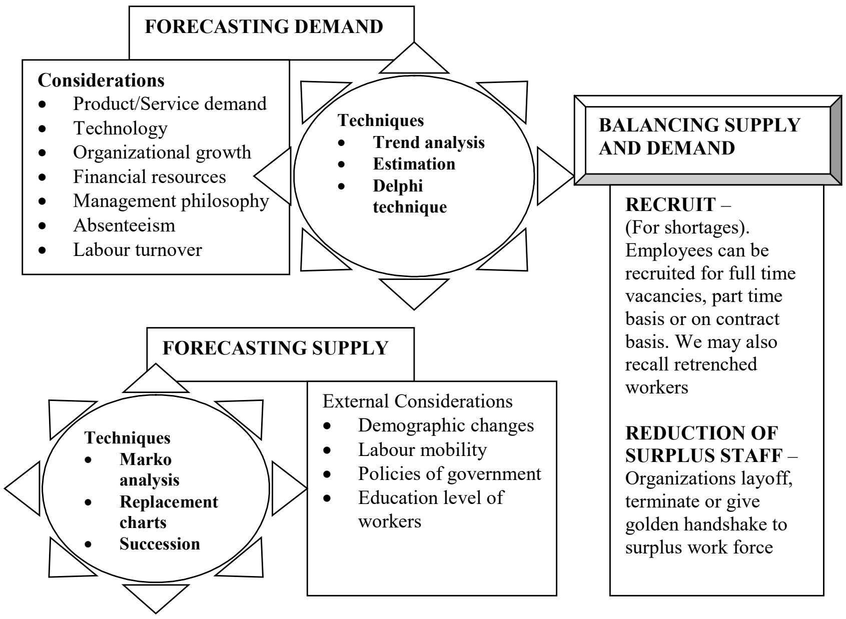

Fig. 2.1 *Flow Chart Depicting 'Human Resource Planning Model'*

2.3.1 Objectives of HR Planning

From Figure 2.1, it is clear that the failure in HR planning will be a limiting factor in achieving the objectives of the organization. If the number of persons in an organization is less than the number of persons required, then, there will be disruptions in the work—production will be hampered, the pace of production will be slow and the employees burdened with more work. If on the other hand, there is surplus manpower in the organization, there will be unnecessary financial burden on the organization in the form of a large pay bill if employees are retained in the organization, or if they are terminated the compensation will have to be paid to the retrenched employees. Therefore, it is necessary to have only the adequate number of persons to attain the objectives of the organization.

In order to achieve the objectives of the organization, the HR planner should keep in mind the timing and scheduling of HR planning. Furthermore, the management has to be persuaded to use the results of manpower planning studies.

Manpower planning can also be used as an important aid in formulating and designing the training and development programmes for the employees because it takes into account the anticipated changes in the HR requirements of the organizations.

2.3.2 Need and Importance of HR Planning

HR planning is a highly important and useful activity. Without clear-cut planning, an estimation of the organization's human resource needs is reduced to mere guesswork. If used properly, it offers a number of benefits. These are:

1. Planning defines future manpower needs and this becomes the basis of recruiting and developing personnel.
2. Employees can be trained, motivated and developed in advance and this helps in meeting future needs for high-quality employees.
3. Change in technology has attached more importance to knowledge and skill resulting in surplus manpower in some areas and shortage in other areas. HR planning helps in creating a balance in such a situation.
4. Jobs are becoming more and more knowledge-oriented. This has resulted in a changed profile of HR. Because of increased emphasis on knowledge, recruitment costs have also increased. To avoid the high cost of recruitment, proper HR planning is necessary.
5. The organization can have a reservoir of talent at any point. People with requisite skills are readily available to carry out the assigned tasks.
6. Planning facilitates the preparation of an appropriate manpower budget for each department. This in turn, helps in controlling manpower costs by avoiding shortages/excesses in manpower supply.

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7. Systematic HR planning forces top management of an organization to participate actively in total HR management functions. When there is active involvement of top management, they will appreciate the real value of human resources in achieving organizational effectiveness.
8. Systematic HRP forces top management of an organization to participate actively in total HRM functions. When there is active involvement of top management, they will appreciate the real value of human resources in achieving organizational effectiveness.

Check Your Progress

3. Define human resource planning.
4. State one benefit of HR planning.

2.4 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The accreditation guidelines like JCI (Joint Commission International) and NABH (National Accreditation Board for Hospital and Healthcare Providers) can aid in the organization of the departmental processes.
2. The broad objectives of HR management should be contribution towards achievement of hospital goals.
3. Human resource planning is the process of assessing the organization's human resources needs in the light of organizational goals and making plans to ensure that a competent, stable workforce is employed.
4. The benefit of HR planning is that it defines future manpower needs, which becomes the basis of recruiting and developing personnel.

2.5 SUMMARY

- Human resource plays an important role in the hospitals as well, as they do in other organizations. If human resources are neglected or mismanaged, the hospitals are unlikely to do well. Human resource planning has thus become a crucial requirement in every hospital.
- Human resource management is a cornerstone of healthcare setup. A healthcare provider institute is known by the quality of workforce. It directly impacts the quality of healthcare services provided by the hospital through experienced and qualified manpower.
- Human resource planning is the predetermination of the future course of action chosen from a number of alternative courses of action for procuring, developing, managing, motivating, compensating, career

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planning, succession planning and separating the human element of enterprise.

- In order to achieve the objectives of the organization, the HR planner should keep in mind the timing and scheduling of HR planning. Furthermore, the management has to be persuaded to use the results of manpower planning studies.
- HR planning is a highly important and useful activity. Without clear-cut planning, an estimation of the organization's human resource needs is reduced to mere guesswork. If used properly, it offers a number of benefits

2.6 KEY WORDS

- **Credentialing:** The process of establishing the qualifications of licensed medical professionals and assessing their background and legitimacy.
- **Manpower:** The number of people working or available for work or service.
- **Compensation:** It refers to something, typically money, awarded to someone in recognition of loss, suffering, or injury.

2.7 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short Answer Questions

1. What is the process of recruitment in hospitals?
2. List the general characteristics of HR planning.

Long Answer Questions

1. Discuss the necessary functions performed by a HR in a hospital.
2. Explain the importance of HR planning, along with its objectives.

2.8 FURTHER READINGS

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UNIT 3 HUMAN RESOURCES PLANNING PROCESS

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Structure

3.0 INTRODUCTION

With the expansion of business, adoption of complex technology and professional management techniques, the process of HR planning has assumed greater significance.

As the manpower planning is concerned with optimum use of HR, it can be of great benefit to the organization in particular and to the nation in general. HR planning is the responsibility of the personnel department. The department has to recommend relevant personnel policies in respect of HR planning, devise methods and procedures and determine the quantitative aspects of HR planning. Job analysis is the process by means of which a description of the methods and procedures of doing a job, the physical conditions under which the job is done and the relation of the job to other jobs and conditions of employment are developed. The first outcome of a job analysis is a job description. The job description defines the scope of a job, its major responsibilities as well as its positioning in the organization. Placement is an important HR activity and involves assigning a specific rank and responsibility to an employee. This unit covers the fundamentals of job analysis, job description and job specification.

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3.1 OBJECTIVES

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

- Understand the human resource planning process in detail
- Describe the process of job selection
- Explain the process of job description and specification

3.2 PROCESS OF HUMAN RESOURCE PLANNING

With the expansion of business, adoption of complex technology and professional management techniques, the process of HR planning has assumed greater significance. It consists of the following stages.

(i) Analysing organizational plans and deciding on objectives

Before undertaking the HR planning of an organization the short-term and long-term objectives should be analysed. The process of HR planning should start with analysing the organizational plans and programmes. They help in forecasting the demand for human resources as it provides the quantum of future work activity.

(ii) Analysing factors for manpower requirements

The existing job design and analysis may be reviewed thoroughly keeping in view the future capabilities, knowledge and skills of present employees. The job design and analysis should reflect the future human resources and organizational plans. The factor for manpower requirements can be analysed in two ways:

(a) *Demand forecasting* – Forecasting the overall HR requirements in accordance with the organizational plans.

(b) *Supply forecasting* – Obtaining the data and information about the present inventory of human resources and forecast the future changes in present human resource inventory.

Demand and supply forecasting are discussed in detail in section 1.5.

(iii) Developing employment plans

After determining the number of personnel for each job in the organization, the HR department has to spell out the job description and job specification.

(a) *Job description:* A job description generally describes the work to be performed, the responsibilities involved, the skill or training required,

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conditions under which the job is done, relationships with other jobs and personal requirements on the job.

(b) *Job specification:* Job specification is an output of job description and states the minimum acceptable qualifications that the newcomer must possess to perform the job satisfactorily and successfully.

(iv) Developing human resource plans

Net HR requirements in terms of number and components are to be determined in relation to the overall HR requirement. After estimating the supply and demand of human resources, the management starts the adjustment. When the internal supply of employees is more than the demand, that is, there is a human resource surplus; then the external recruitment is stopped. If there is a human resource deficit, then the planners have to rely on external sources.

3.2.1 Advantages of HR Planning Programmes

As the manpower planning is concerned with optimum use of HR, it can be of great benefit to the organization in particular and to the nation in general. At the national level, it would be concerned with factors like population, economic development, educational facilities and labour mobility. At the level of the organization it is concerned with personnel requirements, sources of availability, the welfare of HR, etc. The advantages of HR planning are discussed below:

(a) Improvement of labour productivity

Manpower or HR as a factor of production differs from other factors of production. As it is subject to its free will, the productivity of labour can be improved if the workers are kept satisfied. In other words, just as the satisfied workers can be productive, dissatisfied workers can even be destructive. Therefore, through proper HR planning we can improve the morale of the labour and thereby labour productivity.

(b) Recruitment of qualified HR

Talented and skilled labour has become a scarce resource, especially in developing countries. Therefore, for the survival of the firm it is essential to recruit the best labour force through proper manpower planning.

(c) Adjusting with rapid technological changes

With the advancement in technology, job and job requirements are changing. Therefore, it is necessary to forecast and meet the changing manpower, which can withstand the challenges of the technological revolution. This can be done through effective manpower planning.

(d) Reducing labour turnover

Labour turnover refers to the mobility of labour out of the organization due to various factors, such as dissatisfaction, retirement, death, etc. Due to labour turnover a firm loses experienced and skilled labour force. This loss can be minimized through efficient manpower planning.

(e) Control over recruitment and training costs

Highly skilled personnel are in short supply and it is costly to hire, train, and maintain them. A company has to incur heavy costs in processing applications, conducting written tests, interviews, etc., and in the process providing adequate training facilities. In consideration of these costs it is essential to plan carefully vis-à-vis manpower so as to minimize costs.

(f) Mobility of labour

Today, it is difficult to retain qualified personnel in an organization as they move from one job to another in search of better prospects. In a free society, people enjoy unrestricted mobility from one part of the country to the other. Therefore, in order to reduce the loss of experienced and skilled labour, every organization must have a sound system of manpower planning.

(g) Facilitating expansion programmes

In these days of rapid industrial development every company goes for expansion of its activities. With the increase in company size, the demand for HR also increases. This necessitates proper manpower planning so as to ensure the continued supply of the required manpower for the firms' activities.

(h) To treat manpower like real corporate assets

Today it is being increasingly felt by the practicing managers and psychologists that employees in an organization must be treated as the most significant assets. The productivity of a company can be improved only through manpower planning, recognizing the significance of the human factor in business. A proper manpower planning is based on the realization that satisfied workers can contribute to the overall profitability of the firm through improved productivity.

3.2.2 Limitations of HR Planning

The main hurdles in the process of HR planning are:

(a) **Inaccuracy:** HR planning involves forecasting the demand for and supply of HR. Projecting manpower needs over a period of time is a risky task. It is not possible to track the current and future trends correctly and convert the same into meaningful action guidelines. Longer the time taken, greater is the possibility of inaccuracy. Inaccuracy increases

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when departmental forecasts are merely aggregated without critical review. Factors such as absenteeism, labour turnover, seasonal trends in demand, competitive pressures, technological changes etc., may reduce the rest of manpower plans as fashionable, decorative pieces.

(b) **Uncertainties:** Technological changes and market fluctuations are uncertainties, which serve as constraints to HR planning. It is risky to depend upon general estimates of manpower in the face of rapid changes in environment.

(c) **Lack of support:** Support from management is lacking. The latter is unwilling to commit funds for building an appropriate HR Information System. The time and effort involved with no tangible and immediate gains often force them to look the 'other way'.

- HR planning grows slowly and gradually. In some cases, sophisticated technologies are forcefully introduced just because competitors have adopted them. These may not yield fruit unless matched with the needs and environment of the particular enterprise.
- Planning is generally undertaken to improve overall efficiency. In the name of cost cutting it also helps management weed out unwanted labour at various levels. The few efficient ones that survive such frequent onslaughts complain about increased workload.

Support from management is lacking. The latter is unwilling to commit funds for building an appropriate HR information system. The time and effort involved – with no tangible, immediate gains – often force them to look the 'other way'. HR planning grows slowly and gradually. In some cases, sophisticated technologies are forcefully introduced just because competitors have adopted them. These may not yield fruit unless matched with the needs and environment of the particular enterprise.

(d) **Numbers' game:** In some companies, HR planning is used as a numbers' game. The focus is on the quantitative aspect to ensure the flow of people in and out of the organization. Such an exclusive focus overlooks the more important dimension, i.e. the quality of human resources. HR planning, in the long run, may suffer due to an excessive focus on the quantitative aspects. Aspects such as employee motivation, morale, career prospects, training avenues, etc may be totally discounted.

(e) **Employees resistance:** Employees and trade unions feel that due to widespread unemployment people will be available for jobs as and when required. Moreover they feel that HR planning increases their workload and regulates them through productivity bargaining.

(f) **Employers resistance:** Employers may also resist HR planning on the ground that it increases the cost of manpower.

(g) **Lack of purpose:** Managers and HR specialists do not fully understand the human planning process and lack a strong sense of purpose.

(h) **Time and expense:** Manpower planning is a time-consuming and expensive exercise. A good deal of time and costs are involved in data collection and forecasting.

(i) **Inefficient information system:** In most of the organizations, human resource information system has not been fully developed. In the absence of reliable data, it is not possible to develop effective HR plans.

3.3 JOB ANALYSIS

Job analysis is the process through which a description is developed of the present methods and procedures of doing a job, physical conditions in which the job is done, relation of the job with other jobs, and other conditions of employment. The purpose of job analysis is not to describe the ideal but to show the management how at the moment the constituent parts of its business are being carried out. Thus, job analysis helps in the development of the present method and procedure of doing a job, the physical conditions in which it is done the relation of the job with other jobs and other conditions of employment.

Uses of Job Analysis

Job analysis is of fundamental importance to manpower management programme. The following are the possible uses of job analysis:

(i) *Provides complete knowledge of the job:* It provides complete knowledge about the job. Therefore, it is helpful in organizational planning.

(ii) *Helps in recruitment and selection:* By indicating the specific requirements of each job, job analysis provides a realistic basis for recruitment and selection of employees. It is the best means of discovering the essential traits and personal characteristics leading to success or failure on the job.

(iii) *Establishes a base for compensation of employees:* By indicating the qualifications required for doing a specified job and the risk and hazards involved in doing a job, job analysis helps in establishing a basis for compensation. It precedes job evaluation that measures the worth of jobs within the organization for the purpose of establishing a base for wages. A satisfactory evaluation of jobs is not possible without a comprehensive job analysis.

(iv) *Job re-engineering*: Job analysis provides information that enables us to change jobs in order to permit their being manned by personnel

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with specific characteristics and qualifications. It helps to rearrange the work flow and to revise existing procedure.

(v) *Employee development:* Job analysis provides the necessary information for employee development. When considering an employee for promotion, it may facilitate his easy consideration for the job.

(vi) *Performance appraisal*: Job analysis helps in establishing clear-cut standards. This helps the employees as they can know what is expected of them. It also helps the managers to appraise the performance of their subordinates.

(vii) *Training*: Job analysis reveals the required skills and knowledge for doing a job. This helps in providing suitable training for the workers by determining the content and subject matter for the training course.

Check Your Progress

1. What is demand forecasting?
2. State the purpose of job analysis.

3.4 JOB DESCRIPTION

Job description is an important document, which is basically descriptive in nature and contains a statement of job analysis. It provides both organizational information (location in structure, authority, etc.) and functional information (what the work is). It defines the scope of job activities, major responsibilities and the positioning of the job in the organization. It provides the worker, analyst and supervisor with a clear idea of what the worker must do to meet the demands of the job.

Job description is different from performance assessment. The former is concerned with functions such as planning, coordinating and assigning responsibility; while the latter is concerned with the quality of performance itself. Though job description is not assessment, it provides an important basis for establishing assessment standards and objectives.

Job description describes the 'jobs,' not the 'job holders.' The movement of employees due to promotion, quits, etc., would create instability to job descriptions if people rather than jobs are described.

3.4.1 Uses of Job Description

Job description has several uses, such as:

(i) Preliminary drafts can be used as a basis for productive group discussion, particularly if the process starts at the executive level.

(ii) It aids in the development of job specifications, which are useful in planning recruitment, in training and in hiring people with required skills.

(iii) It can be used to orient new employees towards basic responsibilities and duties.

(iv) It is a basic document used in developing performance standards.

(v) It can be used for job evaluation, a wage and salary administration technique.

A job description enables the manager to frame suitable questions to be asked during an interview. It is particularly helpful when the application form is used as a tool for eliminating unfit personnel. According to *Zerga,* a job description helps in:

(i) Job grading and classification

(ii) Transfers and promotions

(iii) Adjustments of grievances

(iv) Defining and outlining promotional steps

(v) Establishing a common understanding of a job between employers and employees

(vi) Investigating accidents

(vii) Indicating faulty work procedures or duplication of papers

(viii) Maintaining, operating and adjusting machinery

(ix) Time and motion studies

(x) Defining the limits of authority

(xi) Indicating case of personal merit

(xii) Facilitating job placement

(xiii) Studies of health and fatigue

(xiv) Scientific guidance

(xv) Determining jobs suitable for occupational therapy

(xvi) Providing hiring specifications

(xvii) Providing performance indicators

3.4.2 Components or Contents of Job Description

A job description contains the following data:

(i) *Job identification or organizational position* which includes the job title, alternative title, department, division, plant and code number of the job. The job title identifies and designates the job properly. The department, division, etc., indicate the name of the department where it is situated - whether it is the maintenance department, mechanical

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shop, etc. The location gives the name of the place. This portion of job description gives answers to two important questions: to what higher level job is this job accountable; and who is supervised directly?

(ii) *Job summary* serves two important purposes. First, it provides a short definition which is useful as an additional identification information when a job title is not adequate. Second, it serves as a summary to orient the reader towards an understanding of detailed information which follows. It gives the reader a 'quick capsule explanation' of the content of a job usually in one or two sentences.

(iii) *Job duties and responsibilities* give a comprehensive listing of the duties together with some indication of the frequency of occurrence or percentage of time devoted to each major duty. It is regarded as the heart of a job. It tells us what needs to be done, how it should be done, and why it should be done. It also describes the responsibilities related to the custody of money, the supervision of workers and the training of subordinates.

(iv) *Relation to other jobs*: This helps to locate the job in the organization by indicating the job immediately below or above it in the job hierarchy. It also gives an idea of the vertical relationships of work flow and procedures.

(v) *Supervision:* Under it is given the number of persons to be supervised along with their job titles, and the extent of supervision involved — general, intermediate or close supervision.

(vi) *Machine, tools and equipment* define each major type or trade name of the machines and tools and the raw materials used,

(vii) *Working conditions* usually give information about the environment in which a job holder must work. These include cold, heat, dust, wetness, moisture, fumes, odor, oily conditions, etc. present inside the organization.

(viii) *Hazards* give us the nature of risks to life and limb, their possibilities of occurrence, etc.

3.4.3 Writing a Job Description

Opinions differ on how to write job descriptions. Some experts are of the view that these should be written in detail and in terms of workflow. Others feel that these should be written in terms of goals or results to be achieved, in other words as performance standards (or what is popularly known as 'management by objectives'). The prevalent thinking is that job descriptions should be written in terms of duties and responsibilities, i.e., in terms of functions performed.

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Job descriptions are written by the personnel department or its representatives. Although there is no set way of writing a job description, the following pattern is fairly typical, and used by many companies:

(i) A paragraph is allocated to each major task or responsibility.

(ii) Paragraphs are numbered and arranged in a logical order, task sequence or importance.

(iii) Sentences are begun with an active verb, e.g., 'types letters', 'interviews the candidates', 'collects, sorts out, routes and distributes mail.'

(iv) Accuracy and simplicity are emphasized rather than an elegant style.

(v) Brevity is usually considered to be important but is largely conditioned by the type of job being analysed and the need for accuracy.

(vi) Examples of work performed are often quoted and are useful in making the job description explicit.

(vii) Job descriptions, particularly when they are used as bases for training, often incorporate details of the faults which may be encountered in operator tasks and safety check-points.

(viii) Statements of opinion, such as 'dangerous situations are encountered', should be avoided.

(ix) When job descriptions are written for supervisory jobs, the main factors (such as, manning, cost control, etc.) are identified and listed. Each factor is then broken down into a series of elements with a note on the supervisor's responsibility.

The British Institute of Management publication adds four more guidelines:

(i) Give a clear, concise and readily understandable picture of the whole job.

(ii) Describe in sufficient detail each of the main duties and responsibilities.

(iii) Indicate the extent of direction received and supervision given.

(iv) Ensure that a new employee understands the job if he reads the job description.

3.4.4 Limitations of Job Description

In any use of job descriptions, it should be remembered that these descriptions are not perfect reflections of the job. 'The object of a job description is to differentiate it from other jobs and set its outer limits.' Further, executives tend to carry work patterns with them into new jobs, thus modifying the job drastically.

To avoid such problems, care must be exercised in writing a job description to make it as accurate as possible, and at the managerial or

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professional level, it should be reviewed and discussed after the job. Jobs tend to be dynamic, not static, and a job description can quickly go out of date. Therefore, a job should be constantly revised and kept up-to-date and the personnel and other departmental heads should be apprised of any changes.

3.5 JOB SPECIFICATION

Job specification states the bare minimum acceptable qualities important to job performance satisfactorily. Making job description as its base, it lays down the abilities and qualities that a worker should possess in order to hold the job in question. Job specifications translate the job description into terms of the human qualifications which are required for a successful performance of a job. A job specification or man specification is a statement of the minimum acceptable human qualities necessary to perform a job satisfactorily. It tells what kind of person to recruit and for what qualities that person should be tested. These specifications relate to:

(i) *Physical characteristics:* height, weight, vision, voice, etc.

(ii) *Personal characteristics:* emotional stability, good and pleasing manners, skill in dealing with others, etc.

(iii) *Psychological characteristics:* analytical ability, mental concentration and alertness, mechanical aptitude, etc.

(iv) *Responsibilities:* responsibility for the safety of others, responsibility for generating confidence and trust, etc.

(v) *Demographic characteristics:* age, sex, education, experience, etc.

Job specifications are based on the opinion of supervisors and personnel managers. It should be remembered that preparing a complete and correct job specification is relatively difficult as compared with preparing a correct job description. There is always considerable disagreement concerning the human requirement for work. Further, there is also a difference of opinion on whether a requirement should be 'mandatory' or 'desirable'.

Check Your Progress

3. What is job description?
4. Who writes job descriptions?
5. What does psychological characteristics include, when it comes to job specifications?

3.6 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

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1. Demand forecasting means forecasting the overall HR requirements in accordance with the organizational plans.
2. The purpose of job analysis is to show the management how at the moment the constituent parts of its business are being carried out.
3. Job description is an important document, which is basically descriptive in nature and contains a statement of job analysis.
4. Job descriptions are written by the personnel department or its representatives.
5. Psychological characteristics, when it comes to job specifications include analytical ability, mental concentration and alertness, mechanical aptitude, etc.

3.7 SUMMARY

- Before undertaking the HR planning of an organization, the short-term and long-term objectives should be analysed. The process of HR planning should start with analysing the organizational plans and programmes.
- The existing job design and analysis may be reviewed thoroughly keeping in view the future capabilities, knowledge and skills of present employees.
- Job analysis is the process through which a description is developed of the present methods and procedures of doing a job, physical conditions in which the job is done, relation of the job with other jobs, and other conditions of employment.
- Job description is an important document, which is basically descriptive in nature and contains a statement of job analysis. It provides both organizational information (location in structure, authority, etc.) and functional information (what the work is).
- Job specification states the bare minimum acceptable qualities important to job performance satisfactorily.

3.8 KEY WORDS

- **Manager:** A person responsible for controlling or administering an organization or group of staff.

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- **Subordinate:** A person under the authority or control of another within an organization.

3.9 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short Answer Questions

1. What are the stages in the process of human resource planning?
2. How would you define job analysis
3. State the uses of job description.
4. How would you define job specification?

Long Answer Questions

1. Discuss the advantages and limitations of HR planning.
2. Explain the uses of job analysis.
3. Describe the components of job description in detail.
4. Evaluate how the job description is written.

3.10 FURTHER READINGS

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UNIT 4 RECRUITMENT AND SELECTION OF EMPLOYEES

Structure

4.0 INTRODUCTION

In the previous unit, you studied the meaning, objectives, importance and process of human resource planning. Apart from this, you also gathered valuable information about job analysis and job design. In this unit, you will learn about the recruitment techniques. Recruitment plays a vital role in the planning function of the human resource of any organization and their capability to compete. There are two sources of recruitment; internal sources and external sources. Human resources of high proficiency are positioned at appropriate levels within an organization. The recruitment process is aimed at achieving a specific number and quality of workforce. This workforce is capable of supporting the organization for achieving its goals and objectives. As an extension of the same goal, recruitment helps in the creation of a team of prospective candidates for the company. From this group, the management can make a selection of a suitable employee for the appropriate vacancy.

4.1 OBJECTIVES

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

- Discuss the concept of recruitment and selection
- Explain the factors affecting recruitment
- Describe the types of recruitment

4.2 RECRUITMENT: CONCEPT, FACTORS AND TYPES

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If the HR department fails to identify the quality and the number of persons to be recruited and also fails to procure the services of persons with required qualifications, skill and calibre continuously, a time may come ultimately when all the qualified persons have retired, and no qualified person remains in the organization. Therefore, the importance of recruitment and selection of the right type of persons at the right time is indispensable to the organization.

4.2.1 Meaning and Definitions

Recruitment is a process designed to attract a qualified pool of job applicants to the organization. It is important to ensure that there is compatibility between the job and the applicant. Before the recruitment efforts begin, the requirements for the jobs to be filled must be clearly specified. These requirements can be established by job analysis, job descriptions and job specifications.

Job analysis, as you have already learned in the previous unit, is an orderly study of job requirements and involves systematic investigation relating to the operations and responsibilities including knowledge, skills and abilities required for the successful performance of a job. The information collected includes work activity as to what is being done, nature of the physical environment, type of equipment and tools used, performance standards and personal attributes of the worker such as skills, training, experience and so on. Job analysis forms the basis for job description and job specification.

You have also learned in the previous unit that job descriptions are written statements that outline the duties and responsibilities involved in performing jobs. It is a tangible outcome of job analysis as to 'who does what, when, where, how and why.' A job description generally contains information which includes job identification, brief summary of the type of job, duties performed, type of machinery handled, working conditions and so on. Job descriptions clearly communicate to workers as to what they are required to do, and this reduces confusion and misunderstanding.

Job specifications define the characteristics of the individuals who should be hired for the job. These specifications relate to:

- **Physical characteristics:** These include general health, height and weight, vision, endurance level, hearing, colour discrimination, reflexes, motor coordination and so on.
- **Psychological characteristics:** These include mental dexterity, emotional stability, maturity, patience, aggressiveness, outgoing

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nature, poise, initiative, drive, leadership qualities, cooperative spirit, conversational ability and so on.

- **Responsibility:** This involves supervision of others, responsibility for safety of others and so on.
- **Other characteristics:** These may be, for the record, age, sex, education, experience, training required, fluency in languages and other sensory demands such as sense of sight, smell or hearing.

Once a complete job analysis has been completed and manpower needs have been determined, then management can begin the recruitment process. The recruitment may be internal to the organization or the prospective candidates can be drawn from outside sources. To what extent the internal sources or external sources for recruitment would be used would depend upon the specific environment of the organization as well as its philosophy of operations. Some companies prefer to promote from within for key positions because these persons know the company well. Others prefer to hire from outside because the outside personnel do not know the company so that they can bring some new and fresh ideas into the company.

According to Flippo, recruitment is 'a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization'.

In the words of Mamoria, 'Recruiting is the discovering of potential applicants for actual or anticipated organizational vacancies'.

4.2.2 Recruitment Policy Sources and Methods

Basically, the sources of recruitment are of two types: internal and external.

Internal Sources

Internal sources include personnel already on the pay roll of an organization. Filling a vacancy from internal sources by promoting people has the advantages of increasing the general level of morale of existing employees and of providing to the company more reliable information about the candidate. Internal sources include promotions, transfers, and response of employees to notified vacancy. Employee referrals and former employees also constitute the internal sources of recruitment. Let us discuss these five types of sources.

1. Promotions

Promotions from among present employees can be a good source of recruitment. To be effective, promotion requires using job posting, personnel records and skill banks. Job posting means notifying vacant positions by announcing at staff meetings, posting notices and inviting employees to

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apply to notified vacancies. Examining personnel records may help in identifying talented employees for higher positions. Skill banks are a list of employees who have specific skills. Promotions have several advantages for the organization as well as its employees, such as:

- It builds morale among employees as organizations consider them for higher positions.
- It is cheaper than going for outside sources.
- Internal employees are familiar with the organizations.
- Promotion when carefully planned acts as a training device for developing employees for higher level jobs.
- It improves the probability of a good selection since the person is already known to the organization.
- It encourages competent individuals who are ambitious.

Here it should be noted that promotions can be dysfunctional to organizations as the advantage of hiring outsiders who may be better qualified and skilled is denied. Promotion also results in inbreeding and discourages new blood from entering the organization which is not good for it.

2. Transfers

A transfer is a change in job assignment. It does not involve a change in responsibility and status. A movement of an employee between equivalent positions at periodical intervals is calls as 'transfer'. A transfer, therefore, does not involve in a change of responsibility or compensation. Transfers are normally made to place employees in positions where they are likely to be more effective or where they are likely to get greater job satisfaction. Transfers are often important in providing employees with a broad-based view of the organization.

3. Response of employees to notified vacancies

Employees who are qualified but are doing jobs below their educational qualifications or skill level may respond to notified vacancies. This practice is not followed for senior positions which are generally filled with people hired from outside. When employees respond to notified vacancies, examining personnel records is desirable. It helps to track persons who have the potential for further training or those who have the right background for the vacant positions.

4. Employee referrals

Employee referrals can also be treated as a good source of internal recruitment. This source is usually one of the most effective methods of recruiting because many qualified people are reached at a very low cost to the company.

Therefore, when vacancies are notified it is also necessary to bring this information to the employees by posting notices, circulating publications or announcing job vacancies at staff meetings. In an organization with large number of employees, this approach can provide quite a large pool of potential organization members.

Employee referrals can help employees to develop good prospects to their family members, friends and can induce them to apply for vacancies in the organizations. Most employees know from their own experience about the requirements of the job and what sort of persons the company is looking for. Often employees have friends or acquaintances who meet these requirements.

5. Former employees

Former employees can include those who have worked on part-time basis and now desire to work on a full-time employment, retired employees or those who have left the company for some reason but are now willing to come back and work. Former employees are a good internal source of recruitment. They have the advantage of knowing the organization, which, in turn, know the performance of these people.

Merits of internal sources of recruitment

The merits of internal sources of recruitment are as follows:

- They absorb people already acquainted with the company culture.
- They provide tried and tested people on whom the company can depend.
- They are a useful signal to employees that assures them that their services are recognized, which helps in maintaining their motivation and morale.
- They reduce labour turnover as it gives employees a sense of job security and opportunity for advancement.
- They minimize job training.
- They are less costly than the other sources of recruitment.

Demerits of internal sources of recruitment

Internal sources of recruitment suffer from certain constraints that are as follows:

- They limit the choice to a few employees only.
- The likes and dislikes of the superiors play an important role in the selection of an employee.
- They create frustration among the unselected employees.

External Sources

External sources lie outside the organization. There are seven external sources of recruitment, which are discussed as follows:

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1. Advertisements

Advertising in newspapers, trade journals and magazines is the most frequently used method. In order to be successful, an advertisement should be carefully written. If it is not properly written, it may not draw the right type of applicants or it may attract too many applicants who are not qualified for the job.

2. Employment exchanges

An employment exchange is an office set up for bringing together as quickly as possible candidates searching for employment and employees looking for prospective employees. The main functions of employment exchanges are registering job seekers and their placement in notified vacancies.

3. Campus recruitment

Sometimes, recruiters are sent to educational institutions where they meet the placement officer or the faculty members who recommend suitable candidates. This system is prevalent in USA where campus recruitment is a major source. However, today the idea of campus recruitment has slowly caught up the fancy of Indian employers too.

4. Unsolicited applicants

Unsolicited applicants are another source. Some candidates send in their applications without any invitation from the organization.

5. Labour contractors

Many organizations employ labour contractors to hire workers. This method is usually resorted to when the work is of a temporary nature.

6. Employee referrals

Friends and relatives of present employees are also a good source from which employees may be drawn.

7. Field trips

An interviewing team makes trips to towns and cities, which are known to contain the kinds of employees required. In this method of recruitment, carefully prepared brochures describing the organization and the job it offers are distributed to the candidates before the interviewer arrives. The arrival dates and the time and venue of interview are given to the candidates in advance.

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8. Web recruitment

In accordance with the research by the Society for Human Resource Management, the Internet is used by 96 per cent of all job seekers. This makes it the most commonly used mode of searching. On the other hand, Internet is used by 88 per cent of recruiters to advertise for new opportunities and vacancies. This approach is considered cheaper, faster and highly efficient by firms and candidates. Applicants can make use of a number of websites that can be availed on the Internet, for this purpose. The applicants can make use of these websites for submitting their resumes and similarly, prospective employers can check these resumes for candidates who may suite their requirements. These websites also have a system to match the requirements with the skills of the candidates. Recently, firms have found it more convenient and effective to construct their own websites, wherein they advertise the job vacancies. Websites prove to be speedy, convenient and cost-effective for applicants who use the Internet to submit their resumes. The resumes are then converted into a standard format that uses the software to make a short list of candidates. This is in accordance with the set criteria such as qualifications, experiences, etc. The requirements are furnished by the HR department which also generates the profiles of candidates from the company's database.

- **Recruitment alternatives:** Recruiting sources are equipped for locating and hiring full-time and permanent employees. Nevertheless, economic facts, combined with the trends of management such as rightsizing, have caused the emergence of slightly different focus. A large majority of companies is presently hiring temporary employees, leased employees and are using independent contractors.
- **Temporary help service:** This proves to be valuable when meeting short-term fluctuations in the need for human resource management Temporary employees prove to be specifically. Though they are traditional in their way of handling office administration, yet temporary staffing services have expanded to a broad range of skills. It is possible to hire temporary computer programmers, accountants, technicians, administrative assistants, etc.
- **Leased employees:** Leased employees tend to be with a firm for a long time. They work and are employed with the organization in accordance with a leasing arrangement. If a firm is on the lookout for employees who are specifically skilled, it gets in touch with leasing firms. These firms cater them with leased employees. Leased employees are trained well. The leasing firm screens them, as required and gives them proper training. They are assigned to organizations with absolute guarantee. In case a leased employee does not perform, the organization is given a replacement, or the paid fee is returned. This is also beneficial to the employee who is being leased. There are a few workers who like their

lives to be flexible. When they are on lease, it allows them the choice to work at their convenience and for as long as they desire.

- **Independent contractors:** Independent contracting is an alternative method of recruitment. Firms may prefer hiring of independent contractors for specific jobs that are located within or outside its premises. The system of independent contracting is beneficial for the organization as well as for the worker. In this case, the worker is different from an employee, since it is more economic for the company with full or part-time employees, in terms of social security schemes such as provident fund, insurance, gratuity, etc. In addition, this is also a good way to keep ideal workers in association with the firm. If an individual is allowed the freedom to work from home, as per his convenience of time, it is beneficial to both, the firm and the individual.

9. Employment exchange

Employment exchange is also an important external source of recruitment.

The Employment Exchanges (Compulsory Notification of Vacancies) Act was enacted in 1959 to provide for compulsory notification of vacancies to the Employment Exchanges and for the rendition of returns relating to Employment situation by the employers. This act came into force with effect from 1st May 1960.

All Establishments in public sector and such establishments in private sector excluding agriculture, where ordinarily 25 or more persons are employed come within the purview of the Act. These establishments are required to notify all vacancies (other than those exempted) to the appropriate Employment Exchange as notified in the official Gazette by the State Government in the prescribed format.

This Act will not apply to vacancies in any employment in agriculture (including horticulture), domestic service, unskilled office work, employment connected with the staff of parliament, and if the total duration of the vacancies are less than three months.

The establishments are also required to render quarterly employment return in Form ERI for every quarter ending 31st March, 30th June, 30th September and 31st December and biennial occupational return in Form ER-II once in two years viz., by private sector in odd years and by public sector in even years.

As per the provisions of this Act, persons authorized by the Government shall have access to any relevant records of the employer. They are also empowered to inspect or take copies of relevant records or document. Penal provision of imposition of fine for any offence has been made for violation for various provisions of this act.

Merits of external sources of recruitment

The merits of the recruitments using external sources are as follows:

- Fresh talent and skill come into the organization.
- New employees may try to change old habits.
- New employees may be selected at the latest terms and conditions of the organization.
- Highly qualified and experienced employees may help the organization to boost performance.
- Since persons are recruited from a large market, the best selection can be made. In other words, the recruiter has a wide range of candidates to choose from.
- They provide the requisite type of personnel having the required skill and standard.

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Demerits of external sources of recruitment

The constraints of recruitments using external sources are as follows:

- They reduce the morale of existing employees because outsiders are preferred to fill up superior vacancies.
- They deny carrier advancement for existing employees.
- Proper evaluation may not be possible due to the time constraint resulting in faulty selection.
- Outsiders not being acquainted with the policies and procedures of the organization need training, before they can deliver.

From all this, we can conclude that there is no hard and fast rule whether the recruitment must be internally or externally or exclusive to each other. The best management policy regarding recruitment must be to first look within the organization and if no able talent is available, external sources may be looked at. To use the words of Koontz and O'Donnell 'The (recruitment) policy should be to 'raise' talent rather than 'raid' for it'.

Constraints

Some constraints might crop up while placing an employee on a job. These problems could include:

- Employee's expectations from the job are not matching with reality.
- Expectation from the employers are more than the employee's ability or skills.
- Technological changes might result in mismatch between the job and the employee.

- Change in the organizational structure may result in changes in the job. These changes result in a misfit between the employee and the job.

4.2.3 Recruitment Policy

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A policy is a directive providing a continuous framework for executive actions on recurrent managerial problems. A policy assists decision-making. However, deviations may be needed, as exceptions and under some extraordinary circumstances. Such a policy asserts the objectives of the recruitment and provides a framework of implementation of the recruitment programme in the form of procedures.

The essentials of policy formation may be listed as follows:

- It should be definite, positive and clear. Everyone in the organization should understand it.
- It should be translatable into practice.
- It should be flexible and at the same time should have a high degree of permanency.
- It should be formulated to care all reasonable anticipated conditions.
- It should be founded upon facts and sound judgements.
- It should conform to economic principles, statutes and regulations.
- It should be a general statement of the established rules.

Therefore, a well-considered and pre-planned recruitment policy, based on corporate goals and needs, may avoid hasty decisions and help the organization to appoint the right type of personnel.

According to Yoder, 'A recruitment policy may involve a commitment to broad principles such as filling vacancies with the best-qualified individuals... It may also involve the organization system to the developed for implementing recruitment programme and procedures to the employed'. Therefore, a recruitment policy involves a commitment by the organization to principles, such as:

- To find and employ the best qualified persons for each job
- To retain the best talent by offering life-time carriers
- To facilitate personal growth on the job

Conditions Necessary for a Good Recruitment Policy

A good recruitment policy must satisfy the following conditions:

(i) **Organization's objectives:** A good recruitment policy should be in conformity with the organization's objectives. It must take into consideration the basic parameters for recruitment decisions.

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(ii) **Identification of recruitment needs:** A good recruitment policy should be flexible enough to meet the changing needs of an organization. The recruiters should prepare profiles for each category of workers and accordingly work out the employees' specifications.

(iii) **Ensuring long term employment opportunities for its employees:** A good recruitment policy should be so designed by the organization as to ensure career growth for its employees on a long-term basis. It should help in developing the potentialities of employees.

(iv) **Preferred sources of recruitment:** A good recruitment policy should match the qualities of employees with the requirements of the work for which they are employed. The preferred sources of recruitment, which would be tapped by the organization for skilled or semi-skilled workers could be internal sources or employment exchanges, whereas for highly specialized managerial personnel, external sources could be preferred.

Check Your Progress

1. What is recruitment?
2. What is required to make promotions effective?
3. What is a transfer?
4. What do you understand by employment exchange?
5. Define what constitutes a good recruitment policy.

4.3 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. Recruitment is a process designed to attract a qualified pool of job applicants to the organization.
2. To be effective, promotion requires using job posting, personnel records and skill banks. Job posting means notifying vacant positions by announcing at staff meetings, posting notices and inviting employees to apply to notified vacancies.
3. A movement of an employee between equivalent positions at periodical intervals is calls as 'transfer'.
4. An employment exchange is an office set up for bringing together as quickly as possible candidates searching for employment and employees looking for prospective employees.

5. A good recruitment policy should be in conformity with the organization's objectives. It must take into consideration the basic parameters for recruitment decisions.

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4.4 SUMMARY

- If the HR department fails to identify the quality and the number of persons to be recruited and also fails to procure the services of persons with required qualifications, skill and calibre continuously, a time may come ultimately when all the qualified persons have retired, and no qualified person remains in the organization.
- Selection, either internal or external, is a deliberate effort of organizations to select a fixed number of personnel from a large number of applicants.
- Internal sources include personnel already on the pay roll of an organization. Filling a vacancy from internal sources by promoting people has the advantages of increasing the general level of morale of existing employees and of providing to the company more reliable information about the candidate.
- External sources lie outside the organization. There are seven external sources of recruitment.
- Recruiting sources are equipped for locating and hiring full-time and permanent employees. However, a majority of companies are presently hiring temporary employees, leased employees and are using independent contractors.
- A policy is a directive providing a continuous framework for executive actions on recurrent managerial problems. A policy assists decision-making.
- The Employment Exchanges (Compulsory Notification of Vacancies) Act was enacted in 1959 to provide for compulsory notification of vacancies to the Employment Exchanges and for the rendition of returns relating to Employment situation by the employers.

4.5 KEY WORDS

- **Skill:** It is the ability and capacity acquired through deliberate, systematic, and sustained effort to smoothly and adaptively carryout complex activities or job functions

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- **Applicant:** It refers to a person who makes a formal application for something, especially a job.
- **Referral:** It is a program where in employees refers their own friends, ex-colleagues, college batchmates or acquaintances for recruitment in the company where they work.

4.6 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short Answer Questions

1. Discuss the meaning of recruitment by means of various definitions given in the unit.
2. What are the merits and demerits of internal sources of recruitment?
3. Write a short note on employment exchange.
4. Briefly mention the conditions necessary for a good recruitment policy.

Long Answer Questions

1. Discuss the specifications required to define the characteristics of the individuals who should be hired for a job.
2. What are the various types of sources of recruitment? Discuss each in detail.
3. What is a recruitment policy? What are the essentials of policy formation?

4.7 FURTHER READINGS

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BLOCK - II
SELECTION AND TRAINING

NOTES

UNIT 5 SELECTION PROCESS

Structure

5.0 INTRODUCTION

If an organization fails to procure the services of persons with required qualifications, skill and calibre continuously, a time may come ultimately when all the qualified persons retire and then the organization is bound to suffer. Therefore, the importance of recruitment and selection of the right type of persons at the right time is indispensable to the organization.

In the previous unit, we discussed recruitment. In this unit we will discuss the process of selection in detail.

5.1 OBJECTIVES

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

- Understand the process of selection in detail
- Describe the types and methods of selection
- Explain the process of induction after the selection

5.2 CONCEPT, KINDS AND METHODS OF SELECTION

Selection, either internal or external, is a deliberate effort of organizations to select a fixed number of personnel from a large number of applicants. The primary aim of employee selection is to choose those persons who are most likely to perform their jobs with maximum effectiveness and to remain with the company. Thus, an attempt is made to find a suitable candidate for the job. In doing so naturally many applicants are rejected. This makes selection a negative function.

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According to Yoder, "the hiring process is of one or many 'go-no-go' gauges. Candidates are screened by the employer and the short-listed applicants go on to the next hurdle, while the unqualified ones are eliminated".

5.2.1 Steps in Selection Procedure

There is no shortcut to an accurate evaluation of a candidate. A variety of methods are used to select personnel. The selection pattern, however, is not common for all organizations. It varies from one to another, depending on the situation and needs of the organization. Therefore, there is no standard selection procedure followed by all. However, according to Yoder the steps commonly followed are as under:

(a) Application Blank

In a sense the application blank is a highly structured interview in which the questions are standardized and determined in advance. An application blank, is a traditional, widely accepted device for getting information from a prospective applicant. The application blank provides preliminary information as well as aids in the interview by indicating areas of interest that may be useful for discussion.

(b) Initial Interview of the Candidate

Those who are selected for interviews on the basis of particulars furnished in the application blank are called for initial interview by the organizations. This is meant to evaluate the appearance of the candidate and to establish a friendly relationship between the candidate and the company and for obtaining additional information or clarification on the information already on the application bank. Preliminary interview becomes a necessity, when a large number of candidates apply for a job.

(c) Selection Tests

For further assessment of a candidate's nature and abilities, some tests are used in the selection procedure. If tests are properly conducted, they can reduce the selection cost by reducing the large number of applicants to manageable levels. The different types of tests are:

- **(i)** Aptitude Test: Aptitude or potential ability tests are widely used to measure the talent and ability of a candidate to learn a new job or skill. Aptitude tests measure ability and skills. They enable us to find out whether a candidate would be suitable for the job.

(ii) Interest Test: Interest test finds out the type of work in which the candidate has an interest. An interest test only indicates the interest of a candidate for a particular job. It does not reveal his ability to do it.

(iii) Intelligence Test: This test is used to find out the candidate's intelligence. It reveals the candidate's mental alertness, reasoning ability, power of understanding etc. The scores on intelligence tests are usually expressed as Intelligence Quotient (IQ), which is calculated as follows:

$$IQ = \frac{\text{Mental Age}}{\text{Actual Age}} \times 100$$

(iv) Performance or Achievement Test**:** This test is used to measure the candidate's level of knowledge and skill in a particular trade or occupation. Achievement test measures the skill or knowledge which is acquired as a result of previous experience or training obtained by a candidate.

(v) Personality Test: Personality test is used to measure the characteristics that constitute personality.

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(d) Interviews

Candidates are called for an interview after they have cleared all other tests. The interview consists of interaction between the interviewer and the applicant. If handled properly, it can be a powerful technique in achieving accurate information and getting access to material otherwise unavailable. If the interview is not handled carefully, it can be a source of bias, restricting or distorting the flow of communication. An interview is thus an attempt to secure maximum amount of information from the candidate concerning his suitability for the job under consideration.

(e) Checking References

The reference provided by the applicant has to be checked. This is to find out from the past records of the candidate. Reference checking requires the same use of skills as required by the interviewer and some amount of diplomacy. The main difficulty is ascertaining the accuracy of information given. Besides inaccurate facts, the referees' inability to assess and describe the applicant and his limited knowledge about the candidate also pose problem. In spite of its difficulties, it is necessary to carry out reference checks. In many organizations, reference checking is taken as a matter of routine and treated casually or omitted entirely.

(f) Physical or Medical Examination

The next step is getting the candidates medically examined if there is a need. Quite often the candidates are told to get medically examined before reporting for duty. In Government and other quasi-government organizations getting medically examined is a must before reporting for duty or at the time of reporting for duty. Medical examination is a part of the selection process for all suitable candidates in many organizations.

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(g) Final Interview and Induction

After the candidate is finally selected the management will have to explain the job to him. He should be told as to what his duties are, what is required of him and what are his future prospects in the organization. Normally this information is given to the candidate at the time of final selection interview. This is the way how the candidate is inducted into the job. He is formally appointed by issuing him an appointment letter or by concluding with him a service agreement. The appointment letter contains the terms and conditions of the employment, pay scale and other benefits associated with the job.

The interviewer can describe the company and its policies, the duties and responsibilities of the applicant as well as the opportunities available to him for future promotion. The interviewer should, in fact highlight the favourable aspects of the job. This process is explained in great detail in the subsequent sections.

Objectives of selection

As Blum and Naylor observe, the purpose of the selection process is to make effective use of individual differences with a view to select individuals who possess the greatest degree of qualities required for an effective job performance. Indeed, individual differences provide the basis for the selection and placement processes. It has been found that differences between the most efficient and the least efficient workers for certain jobs, such as spoon polishing, are five times. This indicates advantages of developing selection methods to reject individuals with relatively less efficiency. It may be noted, as the psychology of individual differences reveals, that personal qualities of people are normally distributed in the population. Thus, some individuals will have a high amount of a certain quality and some will have a low amount, while most of the individuals will have a moderate amount of that quality.

5.2.2 Methods of Selection

Earlier on you studied that although selection procedures vary from one organization to another, in terms of size, industry, location, and scalar levels of jobs being filled, the selection process depends upon effective job analysis and recruitment. As Yoder *et al.* suggest, the selection process involves seven steps as follows: (*i*) preliminary screening of applicants, (*ii*) review of application blank, (*iii*) checking references, (*iv*) physical examination, (*v*) psychological testing, (*vi*) employment interview, and (*vii*) evaluation of the programme. Let us now study these in detail.

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I. Preliminary Screening and Review of Application Blank

(a) Preliminary Screening

It is highly non-economical to administer the entire series of tests of selection process to all the applicants. It is advantageous to sort out unsuitable applicants before using the selection battery. For this purpose, usually preliminary interviews, application blank check-lists and short tests can be used. As regards screening interviews, they should be conducted by skilled and trained interviewers instead of some lower cadre clerk in the personnel department. The rejection standards for applications should be well defined. Further, application blank check-lists can also be used to sort out applicants. However, the list should be determined through research, and a suitable standard for rejection should be worked out. Suppose, the minimum standard for typing is 40 words per minute; the check-list should include this information. All applicants with a typing speed below 40 can be straightaway rejected. Sometimes, oral trade tests or aptitude tests are also used for screening purposes.

A screening device

Yoder *et al.* suggest Toops' successive-hurdles technique as an effective screening device. According to this technique, all selection factors are arranged in the decreasing order of importance. For example, if the aptitude test has the highest correlation among all the selection devices with job success, it would be ranked first. Likewise, if personal history has the least correlation among all factors with job success, it would come in last. Accordingly, an aptitude test can be used to screen out the applicants. Then, the next valid test will be used. Some organizations use non-objective methods such as observational techniques (i.e., facial expression) and length of experience, in screening applicants. This is a highly arbitrary method having only a chance validity.

(b) Review of Application Blank

Personal History Data. Application blanks are frequently used as selection devices. These blanks vary from small one-page sheet to several folders consisting of hundreds of items regarding the applicant's history. The application forms usually involve items such as name, address, age, marital status and dependents, schooling, experience and reference. There may be several other items depending upon the specific requirements of the organization and the job. As Harrell observes, these blanks provide preliminary information as well as help in the interview by indicating the areas of interest and discussion. If the application blanks consist of the proper items, the personal history items can be effectively used. Usually, the past provides indications regarding the future. The most effective predictor of job success is one's demonstrated ability to perform effectively in a similar job.

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Limitation. However, in practice, these application forms are not as effective as they appear to be. Sometimes, the applicants tend to exaggerate their abilities. In several cases, the questions contained in the blanks themselves are irrelevant. In addition, sometimes the personnel department members are unaware of the proper evaluation procedure of blanks and accordingly cannot make their effective use.

Determining the Effectiveness of Personal History Data. Notwithstanding these limitations, the application blanks have proved to be highly effective in several jobs. For example, several issues of personal history such as age, marital status and number of dependents are found to be effective correlates of success of life insurance agents and department or store salesmen. Likewise, personal history has been found to be associated with turnover. College scholarship and other factors have been compared with that of salaries after five years following graduation. The results revealed that college scholarship was the most important factor for success in business. Some researchers have pointed out that business leaders are college graduates and have not benefited by 'family pull' in the business, and that they usually come from homes of professional people, managers and business people. It may be noted, however, that those results should be interpreted with caution. Attempts should be made to constantly determine the effectiveness of personal history data for jobs and organizations.

Weighted Application Blanks. Weighted application blanks can be prepared on the basis of information regarding personal history items associated with job success. Suppose, if being under 30 years of age is an advantage for an insurance agent, it is weighed high, and for a handicap it is weighed low. Likewise, if academic achievement is the least predictor for future success in salesmanship, it is assigned a low-weighted value. If it is markedly associated with success in executive jobs, it is assigned a relatively high weight. It is not possible to prepare a weighted application blank for all jobs in general. Rather, attempts should be made to prepare weighted applications for specific jobs and organizations.

II. Reference Checking and Physical Examinations

(a) Reference Checking

Applicants should be requested to give character and general references in the application blanks. The previous employers and schools can provide useful information. Attempts may be made to make personal visits and telephone calls to procure objective responses. Usually, correspondence is made to verify work history information including dates of employment, duties performed, and wages and salaries received. It is an effective practice to send a brief questionnaire involving checking of answers instead of a great deal of writing. The enquiries should be as specific and precise as possible.

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(b) Physical Examinations

Physical examinations are frequently conducted and used for differential placement purposes rather than rejection of applicants. Large organizations have their own medical clinics while the smaller ones refer to private clinics. Medical examinations have assumed significance in view of increasing fringe and welfare programmes. As Yoder observes, physical examinations form a positive rather than a negative selection device. This helps in effective manpower utilization by stressing differential placement, involving assessment of an individual's capacities and matching them with several job possibilities in the organizational setting. Attempts should be made to conduct physical demands analysis related to physical and environmental job requirements and conditions, and physical capacities analysis related to the determination of how extensively a person can indulge in physical activities. The physical demands of the jobs should be matched and compared with the physical capacities of applicants. Everyone is handicapped physically at some job or the other. Therefore, physical examination is of utmost significance in selective or differential placement.

Methods. Following Hanman, physical-demands analysis can be conducted by three methods: (1) the disability method, (2) the rating method, and (3) the specific method. The disability method stresses upon employees' disabilities rather than abilities. For example, jobs are classified in terms of their suitability for people with various handicaps such as the blind, the one-armed or the deaf. The rating method involves rating of jobs demanding 'heavy lifting', 'moderate lifting', 'light lifting', etc. This is a highly subjective method. The specific method stresses what the employee can do. Attempts are made to state the job demands as well as employee capacities in specific, objective terms, thereby enabling matching and comparison. This method also involves development of specific physical and environmental demands of a job through job analysis. Thus, it enables the personnel manager to assess specific abilities and demands for specific applicants for several specific jobs.

III. Psychological Testing

(a) General Principles

Psychological tests are used in organizations for several purposes including selection and placement of employees, their transfer and promotion, determining training needs, evaluation of training programmes and counselling. Among these purposes, psycho-logical testing is primarily used for selection and placement. The testing programme is effective if the number of applicants for a job is high. Systematic use of tests helps in rejecting applicants. Thus, the testing programme is highly useful when there is considerable unemployment and abundance of applicants. However, it does not mean that it is not useful when the number of applicants is less. In such a situation, it is useful for placement purposes to enable the manpower manager to place the individual in a job for which he is most suitable.

As Tiffin and McCormick point out, it should be recognised that psychological tests are not infallible, and that sometimes they reveal results which are not a true indication of the potential job success of the candidate. The effectiveness of any method depends upon the degree of improvement and not perfection. Suppose, without the use of testing programme, the turnover rate is 30 per cent and with the use of testing programme it comes down to 25 per cent. Here, the testing programme is considered as successful although it has not eliminated the turnover.

(b) Types of Tests

Psychological tests can be classified under several types. There may be group or individual tests, instrumental or paper and pencil tests, aptitude or achievement tests, personality and interest tests, and power or speed tests. Group tests can be administered to any number of candidates simultaneously depending upon physical infrastructure, while individual tests can be given to one applicant at a time, usually involving utmost attention of the tester. The examples of group tests are Purdue Vocational Achievement Tests, Adaptability Test, Wonderlic Personnel Test, etc. while among individual tests, Purdue Pegboard Tests of Manual Dexterity can be cited. The instrumental tests make use of tools and are usually individual in character. The paper and pencil tests are usually group tests involving written responses.

Aptitude tests assess an individual's potentiality to learn about a job through adequate training. These tests are effective for freshers. Achievement tests indicate how effectively an individual can perform a job and what he knows about it. These tests are useful if the candidates have prior experiences of similar jobs. It may be noted that there are certain tests which when used in a particular way are classified as achievement tests and when used in other ways, can be designated as aptitude tests. Thus, the basic classification criterion should be the purpose and not the content. Personality and interest tests indicate personal traits conducive to the job performance. These tests are akin to aptitude tests. A power test refers to a test where the ability of the candidate to complete the test items is more crucial than his speed, while speed test refers to a test where each item can be completed by most candidates, but in which speed is crucial.

Testing the tests

The tests should be tested before they are actually conducted.

Validity of Tests. Explicitly, the tests should have adequate validity. The term 'validity' means that a test measures what it purports to measure. There are several methods of validating the tests. The present employee method and the follow-up method are largely used. The present employee

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method involves testing of present employees and correlating their test scores with a suitable criterion of job performance. The follow-up method involves assessing new employees at the time of recruitment, filing the test scores and subsequently determining the relationship between the test scores and the performance of employees on the job after a period of time. Although these methods have several advantages and disadvantages, the testing programme should make use of both methods to have maximum effectiveness. There are four types of validity related to several purposes of testing. These are content validity, predictive validity, concurrent validity and construct validity. Content validity is assessed by indicating how effectively the content of a test represents the subject matter or types of situations which the test purports to measure. Predictive validity (exemplified by the follow-up method) is assessed by indicating how effectively predictions made by the test have been confirmed subsequently. Concurrent validity (exemplified by the present employee method) is assessed by indicating how effectively the test is related to some present criterion of performance. Construct validity is assessed by determining what psychological characteristics a test usually measures. This is accomplished by correlating a test with another which measures the same characteristics. Factor analysis can also be used for this purpose.

In addition to validity, as Tiffin and McCormick point out, other factors determining the functional value of psychological tests include reliability, selection ratio and the percentage of present employees who are satisfied with the job.

Reliability. This refers to the degree of consistency with which a test measures what it purports to measure. There are three types of reliability including coefficient of stability, coefficient of equivalence, and coefficient of internal consistency. Coefficient of stability is assessed by the test-retest method. A group of individuals are administered the same test twice after a period of time, and then the two sets of test scores are correlated. The coefficient of equivalence is evaluated by the alternate forms method involving administration of two separate but equivalent forms of the test to the candidates. The coefficient of equivalence is derived by correlating the scores of the two forms. Index of internal consistency is evaluated by the split-halves method. Each test is scored on each of the two halves of the items (odd versus even or chance halves randomly chosen), and then the two sets of scores are correlated. Usually, tests with the coefficients of reliability above 0.80 are satisfactory. It may be noted that the test might have reliability but not necessarily high validity. However, if a test has low reliability, it is not likely to have satisfactory validity.

Selection Ratio. Moreover, the functional value of the test of a manpower manager depends upon the selection ratio—the ratio of the persons selected to those tested. Suppose, we have 100 applicants and place the 75 who score the highest on the test. Thus, we reduce those placed to 75 per cent

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of those tested. Accordingly, the selection ratio will be 0.75. Likewise, if we test 200 applicants and place the 100 who score the highest on the test, our selection ratio will be reduced to 0.50. Again, suppose we test 500 applicants and place only the 50 who score the highest on the test, the selection ratio will be reduced to 0.10. Overall, the effectiveness of the testing programme increases with a fall in the selection ratio. Thus, as Tiffin and McCormick observe, in group testing where the manpower manager is interested in average, rather than individual results, he can effectively use the test with lower validity by adequately decreasing the selection ratio. Thus, in group testing, a decrease in selection ratio provides a substitute for high validity. This does not mean that it is a substitute of 'no validity'. The test must have some validity to permit the utilization of reduction in the selection ratio.

Percentage of Present Satisfactory Employees. Finally, another factor influencing the efficiency of a psychological test relates to the percentage of the present employees who have been considered satisfactory. Other things remaining the same, the lower the percentage of existing employees who have been placed satisfactorily without test, the higher the percentage of satisfactory employees placed by using tests is likely to result. Let us assume that we have a test with a validity of 0.50 and use a selection ratio of 0.50, and only 5 per cent of employees placed by the traditional method are successful. Under these conditions, the expected increase to 9 per cent represents an 80 per cent increase in the number of satisfactory employees placed by the test. Indeed, if the percentages of satisfactory employees placed without the test is larger, the percentages of increase accomplished by using the test becomes smaller. Accordingly, for 90 per cent of satisfactory employees placed by the traditional method, the increase of this percentage to 97 per cent by using the test will lead to a gain of only 8 per cent in the number of employees satisfactorily placed.

Thus, other things being equal, if more complicated it is to identify and place satisfactory employees without applying tests, the more advantage a manpower manager can acquire through a proper psychological testing programme. The Taylor-Russell tables can be used to ascertain as to what percentage of employees recruited will be effective under several combinations of test validity, selection ratio and percentage of present employees viewed effective. However, these tables should be used with caution.

Using the tests

A significant issue is how to use the tests for employment purposes. The selection standard (critical score) on the test should vary with the market conditions. If the market conditions are tight, the critical score should be low and if loose, the selection standard should be high. Another point is that several tests should be combined into a battery.

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A Battery. There are two methods of combining tests in a battery. These include the multiple cut-off and the multiple correlation method. In the multiple cut-off method, tests are administered one at a time and applicants who do not perform satisfactorily are eliminated with each test. Thus, the first test will eliminate all the low-scoring candidates, and the remaining candidates will be administered the second test which will further eliminate more candidates and so on. The multiple correlation method involves the computation of multiple correlation between the best combination of test scores and the relevant criterion. Thus, the performance on different tests can be combined into a composite score in order to weigh each to attain the maximum correlation between the performance on the test battery and the criterion of job success. Thus, the value of the testing programme increases by using many tests in combination because no single test gives as high a validity coefficient as does the battery as a whole.

Inspection or Graphic Method. Yoder *et al.* suggest the inspection or the graphic method using maximum as well as minimum cutting scores. Explicitly, we may come across the fact that individuals who scored very high in the test as well as those who scored very low, had a short tenure in an enterprise. These types of relationships are called 'curvilinear' and involve separate correlational techniques. Usually the *eta* coefficient is used for this purpose. A study of turnover data of a company will reveal that short tenure employees are those who have scored either below 80 or above 120 on the intelligence test. Obviously, setting a minimum critical score at 80 and a maximum at 120 will remove short tenure risks related with either very high or very low scores. It may be noted that the selection ratio discussed above assumes linearity of relationships and accordingly cannot be used for curvilinear data.

Training. Last but not the least, adequate training of testers is of utmost significance for the full advantage of the testing programme. Testing human beings is quite different from testing materials or processes. Humans may react both favourably and unfavourably to test situations. So, attempts should be made to obtain a favourable response. The testers, therefore, should have proper training to take the best out of the applicants and leave favourable impression of the company with them.

IV. Psychological Tests in Selection and Placement

Tiffin and McCormick describe several types of tests used for selection and placement under three categories including aptitude tests, personality and interest tests, and achievement tests.

(a) Aptitude Tests

Aptitudes have been grouped into five categories including mental abilities, mechanical and related abilities, psychomotor abilities, visual skills and a class of other specific aptitudes.

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(i) **Mental Ability**. The term mental ability has been used interchangeably with intelligence. There are several kinds of mental abilities such as verbal comprehension, word fluency, memory, inductive reasoning, number facility, speed of perception and spatial visualization. Most of these tests used for selection and placement purposes are group tests. The tests that are used most frequently in industry include the Adaptability Test, Otis Self-Administering Tests of Mental Ability, Wonderlic Personnel Test, The Purdue Non-Language Personnel Test, etc. These tests have been effectively used for clerical and supervisory jobs and found useful in the selection of newspaper writers, teletype operator trainees, etc. However, these tests have negative relationships with performance in routine jobs such as assembly workers.

(ii) **Mechanical Ability**. The term mechanical ability refers to the ability involved in the working of mechanical parts and equipment. This ability has two aspects—mental and motor or physical. The mental aspect relates to mechanical comprehension and the understanding of the mechanical principles, while the motor or physical aspect relates to skills such as muscular coordination and dexterity. Mechanical ability has been used in its restricted sense involving a complex of intellectual abilities. There may be a general mental ability as well as specific abilities such as visualization of spatial relations. The most frequently used group tests for mechanical ability include Flanagan Aptitude Classification Tests, Bennett Test of Mechanical Comprehension, Purdue Mechanical Adaptability Test, Revised Minnesota Paper Form Board, etc. There is also some individual test, such as Minnesota Mechanical Assembly Test, Purdue Mechanical Performance Test, etc. These tests have been found effective especially for apprentices, craftsmen, mechanics and repairmen, draftsmen and engineers.

(iii) **Psychomotor Tests**. These tests measure dexterity, manipulative ability, motor ability, eye-hand coordination and allied sensory and muscular abilities. Specifically, these tests involve several factors such as control precision, multilimb coordination, response orientation, reaction time, speed of arm movement rate control, manual dexterity, finger dexterity, wristfinger speed and aiming. Typical psychomotor tests include O'Connor Finger Dexterity Test, O'Connor Tweezer Dexterity Test, Purdue Pegboard, Minnesota Rate of Manipulation Test, etc. These tests have been found very useful in the selection and placement of packers and minor operators.

Visual Skills. Vision tests are of special significance for practically every industrial job. The visual skills required in an industry include keenness of vision (visual acuity) at appropriate distances, discrimination of differences at distances (depth perception or stereopsis), discrimination of difference

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in colour and postural characteristics of the eyes (phorias) at appropriate distances. Among the major vision tests used in industry include Ortho-Rater, the Sight-Screener, the Telebinocular and the Vision Tester. Research results have revealed several visual job families, i.e., groups of jobs which are similar to each other vis-à-vis visual requirements. These visual job families include clerical and administrative inspection and close work, vehicle operator, machine operator, labourer, mechanic and skilled tradesmen, etc.

Special Aptitudes. In addition to the earlier mentioned aptitude tests, there are several other tests to test the special aptitudes such as clerical aptitude, reading speed and comprehension, vocabulary and perceptual speed.

Clusters. On the basis of extensive research, aptitude tests have been grouped into three 'clusters'—intellectual ability, spatial ability and motor ability. Intellectual ability tests are highly effective in selection and the placement of general supervisors, foremen, general clerks, salesmen, protective-service workers and complex machine operators and least effective for vehicle operators. The spatial ability tests have the highest validity for structural workers and the lowest for general supervisors and clerks. The motor ability tests are found useful for selection and placement of vehicle operators, processing workers and gross manual workers.

(b) Personality and Interest Tests

It has been recognised that an employee may have adequate aptitude for a required job, but he is still likely to fail if he possesses a personality which would cause adjustment difficulties in work settings. This necessitates identification of desirable and undesirable personality traits among job applicants. Several attempts have been made to devise tests for measuring personality and interest traits. Among the major personality tests conducted in the industry are Bernreuter Personality Inventory, the Humm Wadsworth Temperament Scale, the Guilford Series of Personality Tests, the Minnesota Multiphasic Personality Inventory, the Gordon Personal Profile, the Rorschach Projective Test and Thematic Apperception Test. As regards interest tests, Strong Vocational Interest Blank and Kuder Preference Record, are largely applied in the industry. The major limitation of personality and interest tests for employment purposes relates to 'faking', i.e., the possibility of responses to test items are not descriptive of the testee.

Overall, personality tests appear to be more effective for selection of clerks, salesmen, public relations officials and trades and crafts than for other occupational categories. It has been widely agreed that the non-intellectual traits of personality are most significant for failures at work and for the effectiveness of managers. There has been more evidence of the usefulness of personality tests than of interest tests in the industry.

(c) Achievement Tests

In industry, achievement tests are used for recruitment of individuals for jobs demanding experience, transfer and promotion of existing employees and training purposes. Achievement tests measure the actual job proficiency of the testees.

Types. Achievement tests are classified in three groups including job sample (or performance) tests, written tests, and oral tests.

The job or work sample tests involve utilization of equipments which are used on the job. An example of job sample test is a miniature punch press used effectively for selecting individuals in jobs such as packaging, inspecting and several types of machine operation. Likewise, a performance test has been devised for selecting fork-lift operators. Again, several tests have been designed to select individuals for stenographic, clerical and secretarial positions. These include Blackstone Stenographic Proficiency Tests, the Purdue Clerical Adaptability Test and the Thurstone Examination in Typing. Usually, written tests are 'tailor-made' to meet the requirements for specific training programmes. An example of such test is the Purdue Vocational Test which has been used for several trades such as the operation of the grinder, planer, lathe and milling machine.

Although achievement tests are not largely used in the industry, they appear promising for not only differentiating various job groups but also different levels of ability within a job. Overall, achievement tests are highly useful in selecting tradesmen and apprentices.

V. Interview Process

Since the interview is one of the most commonly used personal contact methods, it has to be conducted with great care. Generally, the following steps are followed in an interview process. They are:

1. Reviewing background information
2. Preparing a question plan
3. Creating a helpful sitting
4. Conducting the interview.
5. Checking references.
6. Physical or medical examination.
7. Final interview and induction.

1. Reviewing Background Information

Before the actual interview begins, the critical areas in which questions will be asked must be identified for judging the ability and skills required for the job. Pertinent information about the candidate should be collected and noted beforehand. This preparation saves time and mental efforts during the interview. If there is more than one interviewer, some practice and mock interviews will help.

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2. Preparing a Question Plan

Every interviewer should have a question plan. This is formed by scrutinising the information given in the application form. This procedure will make the candidate more comfortable because the discussion will focus on his experiences. Besides, preparing a question plan is useful for inexperienced interviewers. It will act as a guide and the interviewer will know whether he has covered all the areas of the interview or not.

3. Creating a Helpful Setting

The place of interview should be carefully chosen. Make arrangements for reception and seating so as to give an impression to the interviewee that he is an important person to whom the interviewer will devote great attention. Most interviews have overtones of emotional stress for the applicant. Success in interviewing depends on reducing this stress. Properly arranged seating should be made available. The candidates should be well-received by the receptionist. The sitting room is generally kept away from the place where the actual interviews are held so that the conversation between the interviewer and the interviewee is not overheard by other candidates. In brief, the place of interview should have privacy and comfort, atmosphere of leisure, freedom from interruptions, authentic feeling for and interest in the candidate.

4. Conducting the Interview

Conducting the interview is usually aimed at establishing rapport with the candidate, getting complete and accurate information from him and recording it properly. It is, therefore, necessary to use a number of different approaches during the course of an interview.

(a) **Establishing Rapport:** The fundamental step is establishing 'rapport', putting the interviewee at ease, conveying the impression that the interview is a conversation between two friends and not a confrontation. A job interview can be a trying experience for the applicant. The interviewer should gain the confidence of the candidate at the very beginning by establishing rapport with him. To begin with, the interview should proceed in the form of a conversation so that the two may get to know each other, with the specific underlying purpose of getting information in certain areas. Sufficient time should be allowed to enable the candidate to reveal the facts necessary for a fair assessment of him.

(b) **Getting Complete and Accurate Information:** Once the interviewee is put at ease, the interviewer starts asking questions or seeking information related to the job. Getting complete and accurate

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information from the applicant is an art which calls for experience, skill and technique on the part of the interviewer. The interviewer should use the language which is clear to the applicant. Here again it is extremely important to lead up to complex questions gradually. Asking a difficult and complex question in the beginning can affect subsequent interaction, particularly if the interviewee is not able to answer the question. Thus, it is advisable for the pattern to follow the simple-to-complex sequence. Some general rules to be observed regarding questioning are:

1. The interviewer should be prepared with precise questions and not take too much time in framing them.
2. Leading questions should be avoided because they give the impression that the interviewer is seeking certain kinds of answers.
3. Close ended questions which call for "yes" and "no" should not be asked for they offer little scope to the candidate to expand his answers and give more information.
4. Showing surprise or disapproval of speech, clothes or answers to questions can also inhibit the candidate.
5. An interviewer should not allow the interview to get out of hand. He should be alert and check the interviewee if he tries to lead the discussion into areas which are not relevant to the interview.
6. The interviewer should have talent, experience, and a sympathetic attitude so that he is able to draw out the applicant who may have a considerable potential but who may be shy and reserved in the beginning.
7. Highly personal questions should be omitted until one is sure that rapport has been fully established.

(c) Recording of Impressions: In order to make an accurate evaluation of the interview, it is necessary that the interviewers' impressions are briefly written down. This will help the interviewer to arrive at a final judgment.

(d) Concluding the Interview: In the final few moments, the interviewer guides the interview to a close. The close of the interview is as important as its beginning. The interview should be closed diplomatically so that the interviewee may feel satisfied that he was given a full hearing. After the candidate leaves, the interviewer looks over his notes, recalls his impressions and makes a provisional appraisal before seeing the next candidate.

5. Checking References

The references provided by the applicant have to be checked. This is to find out the past records of the candidate. Reference checking requires the same use of skills as required by an interviewer and diplomacy. The main difficulty is ascertaining the accuracy of information given. Besides inaccurate facts, the referees' inability to assess and describe the applicant and his limited knowledge about the candidate are the difficulties in checking references. In spite of these difficulties, it is necessary to verify the information secured. In many organization, reference checking is taken as a matter of routine and treated casually or omitted entirely.

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6. Physical or Medical Examination

The next step is getting the candidates checked medically if there is a need. Quite often the candidates are told to get medically examined before reporting for duty. In government and other quasi government organizations, getting medically examined is a must before reporting for duty or at the time of reporting for duty. Medical examination is a part of the selection process for all suitable candidate in many organizations.

The objectives of this examination are:

(a) to check the physical fitness.

(b) to protect the company against unwarranted claims for compensation.

(c) to prevent communicable diseases.

(d) to prevent injury or damage to the health of employees.

(e) to discover existing liabilities at the time of hiring so that the company's subsequent liabilities can be assessed in case of workmen's claim for compensation for an injury.

(f) to place persons on those jobs which they can handle without damage to their health.

The main purpose of the medical examination is to see whether the candidate is medically fit to occupy a particular post and has the capabilities to withstand the physical and psychological stresses and strains required of the job. When conducted by in service medical personnel, they are more valuable to the applicant than when done by a doctor knowing very little about the working conditions under which the job is done. For instance, in defense service, the medical examination is done by the doctors attached to each defense wing. Such an examination can predict, the possible health problems in future involving serious surgical conditions and prolonged treatment which would involve huge medical expenditure to the organization. Normally candidates are not rejected in medical examination unless they are suffering from contagious or incurable diseases or complex emotional problems. Though medical examinations are generally conducted, they often fail to detect complicated diseases because they are conducted in a cursory way. Further, the validity and reliability of medical examination as a selection tool is minimum because of two reasons. They are:

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1. With growing automation, less physical strength will be required for most jobs.
2. A sound physical condition is no guarantee against accidents.

To conclude, medical examination reveals whether or not a candidate possesses the required stamina, strength and tolerance of hard working conditions. Major deficiencies may serve as a basis for rejections. The basic purpose of a physical examination is to place selected candidates on jobs which they can handle without injury to their health.

7. Final Interview and Induction

After the candidate is finally selected, the management will have to sell the job to him. He should be told as to what his duties are, what is required of him and what are his future prospects in the organization. Normally this information is given to the candidate at the time of final selection interview. This is the way how the candidate is inducted into the job. He is formally appointed by issuing an appointment letter or by concluding with him a service agreement. The appointment letter contains the terms and conditions of employment, pay scale and other benefits associated with the job.

The interviewer can describe the company and its policies, the duties and responsibilities of the applicant as well as the opportunities available to him for future promotion. The interviewer should in fact highlight the favourable aspects of the job.

5.3 INDUCTION

According to R.P Billimoria, induction or orientation is "a technique by which a new employee is rehabilitated into the changed surroundings and introduced to the practices, policies and purposes of the organization". A formal orientation tries to bridge the information gap of the new employee. When a person joins an organization, he is a stranger to it. He may experience a lot of difficulties which could lead to tension and stress in him. This in turn can reduce his effectiveness.

Need for Orientation

In an organization, orientation is required for overcoming employee anxiety, reality shocks and for accommodating employees.

- New employees experience a lot of anxiety in an organization. This is a natural phenomenon which can be overcome through orientation.
- An employee joins an organization with certain assumptions and expectations. When these expectations do not match with reality,

the new employee experiences a reality shock. Effective orientation programmes help to reduce this reality shock by providing a more realistic expectation on the part of the new employee.

- Proper employee orientation helps to accommodate the new employee with existing employees by developing new acquaintances and understanding of the various aspects of the job.

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Content of the Induction Programme: Keith Davis has listed the following topics that need to be covered in an employee's induction programme:

Table 5.1 *Topics of an Induction Programme*

1. Organizational Issues • History of the company • Names and titles of key executives • Employees' title and department • Layout of physical facilities • Probationary period • Products/ Services offered • Overview of production processes • Company policies and rules • Disciplinary procedures • Employees' handbook • Safety steps
2. Employee Benefits • Pay scales, pay days • Vacations, holidays • Rest pauses • Training avenues • Counselling • Insurance, medical, recreation, retirement benefits
3. Introductions • To supervisors • To co-workers • To trainers • To employee counsellors

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4. Job Duties
   - Job location
   - Job tasks
   - Job safety needs
   - Overview of jobs
   - Job objectives
   - Relationship with other jobs

Types of Induction Programmes

Let us discuss different types of induction programmes.

(a) General Induction Programme

Once an offer of employment has been extended and accepted, the final stage in procurement function is concluded. The individual has then to be oriented towards the job and the organization. This is formally done through a process known as induction or orientation. Induction is a welcoming process—the idea is to welcome the candidate, make him feel at home in the changed surroundings and to introduce him to the practices, policies and purposes of the organization. The necessity of an induction programme is that when a person joins an organization, he may feel strange, shy, insecure and/or nervous. Induction leads to reduction of such anxieties.

(b) Specific Orientation Programme

Specific orientation is conducted by the foreman. Induction is specific and requires skill on the part of the foreman. A new employee must be provided operational knowledge that is specific to the position and location. The immediate boss (foreman) is responsible for such induction and training. Every new employee should know

(i) the people he/she works with
(ii) the work he is responsible for
(iii) the result to be accomplished
(iv) the current status of the work
(v) his relationships in the organization
(vi) reports and records he must understand and maintain
(vii) operating policies, procedures and rules
(viii) service group available to help him

The purpose of specific induction is to enable an employee to adjust himself to his work environment.

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(c) Follow-up Induction Programme

The purpose of the follow-up induction programme is to find out whether the employee is reasonably satisfied with the job. It is usually conducted by the foreman or by a specialist from the personnel department. Through guidance and counselling, efforts are made to remove the difficulties experienced by the newcomer. Usually, follow up induction takes place after about one or two months from the time of appointment.

Check Your Progress

1. What is the primary aim of employee selection?
2. What is an application blank?
3. What does aptitude tests measure?
4. What does an interview consist of?
5. Name the three methods required to conduct physical-demands analysis.

5.4 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The primary aim of employee selection is to choose those persons who are most likely to perform their jobs with maximum effectiveness and to remain with the company.
2. The application blank is a highly structured interview in which the questions are standardized and determined in advance.
3. Aptitude tests measure ability and skills.
4. The interview consists of interaction between the interviewer and the applicant.
5. Physical-demands analysis can be conducted by three methods namely, the disability method, the rating method and the specific method.

5.5 SUMMARY

- Selection, either internal or external, is a deliberate effort of organizations to select a fixed number of personnel from a large number of applicants.
- There is no shortcut to an accurate evaluation of a candidate. A variety of methods are used to select personnel. The selection pattern, however, is not common for all organizations. It varies from one to another,

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depending on the situation and needs of the organization. Therefore, there is no standard selection procedure followed by all.

- As Blum and Naylor observe, the purpose of the selection process is to make effective use of individual differences with a view to select individuals who possess the greatest degree of qualities required for an effective job performance.
- The tests should be tested before they are actually conducted. Explicitly, the tests should have adequate validity. The term 'validity' means that a test measures what it purports to measure. There are several methods of validating the tests.
- A significant issue is how to use the tests for employment purposes. The selection standard (critical score) on the test should vary with the market conditions. If the market conditions are tight, the critical score should be low and if loose, the selection standard should be high. Another point is that several tests should be combined into a battery.

5.6 KEY WORDS

- **Barrier:** A circumstance or obstacle that keeps people or things apart or prevents communication or progress.
- **Discrimination:** The unjust or prejudicial treatment of different categories of people, especially on the grounds of race, age, or sex.

5.7 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short Answer Questions

1. What are the steps followed in a selection procedure?
2. Write a short note explaining the types of employment tests.
3. What are the objectives of selection?

Long Answer Questions

1. Give a descriptive explanation of the methods of selection in detail.
2. 'The tests should be tested before they are actually conducted'. Critically comment.
3. How are the tests for employment purposes used? Discuss.

5.8 FURTHER READINGS

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UNIT 6 TRAINING OF EMPLOYEES

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Structure

6.0 INTRODUCTION

In this unit, you will learn about employee training. For any organization to perpetuate itself through growth, there is a basic need for developing its manpower resources. It is one thing to possess knowledge but another to put it to effective use. It is essential to help develop skills and also update knowledge. Especially, in a rapidly changing society, employee training and development is very important for an organization.

Training is a method of acquiring a succession of planned behaviour. It attempts to improve employees' performance on the current job or prepare them for an intended job. Among other benefits, training instructs the workers towards better job adjustment and reduces the rate of labour turnover and absenteeism.

6.1 OBJECTIVES

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

- Understand the importance of training of employees
- Describe the concept of training
- Discuss the objectives of training

6.2 TRAINING: MEANING AND SIGNIFICANCE

Training is undertaken by organizations to improve the performance, quality, skill and knowledge of their employees. Thus, it is a vital phase in the development of industrial relations.

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Features of training

McFarland defines several concepts used in the development of human resources. Although training and education are closely connected, these concepts differ from each other in crucial ways. While the term 'training' relates to imparting specific skills for specific objectives, the term 'education' involves the development of the whole individual socially, intellectually and physically. Accordingly, training forms only a part of the entire educational process. Moreover, education is more akin to the concepts of growth and development than training. The term development can be defined as the nature and direction of change taking place among personnel through educational and training processes.

Nature of tasks and responsibilities as a determinant

The relative amount of training and education changes with the nature of tasks and responsibilities in organizational settings. As one goes upward in the organization, the requirement of training usually diminishes, and the requirement of education goes up. Explicitly, non-managerial personnel require more job or trade-related skills than managerial personnel demanding the generalized conceptual skills and human relations insights. Accordingly, there is a difference between employee training and management development. Thus, employee training relates to the process by which non-managerial employees are imparted job skills. This type of training is largely task-centred instead of career-centred, and supplements basic skills and job training obtained in trade schools.

Development as applied to managers

On the other hand, development as applied to managers involves the processes by which managerial personnel accomplish not only skills in their present jobs, but also competence for prospective assignments of enhanced difficulties and scope. The higher responsibilities embrace complex conceptual thoughts and analyses, and decision-making abilities. The development process relates to the pressures, changes and growth patterns. Thus, development as applied to managers embraces all those recognized and controlled measures, which exert a marked influence towards the improvement of abilities of the participant to accomplish his present job more effectively and enhance his potential for prospective higher responsibilities.

Narrow and broad perspectives

However, Dunn and Stephens do not limit the term 'development' to managerial personnel only. According to them, 'Training refers to the organization's efforts to improve an individual's ability to perform a job or

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organizational role, whereas development refers to the organization's efforts (and the individual's own efforts) to enhance an individual's abilities to advance in his organization to perform additional job duties.' Thus, training provides knowledge and skills required to perform the job. It may involve showing a lathe operator how to produce a new component, demonstrating to supervisors how to handle grievances, and improving a plant manager's skill to negotiate a contract with the trade union. Accordingly, training can be viewed as job-oriented leading to an observable change in the behaviour of the trainee in the form of increased ability to perform the job.

On the other hand, although development is still job-related, it is much broader in scope. This is implied in management development programmes purporting to prepare managers for higher level positions. It enhances general knowledge related to a job as well as the ability to adapt to change. Thus, training is narrow in scope and largely relates to the acquisition of skills, while development embraces a broader scope. The concept of 'education' relates to the acquisition of knowledge of a general nature.

Present and future orientations

Thus, as Fitzgerald observes, training provides employees with specific skills or helps them to overcome deficiencies in their present performance. On the other hand, development provides employees with that the abilities that the organization will need in the future.

Training versus development

According to Yoder, although the terms 'training' and 'development' appear synonymous, there is a recognized difference between these concepts. Earlier, training programmes stressed preparation for an improved performance in largely specific rank-and-file jobs. With the growth of organizations, several problems developed specifically at the supervisory level. Accordingly, supervisory training programmes were launched enabling them to deal with distinctive problems. During the training of the supervisors, the need to train their bosses appeared significant. Therefore, special developmental programmes for middle managers were organized. Later on, the development programmes were started for the top management as well. These programmes indicated the significance of the concept of development, and thus training appeared to be an improper designation for learning a wide variety of complex, difficult and intangible functions of managerial personnel.

Thus, the concept 'training' was degraded. As managers themselves remarked, 'training is for dogs, people are developed'. Today, the terms 'development' and 'education' are more suitable than the term 'training'. It is not the training but the full development of personality that enables the human resources to exert their full potential. Accordingly, training and development programmes are combined together for developing skills as well as basic attitudes, leading to a continued personal growth. These programmes purport to improve job performance, minimize waste and scrap, prepare individuals for promotions, reduce turnover, enable individuals to accept organizational changes, facilitate understanding of the organizational goals and attain allied behavioural objectives. Obviously, the basic problem in development is to integrate the individual's achievement, motivation and self-interest with the goals of the organization.

Difference from four standpoints

Likewise, Gomez-Mezia et al. visualized that training tends to focus on immediate organizational needs, while development focuses on long-term requirements. While the scope of development is on the whole work group of the organization, the scope of training is restricted to an individual employee. The two concepts also differ vis-à-vis their goals. While training overcomes current skill deficiency, development prepares the employees for future work demands. Training is concerned with the current job, whereas development relates to both current and future jobs. Accordingly, it is necessary to remember these differences while evolving and evaluating training programmes.

Thus, the use of training programmes to influence long-range issues is likely to be ineffective. In the same way, the use of a development programme to improve current job performance will be futile.

Obviously, training provides a measure for modifying employee behaviour involving complex attitudes, knowledge and understanding and improving organizational effectiveness. Attempts are being made to determine the training needs for the entire organization rather than its specific departments and also to involve the top management in this programme. There is an urgent need for overcoming resistance to a training programme by demonstrating the concrete results of training, allowing the line personnel to determine its specific needs and perform its own training as much as possible. This approach ensures interest and involvement of the line personnel and minimize conflicts between the line and staff personnel.

6.2.1 Training Needs and Objectives

The needs and objectives are as follows:

(a) Evaluating gap by skills analysis

As Price observes, a training need exists when there is a gap between the present performance of an employee or group of employees and the desired performance. The existence of this gap can be determined on the basis of a 'skills analysis' involving the following five steps: (1) Analysis and determination of the major requirements of the specific job, (2) Identification of the tasks needed to be accomplished to meet the job requirements, (3) Understanding of the procedures needed to accomplish each of the job tasks, (4) Analysis of the knowledge and skills needed to accomplish the procedures, (5) Identification of any special problem of the job and analysis of any particular skill needed to meet the problem.

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(b) Training as a preventive tool to specific problems

Training needs should be determined from the standpoint of a specific problem for which training is the most effective solution. The problem may be actual or potential. There may be numerous problems for which training forms a preventive tool. It may solve several problems of excessive number of accidents, lack of ambition among employees, excessive buck passing, poor cooperation, absence of job pride, excessive spoilage of material, frequent changes in procedures, lack of understanding of responsibilities, lack of effective teamwork, excessive number of transfers or request for transfers, higher turnover, etc. The objective of training in these situations is to prevent the occurrence of such specific problems. As indicated, specific training needs can be determined by deducting the existing amount of employee skills from the job requirements.

(c) Training as a tool to achieve organizational goals

As Bernardin points out, an organization should provide resources to training programmes if they facilitate in the attainment of organizational goals. For this purpose, needs analysis must be conducted to collect the best possible data for justifying the use of training programmes. Organizations which implement training programmes without such assessments are likely to make pitfalls and waste money. For example, the research may reveal the need for job redesign rather than training. This analysis must be conducted in the context of strategic plans of any type of strength, weakness, opportunity and threat analysis. According to Bernardin, needs assessment can be considered as a systematic, objective determinant for training needs which involves conducting three primary types of analysis: organizational analysis, job analysis, and person analysis. These types of analysis can help in determining the objectives for the training programmes.

6.2.2 Significance and Benefits of Training

Training is a process of learning a sequence of programmed behaviour. It is application of knowledge. It gives people an awareness of the rules and procedures to guide their behaviour. It attempts to improve their performance on the current job or prepare them for an intended job. 'According to Edwin D Flippo, the purpose of training is to achieve a change in the behaviour of those trained and to enable them to perform better.' In order to achieve this objective, any training programme should try to bring positive changes in:

(a) **Knowledge:** It helps a trainee to know facts, policies, procedures and rules pertaining to his job.

(b) **Skills:** It helps him to increase his technical and manual efficiency necessary to do the job.

(c) **Attitude:** It moulds his behaviour towards his co-workers and supervisors and creates a sense of responsibility in him.

Importance of training

(a) It equips the management to face the pressures of changing environment.

(b) It usually results in the increase of quantity and quality of output.

(c) It leads to job satisfaction and higher morale of the employees.

(d) Trained workers need lesser supervision.

(e) Trained workers enable the enterprise to face competition from rival organizations.

(f) It enables employees to develop and rise within the organization and increase their earning capacity.

(g) It moulds the employees' attitudes and helps them to achieve better cooperation with in the organization.

(h) Trained employees make better economic use of materials and equipment resulting in reduction of wastage and spoilage.

(i) Training instructs the workers toward better job adjustment and reduces the rate of labour turnover and absenteeism.

Benefits of training

(a) Benefits to organizations: A programme of training becomes essential for the purpose of meeting specific problems of a particular organization arising out of the introduction of new lines of production, changes in design, demands of competition, and so on. The major benefits of training to an organization are:

(i) Higher productivity: Training can help employees to increase their level of performance on their present assignment. It enhances skills. Increased performance and productivity are most evident on the part of new employees who are not yet fully aware of the most efficient and effective ways of performing their jobs. Enhanced skill usually helps to increase both quantity and quality of output.

(ii) Better organizational climate: An endless chain of positive reactions results from a well-planned training programme. Increased morale, less supervisory pressures, improved product quality, increased financial incentives, internal promotions, and so on result in a better organizational climate.

(iii) Less supervision: Training does not eliminate the need for supervision; it reduces the need for constant supervision.

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(iv) **Prevents manpower obsolescence:** Manpower obsolescence is prevented by training as it fosters initiative and creativity of employees. An employee is able to adapt himself to technological changes.

(v) **Economical operations:** Trained personnel will make economical use of materials and equipment. This reduces wastage in materials and damage to machinery and equipment.

(vi) **Prevents industrial accidents:** Proper training can help to prevent industrial accidents.

(vii) **Improves quality:** Trained employees are less likely to make operational mistakes thereby increasing the quality of the company's products.

(viii) **Greater loyalty:** A common objective of training programme will mould employees' attitudes to achieve support for organizational activities and to obtain better cooperation and greater loyalty. Thus, training helps in building an efficient and loyal workforce.

(ix) **To fulfil organization's future personnel needs:** When the need arises, organizational vacancies can be staffed from internal sources, if an organization initiates and maintains an adequate training programme.

(x) **Standardization of procedures:** Trained employees will work intelligently and make fewer mistakes when they possess the required know-how and understand their jobs.

(b) Benefits to employees

(i) **Personal growth:** Employees on a personal basis gain individually from training. They secure wider awareness, enlarged skill and enhanced personal growth.

(ii) **Development of new skills:** Training improves the performance of the employees and makes them more useful and productive. The skills developed through training serve as a valuable personal asset to the employee. It remains permanently with the employee.

(iii) **Higher earning capacity:** By imparting skills, training facilitates higher remuneration and other monetary benefits to the employee. Thus, training helps each employee to utilize and develop his full potential.

(iv) **Helps adjust with changing technology:** Old employees need refresher training to enable them to keep abreast of the changing methods, techniques and use of sophisticated tools and equipment.

(v) **Increased safety:** Proper training can help prevent industrial accidents. Trained workers handle the machines safely. Thus, they are less prone to industrial accidents. A safe work environment also leads to a more stable mental attitude on the part of the employees.

(vi) Confidence: Training creates a feeling of confidence in the minds of employees. It gives safety and security to them in the organization.

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Check Your Progress

1. Define the term 'development'.
2. What is the difference between the scope of development and the scope of training?
3. What is the purpose of training according to Edwin D. Flippo?

6.3 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The term 'development' can be defined as the nature and direction of change taking place among personnel through educational and training processes.
2. While the scope of development is on the whole work group of the organization, the scope of training is restricted to an individual employee.
3. According to Edwin D. Flippo, the purpose of training is to achieve a change in the behaviour of those trained and to enable them to perform better.

6.4 SUMMARY

- Training is undertaken by organizations to improve the performance, quality, skill and knowledge of their employees. Thus, it is a vital phase in the development of industrial relations.
- As Fitzgerald observes, training provides employees with specific skills or helps them to overcome deficiencies in their present performance. On the other hand, development provides employees with that the abilities that the organization will need in the future.
- The objective of job training is to increase the knowledge of workers about the job with which they are concerned, so that their efficiency and performance are improved. Thus, apprenticeship training system is widely in vogue today in many industries.
- Training is a process of learning a sequence of programmed behaviour. It is application of knowledge. It gives people an awareness of the rules

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and procedures to guide their behaviour. It attempts to improve their performance on the current job or prepare them for an intended job.

- A programme of training becomes essential for the purpose of meeting specific problems of a particular organization arising out of the introduction of new lines of production, changes in design, demands of competition, and so on.

6.5 KEY WORDS

- **Training:** The process of learning the skills that you need for a particular job or activity.
- **Employee Retention:** The ability of an organization to retain its employees.

6.6 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short Answer Questions

1. Write a short note on narrow and broad perspectives.
2. How can you differentiate between training and development?

Long Answer Questions

1. Discuss the objectives and needs of training.
2. Explain the benefits of training to the organization and employees.

6.7 FURTHER READINGS

Venkataratman, C.S. and B. K. Srivastava. 1991. *Personnel Management and Human Resources.* New York: Tata McGraw Hill Education.

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UNIT 7 METHODS AND EVALUATION OF TRAINING

Structure

7.0 INTRODUCTION

Over the years, along with the importance of training function, the contribution of training to organizational and employee success has also grown remarkably. With increasing use of technology in manufacturing and business processes, the need is not just for a ‘pair of hands’ but for an ‘expert pair of hands’. Further, organizations have come to recognize the key role played by employees in organizational success. This changing perception of employee’s role in organizational success and the increasing presence of technology in workspace have made organizations wake up to the importance of training. Besides, the continuous creation of new jobs due to modernization of equipment or systems has also increased the importance of effective training.

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7.1 OBJECTIVES

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

- Discuss the various types of training techniques
- Describe the promotion policy and types of transfer
- Evaluate the concept of dismissals

7.2 TRAINING METHODS AND EVALUATION

There are many types of training methods, some of them are:

(a) **Induction or orientation training:** It is the method of introducing a new employee into the organization with a view to gaining his confidence and developing a sense of cooperation in him. It is a training programme used to induct a new employee into the new social setting of his work. The new employee is introduced to his job situation and to his co-employees. He is also informed about the rules, working conditions, privileges and activities of the company. The induction training not only helps personal adjustment of the new employee to his job and work group but also promotes good morale in the organization.

An induction programme should aim at achieving the following objectives:

(i) To build up the new employee's confidence in the organization so that he may become efficient

(ii) To ensure that the new employee may not form false impressions regarding his place of work

(iii) To promote a feeling of belonging and loyalty

(iv) To give information to the new employee about canteen, leave rules and other facilities, etc

In short, planned induction welcomes a new employee, creates a good attitude, reduces labour turnover and makes the employee feel at home right from the beginning.

(b) **Job instruction training:** The object of job training is to increase the knowledge of workers about the job with which they are concerned, so that their efficiency and performance are improved. In job training, workers are enabled to learn correct methods of handling machines and equipment avoiding accidents, minimizing wastes, and so on.

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Under this technique, an employee is placed in a new job and is told how it may be performed. It is primarily concerned with developing in an employee the skills and habits consistent with the existing practices of an organization and with orienting him to his immediate problems. The employees learn the job by personal observation and practice as well as occasionally handling it. It is learning by doing, and it is most useful for jobs that are either difficult to stimulate or can be learned quickly by watching and doing. The actual training follows a four-step process:

(i) Preparation of the trainee for instruction

(ii) Presentation of the instructions in a clear manner

(iii) To help the trainee try out the job to show that he has understood the instructions

(iv) Encourage questions and allowing the trainee to work along with regular follow-up by the trainer

(c) Promotional training: Many concerns follow a policy of filling some of the vacancies at higher levels by promoting existing employees. This policy increases the morale of workers. When the existing employees are promoted to superior positions in the organization, they are required to shoulder new responsibilities. For this, training has to be given.

(d) Refresher training: With the passage of time, employees may forget some of the methods, which were taught to them, or they may have become outdated because of technological development and improved techniques of management and production. Hence, refresher training is arranged for existing employees in order to provide them an opportunity to revive and also improve their knowledge.

According to Dale Yoder 'Retraining (refresher training) programmes are designed to avoid personnel obsolescence.' Thus, refresher training is essential because:

(i) Employees require training to bring them up-to-date with the knowledge and skills and to relearn what they have forgotten.

(ii) Rapid technological changes make even the most qualified workers obsolete in course of time.

(iii) Refresher training becomes necessary because many new jobs are created and are to be manned by the existing employees.

(e) Apprenticeship training: Apprenticeship training system is widely in vogue today in many industries. It is a good source of providing the required personnel for the industry. Under this method, both knowledge

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and skills in doing a job or a series of related jobs are involved. The apprenticeship programmes combine on-the-job training and experience with classroom instructions in particular subjects. Apprenticeship training is desirable in industries which require a constant flow of new employees expected to become all-round craftsmen.

(f) **Internship training:** Internship training is usually meant for such vocations where advance theoretical knowledge is to be backed up by practical experience on the job. Under this method, the professional institutes enter into arrangement with a big business enterprise for providing practical knowledge to its students. For example, engineering students are sent to industrial enterprise and medical students are sent to hospitals for practical knowledge.

(g) **Vestibule training:** In this method, actual work conditions are simulated in a class room. Material, files and equipment that are used in the actual job are used in the training programme too. In vestibule training, theory can be related to practice. This type of training is commonly used for training employees for skilled and semi-skilled jobs. Vestibule training consists of two parts:

- The lecture method that focuses on theoretical framework and the principles involved in the job performance, and
- The practical exercises based on the theoretical aspects in a workshop that is similar to the shop floor in the production department.

The vestibule training is more suitable for those employees who are required to possess certain specific technical skills before they are employed in actual operations.

7.2.1 Systems Approaches to Training

While designing training programmes the goal of the organization should be kept in mind. The organizational goals and strategies form the basis for training objectives. However, many of the organizations do not make the connection between their strategic objectives and their training programme. As a result, much of an organization’s investment in training programmes does not contribute directly to organizational effectiveness and performance. To make certain that investments in training and development have maximum impact on individual and organizational performance, a systems approach to training should be used. The systems approach to training has four phases which are explained in Figure 7.1.

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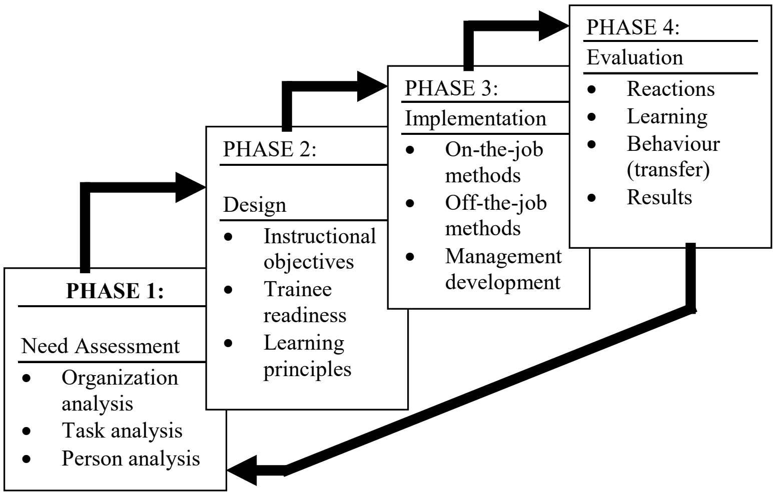

Fig. 7.1 *System Model of Training*

Phase 1: Conducting the needs assessment: The need for training should be felt by the organization. Managers, particularly HR managers, should find out the types of training that are needed, where they are needed, who needs them, and which method should be used to train the employees. In order to do this, we must follow three steps:

1. *Organization analysis*: It is an examination of the environment, strategies, and resources of the organization to determine where training emphasis should be placed.
2. *Task analysis*: After doing the organization analysis, the next step is to do the task analysis. Task analysis involves reviewing the job description and job description and job specification to identify the activities performed in a particular job. Task analysis often becomes more detailed than job analysis, but the overall purpose is to determine the exact content of the training programme. The knowledge skills and abilities (KSAs) needed to perform the particular job should be ascertained. The competency assessment focuses on the set of skills and knowledge employees need to be successful, particularly for decision-oriented and knowledge-intensive jobs.
3. *Person analysis*: Person analysis involves determining which employees require training and which employees do not need the particular type of training. Person analysis helps the organizations in several ways (i) it helps in avoiding the mistake of sending all employees into training when some do not need it. (ii) It enables managers to determine what prospective trainees are able to do when they enter training so that the programmes can be designed to emphasize the areas in which they are deficient.

Phase 2: Designing the training programme: The second step is to design the type of learning environment necessary to enhance learning. The training design should focus on the following:

1. *Instructional objectives*: They describe the skills and knowledge to be acquired and the attitudes to be changed. A clear statement of instructional objectives will provide a sound basis for choosing methods and materials and for selecting the means for assessing whether the instruction will be successful or not.
2. *Trainee readiness*: For any training to be successful the trainee should be prepared to receive the training. In order to achieve this, prospective trainees should be screened to determine that they have the background knowledge and skill necessary to absorb what will be presented to them.
3. *Principles of learning*: Since the success or failure of a training programme is frequently related to certain principles of learning, managers and employees should understand that different training methods or techniques vary in extent to which they utilize these principles.
4. *Characteristics of instructors*: The success of any training effort will depend to a large extent on the teaching skills of the instructors. A good instructor is one who shows a little more effort or demonstrates more instructional preparation.

Phase 3: Implementing the training programme: A major consideration in choosing among the various training methods is determining which one is more appropriate for the KSAs to be learned.

Phase 4: Evaluating the training programme: Training should be evaluated to determine its effectiveness. The four basic criteria available to evaluate training are: (i) reactions (ii) learning (iii) behaviour and (iv) results. These criteria can give a total picture of the training programme and help managers evaluate the success or otherwise of the training programme.

Training programme is a costly and time-consuming process. The following training procedure is essentially an adoption of the job instruction-training course. The following steps are usually considered necessary.

(a) Discovering or identifying the training needs: A training programme should be established only when it is felt that it would assist in the solution of specific problems. Identification of training needs must contain three types of analysis:

(i) Organizational analysis: Determine the organization's goals, its resources and the allocation of the resources as they relate to the organizational goals.

(ii) Operations analysis: Focuses on the task or job regardless of the employee doing the job.

(iii) Man analysis: Reviews the knowledge, attitudes and skills a person must acquire to contribute satisfactorily to the attainment of organizational objectives.

Armed with the knowledge of each trainee's specific training needs, programmes of improvement can be developed that are tailored to these needs. The training programme then follows a general sequence aimed at supplying the trainee with the opportunity to develop his skills and abilities.

(b) Preparing the instructor: The instructor is the key figure in the entire programme. He must know both the job to be taught and how to teach it. The job must be divided into logical parts so that each can be taught at a proper time without the trainee losing perspective of the whole. This becomes a lesson plan. For each part one should have in mind the desired technique of instruction, i.e., whether a particular point is best taught by illustration, demonstration or explanation.

(c) Preparing the trainee: This step consists of:

- Putting the learner at ease
- Stating the importance and ingredients of the job and its relationship to work flow
- Explaining why he is being taught
- Creating interest and encouraging questions, finding out what the learner already knows about his job or other jobs
- Explaining the 'why' of the whole job and relating it to some job the worker already knows
- Placing the learner as close to his normal position as possible
- Familiarizing him with the equipment, materials, tools and trade terms

(d) Presenting the operations: This is the most important step in a training programme. The trainer should clearly tell, show, illustrate and question in order to put across the new knowledge and operations. There are many ways of presenting the operation, such as explanation and demonstration. An instructor mostly uses the method of explanation. In addition, one may illustrate various points through the use of pictures, charts, diagrams and other training aids. Demonstration is an excellent device when the job is essentially physical in nature. The training programme may be followed as per the following steps:

(i) Explain the course of the job

(ii) Do the job step-by-step according to the procedure

(iii) Explain each step that he is performing

(iv) Have the trainee explain the entire job

Instructions should be given clearly, completely and patiently; there should be an emphasis on key points and one point should be explained at a time. The trainee should also be encouraged to ask questions in order to indicate that he really knows and understands the job.

(e) **Try out the trainees' performance:** Under this, the trainee is asked to go through the job several times slowly, explaining him each step. Mistakes are corrected, and if necessary, some complicated steps are done for the trainee the first time. Then the trainee is asked to do the job, gradually building up skill and speed. As soon as the trainee demonstrates that he can do the job in the right way, he is put on his own. The trainee, through repetitive practice, will acquire more skill.

(f) **Follow-up:** The final step in most training procedures is that of follow-up. This step is undertaken with a view to test the effectiveness of training efforts. The follow-up system should provide feedback on training effectiveness and on total value of training system. It is worth remembering that if the learner has not learnt, the teacher has not taught.

7.2.2 Comparison of On-the-Job and Off-the-Job Training Programmes

On comparing the on the job and off the job training it is clear that on-the-job training has both merits and demerits:

Merits of on-the-job training

(a) It permits the trainee to learn on the actual equipment and on-the-job environment.

(b) It is a relatively cheaper and less time consuming as no additional personnel or facilities are required for training.

(c) As the trainee gets a feeling of actual production conditions, it increases the effectiveness of training.

Demerits of on-the-job training

(a) The instruction in on-the-job training is often highly disorganized and haphazard.

(b) Trainees are often subjected to distractions of a noisy shop or office.

(c) There is low productivity.

7.2.3 Training Methods and their Suitability

The success of any training or development programme largely depends on the selection of the methods used. Here, it should be remembered that no single method can prove to be the best method. Various methods are suitable for various reasons. Table 7.1 shows the methods and their suitability for training.

Table 7.1 Suitability of Training Methods

Technique of Training	*Suitability*
Lecture	For large groups. For orientation or easy to understand material.
Case study	For small groups. Requires discussion and participation by all participants. It may be used to develop group decision-making skills.
In-basket technique	For small groups. For developing analytical and decision-making skills.
Conferences and seminars	For broadening knowledge, stimulating new ideas and changing attitudes and for developing skills.
Programmed instruction and computer-assisted learning	For either large or small groups where cost is critical. Permits people to study at their own convenience.
Simulation and gaming	For group projects. For developing decision-making skills required the integration of many factors.
Laboratory training	For groups of almost any size. For changing an organization's attitudes. For increasing organizational problem-solving capabilities.
T-group sensitivity training	For developing better understanding and better perceptions of co-workers.

Selection of a training method

The selection of an appropriate method depends upon the following factors:

(a) Nature of problem area: The choice of a training method depends upon the task to be done or the manner in which people interact with each other, i.e., the problem may be either an operational problem or a human relations problem.

(b) Level of trainees in the organization's hierarchy: The choice of a training method also depends upon the level of the participants.

(c) Method's ability to hold and stimulate the interest of trainees during the training period: A trainer has to consider alternative methods of presenting training material to participants also from the point of view of their ability to stimulate interest and facilitate retention of the matter.

(d) Availability of competent trainers: A training method is as effective as the ability of the trainer. He is the most important figure in the entire training programme. Therefore, before venturing into a training programme we have to first find a good trainer.

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(e) **Availability of finance:** Availability of finance is crucial for any training programme. To make a training programme effective adequate finance is necessary.

(f) **Availability of time:** Training cannot be done in a hurry. Adequate time is necessary to make the training programme a success.

Check Your Progress

1. What is the effect of not making the connection between organizations' strategic objectives and their training programme?
2. What do you mean by man analysis?
3. State the final step in the training procedure.
4. Mention any one merit and demerit of on-the-job training.

7.3 PROMOTIONS POLICY

Some definitions given by authorities on the promotion policy. According to Scott and Clothier, 'A promotion is the transfer of an employee to a job which pays more money or one that carries some preferred status.' According to Arun Monappa and Saiyadain, 'Promotion is the upward reassignment of an individual in an organization's hierarchy, accompanied by increased responsibilities, enhanced status, and usually with increased income, though not always so.'

From the above definitions, we can say that promotion usually implies several things to the person concerned—higher status, both at work and in the community outside, more pay and fringe benefits, perhaps greater job security and a more senior position from which a person renders better service to his organization. Employees expect to be informed about ladders of promotion, how they can prepare themselves for advancement and what will be expected of them from the higher rated jobs.

7.3.1 Types of Promotion

The different types of promotions are the following:

(a) Limited Promotion

Limited promotion is also known as upgrading. It is the movement of an employee to a more responsible job within the same occupational unit and with a corresponding increase in pay. Thus, upgrading means an increase of pay on the same job or moving to a higher scale without changing the job.

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(b) Dry Promotion

Dry promotion is a promotion as a result of which there is no increase in the employee's pay. Dry promotions are those which are given in lieu of increases in compensation. It is usually made decorative by giving a new and longer title to the employee.

(c) Multiple Chain Promotion

Multiple chain promotion provides for a systematic linking of each position to several other positions. Such promotions identify multi-promotional opportunities through clearly defined avenues of approach to and exist from each position in the organization.

(d) Up and Out Promotion

Up and Out Promotion often leads to termination of services. In this type of promotion, a person must either earn a promotion or seek employment elsewhere.

7.3.2 Basis of Promotion

Different promotion systems are used in different organizations. Of them, the following are considered the most important:

(a) Promotion Based on Seniority

In the case of promotion based on seniority, the employees are promoted to higher positions purely based on their length of service irrespective of their qualifications, experience, performance and track record. Trade unions prefer seniority as a basis of promotion because lay-offs, recalls and discharges are usually based on seniority. The seniority promotion plan is as old as civilization itself. In business, however, it is not always dependable as a promotional policy. It survives simply because no better system has been evolved. If the seniority principle is adopted, capable young men will look for better prospects elsewhere. Normally, this method of promotion policy is seen in Government services and in services of quasi-Governmental organizations. Unless the official has a very poor and bad work record, he is automatically promoted to higher position based on his service seniority.

(b) Promotion Based on Merit

Under promotion based on merit, employees are promoted to higher positions purely on their performance and work record. Here, the management will look into the qualifications, experience, previous work record, performance capability, etc. The service seniority of the employee would not be considered for promotion. In principle, it is felt that promotion should be based on merit. However, the use of merit as a basis for promotion can cause problems because

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what management regards as merit, trade unions may see as favouritism. Therefore, as far as possible, merit rating should be based on operating facts.

Promotion by merit method is normally followed in majority of commercial and industrial enterprises where the main consideration for assessment is efficiency and work performance. The argument in favour of using merit or ability as a criterion for promotion is that it enhances organizational efficiency, and maximizes utilisation of talent, since only deserving employees are promoted after a thorough assessment of their abilities for the next job of higher responsibility and status.

(c) Merit-cum-Seniority Promotion

Promotion based on 'Merit cum Seniority' would have a blend of the advantages of both the systems discussed above. Both the service seniority and work efficiency will be taken into account in promoting an employee. These two possibly conflicting factors - seniority and merit - frequently pose problems in considering employees for promotion. From the point of view of organizational efficiency, merit seems to be the logical basis of promotion and therefore, management would like it to be the only factor. Trade unions want seniority to be considered as the basis for promotion since it is an objective and impartial method of judging employees for promotion. A sound management will pursue a policy of properly balancing these two factors i.e., seniority and merit. An employee who has service seniority with the desired level of merit and efficiency would be given priority in promotion to the next cadre as compared to others having only one of them. Merit-cum-seniority method has been considered as the best method of promotion as it gives due weightage to the skill efficiency and better service record of the employee.

(d) Promotion by Selection

Promotion by selection is a process through which employees are promoted after undergoing rigorous test and screening. The service records of all the employees due for promotion are screened and scrutinised by a committee appointed for that purpose. The Committee will scrutinise the past records, merit, qualification and experience of the employees due for promotion to a cadre. Under this system employees with service seniority or better qualifications and experience need not be promoted automatically. The employees are put to various tests and interviews before a final selection is made and some employees are promoted.

(e) Time Bound Promotion Scheme

Under this method, employees would be promoted according to standards of time set for promotions to higher cadre subject to the condition that they possess the minimum qualifications required for entry into a higher position. Neither seniority nor merit will be considered here. The employees may have to pass some departmental examinations or tests for being considered for such a promotion.

(f) Temporary Promotion Scheme

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Also known as officiating promotion scheme, under the temporary promotion scheme officials are promoted temporarily to higher positions in case there are vacancies and if they are due for promotion. Such temporary promotion is no guarantee for a permanent promotion, though normally temporary promotions are automatically made permanent if the service of the employee during the officiating period is satisfactory. It is like keeping the employee under some sort of probation at the higher position before he is confirmed.

7.3.3 Promotion Policy

Whatever may be the type of promotion followed by the management, there should be a definite promotion policy which should be effective and protect the interests of the employees due for promotion. A concrete, comprehensive and realistic promotion policy should be evolved covering the following points:

(a) Promotion Policy Statement

A corporate policy on promotion helps to state formally the organization's broad objectives, and to formulate both the organization's manpower and individual career plans.

(b) Ratio of Internal Promotion Vs External Recruitment

A promotion policy statement must state the ratio of internal promotions to external recruitment at each level. Such a statement will help manpower planners to project numbers of internally available candidates for vacancies.

(c) Decide the Basis for Promotion

A promotion policy statement must decide the basis on which promotions are to be given. Usually promotions are decided on the basis of performance appraisals.

(d) Decide the Routes for Promotion

We have to identify the network of related jobs. Such an exercise will help in succession planning and also help aspirants to acquire the necessary formal qualifications or on-the-job training. This process would help in identifying promotion channels. Once it is finalised, it should be made known to the employees concerned.

(e) Communicate the Promotion Policy

The organization should communicate its promotion policy to its employees. Such an exercise will help aspirants to acquire the necessary formal

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qualifications, encourage them to attend suitable external development programmes etc.

(f) Lack of Promotional Avenues

There may be some deserving candidates who will not get promoted due to lack of available positions. In such cases where employees perform adequately in their present jobs, wage increments should be forthcoming.

(g) Determination of Seniority

A ticklish area in the formation of a promotional policy is the determination of an employee's seniority. Should the seniority be plant-wise, unit-wise or occupation-wise? Generally, seniority is unit wise.

(h) Relationship of Disciplinary Action to Promotion

Another area to look into while formulating a promotional policy is whether there is a relationship between any disciplinary action taken against an employee and promotion. Does a disciplinary action cause a loss in employee seniority? If yes, then to what extent?

Advantages of a Promotion Policy

The following are the benefits of a good promotion policy:

(i) A good promotion policy provides an incentive to work more effectively as it recognises an employee who does better work. It must however tell employees in advance what avenues exist for advancement.

(ii) It develops employee loyalty by rewarding him and placing him in a higher position in the organization for his efficiency.

(iii) It facilitates and increases job satisfaction.

(iv) It increases work effectiveness in the organization.

(v) It also attracts efficient employees to the organization.

(vi) It increases employee interest in training and self-development.

(vii) A promotion policy makes employees believe that their turn too will come and so they remain with the company. This reduces labour turnover.

Demotion

Demotion is a process by which the employee is downgraded and sent to a lower position from the one he is holding at present. When an employee is moved to a job with less responsibility, status or compensation he is said to be demoted. Demotion is the reverse of promotion. It is more a punishment for inefficiency or incompetence. According to D.S. Beach, demotion is 'the assignment of an individual to a job of lower rank and pay usually involving lower level of difficulty and responsibility'. According to Arun Monappa and Saiyadain demotion 'is a downward assignment in the organization's hierarchy to a lower level job which has less responsibility, pay and status. Because of this hierarchical repositioning it has a negative connotation and may lead to employee dissatisfaction'. Demotions, being a serious penalty, must be handled tactfully. The usefulness of demotion as a punitive measure is questioned on many grounds. A demoted employee will be disgruntled and his dissatisfaction may spread to co-workers which will adversely affect morale, productivity and discipline of the work force. The causes of demotion could be:

- Demotion may be used as a disciplinary weapon.
- Demotion may be resorted to when employees, because of ill health or personal reasons, cannot do their job properly.
- If a company curtails some of its activities, employees are often required to accept lower-level position until normalcy is restored.
- If an employee finds it difficult to meet job requirement standards, following his promotion he may be reverted to his old position.

Conditions for Demotion

Demotions serve a useful purpose in the sense that they keep the employees alert and alive to their responsibilities and duties. Demotion will serve its purpose if it satisfies the following conditions:

- Violations of rules and regulations of the organization would subject an employee to demotion. Here it should be noted that serious violations of rules and regulations would only warrant such a drastic action. Demotion should never be made as penalty for violation of the rules of conduct, poor attendance record or insubordination.
- There should be a proper and detailed investigation of any alleged violation of rules and regulation.
- If any violations occur, there should be a consistent and equitable application of the penalty. A hasty decision should be avoided.
- There must be a provision for review.
- Demotions have a serious impact on the employees. Therefore, demotions are made infrequently.

Check Your Progress

5. How is 'promotion' defined by Arun Monappa and Saiyadain?
6. State any two causes of demotion.
7. What is the purpose of demotions?

7.4 TRANSFERS AND ITS TYPES

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A transfer is a change in job assignment. It does not involve a change in responsibility and status. A movement of an employee between equivalent positions at periodical intervals is called "transfer". A transfer therefore does not involve a change of responsibility or compensation. Transfers are normally made to place employees in positions where they are likely to be more effective or where they are likely to get greater job satisfaction. Transfers may be either organization-initiated or employee-initiated. An organization may initiate a transfer to place employees in positions where they are likely to be more effective or where they are better able to meet work schedules of the organization. Employee initiated transfers also known as "personnel transfers" may be initiated for several reasons. These could range from wanting a change of boss or a change of location or to avoid interpersonal conflicts with their present colleagues or to join their friends and relatives.

Yoder has defined transfer as "a lateral shift causing movement of individuals from one position to another usually without involving any marked change in duties, responsibilities, skills needed or compensation".

According to Arun Monappa and Mirza Saiyadain, transfer "is a change in assignment in which the employee moves to another job at approximately the same level of responsibility, demanding about the same skill and at about the same level of pay".

According to R.S. Davar, transfer is "a lateral movement of an employee, not involving promotion or demotion. A transfer therefore does not involve a material change in responsibility or compensation".

A transfer may be either temporary or permanent, depending upon the need, and may occur within a department, between departments and divisions, or between plants within a company. A transfer may require an employee to change his work group, work place or organizational unit. It should be the aim of any company to change positions of employees as soon as the capacities increase and vacancies warrant.

7.4.1 Types of Transfers

There are different types of transfers depending on the purpose for which the transfers are made. Judging from the viewpoint of purpose, there are nine types of transfers.

(a) General

General transfers are normally affected during a particular period of the year wherein all employees having completed a given period of service in a post or at a place are involved. Definite rules and regulations are to be followed in affecting such transfers. Such transfers are followed in big organizations, quasi-governmental organizations and government departments.

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(b) Production

Production transfers are normally made from one department to another where the need for the employee is more. This type of transfer is made to avoid lay-off of efficient and trained employees by providing them with alternative positions in the same organization. These changes help to stabilise employment in an organization and therefore require centralised control. Although it is called production transfer, similar situations can exist in non-manufacturing enterprises or divisions too where an employee is transferred from one department to another for similar reasons.

(c) Replacement

These are transfers of long-service employees to similar jobs in other departments where they replace or 'bump' employees with shorter service. Replacement transfers are affected to replace persons leaving the organization, due to resignations, retirements, dismissal or death. Quite often such transfers are affected to change a new employee who has proved to be ineffective in the organization. Even though the objective of these transfers is to retain the efficient and trained employees, in the process some short-service employees may lose their jobs.

(d) Shift

Shift transfers are transfers of workers from one shift to another on the same type of work. Workers generally dislike second or third shift as it affects their participation in community life. To minimise this, shift transfers are effected. Shift transfers also help workers to be out of routine fatigue.

(e) Remedial

Remedial transfers are transfers made to remedy some situation primarily concerned with employee on the job. Remedial transfers provide management with a procedure whereby an unsatisfactory placement can be corrected. Initial placement might be faulty or the type of job might not suit his health. In such cases the worker would benefit by transfer to a different kind of work.

(f) Versatility

The objective of these transfers is to increase the versatility of the employee by shifting him from one job to another. In this way, the employee is provided a varied and broad job experience. This transfer is like a rotation transfer. Versatility transfers, besides resulting in greater satisfaction of the workers through job enlargement, also creates a work force which can be conveniently shifted to other jobs in time of necessity.

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(g) Punishment or Penal

This transfer is made as punishments to erring employees. Quite often the employees are transferred from one place to another so that they are made to work in a situation of risks and hazards. Employees are posted to such places as a matter of punishment for the errors and omissions they have committed.

Sometimes, transfer is used as a concealed penalty. A trouble-maker may be transferred to a remote branch where he cannot continue his activities.

(h) Request Transfers

This type of transfer is done on the request of the employee. It is normally done on humanitarian grounds to help the employee to look after his family and personal problems.

(i) Mutual Transfers

When transfers turn out to be mutual between two employees they are referred to as mutual transfers. Usually the organization concedes to the request of employees for transfer if another employee is willing to go to the other place.

7.4.2 Transfer Policy

It is clear that transfers are made for a number of reasons and are initiated by either the supervisor or the subordinate. If transfers are left entirely to the discretion of supervisors or employees, a number of problems are likely to occur such as favouritism or victimisation. To avoid these problems it is necessary that every organization evolve its transfer policy. Every organization should have a just and impartial transfer policy which should be known to each employee. It is, therefore, important that the company should formulate a policy to govern the administration of all types of employee transfers, rather than decide each case solely on the characteristics of that case. The absence of a well-formulated transfer policy will breed a state of uncertainty amongst the employees. For a successful transfer policy, proper job description and job analysis should be done. Further, care should be taken to ensure that frequent or large-scale transfers are avoided by laying down adequate procedures for the purpose. A systematic transfer policy should provide for the following:

- A transfer policy should clarify the types and circumstances under which transfers will be used. The organization should specifically clarify the types of transfers and the conditions under which these will be made.
- The transfer policy must locate the authority that may initiate and implement the transfer. In other words, it should indicate who would be responsible for initiating and approving the transfers.
- A transfer policy should indicate whether the transfer could be made only within a sub-unit or also between departments, divisions and plants.

- The transferability of both jobs and individuals' needs should be examined in terms of job descriptions, streams of specialization and individual background and training.
- A transfer policy should indicate the basis for transfer. Should it be on the basis of seniority or skill and competence?
- A transfer policy should prescribe whether, when an employee is transferred, his previous seniority credit will be retained.
- The transfer policy should indicate to the transferee the pay scales, the exact wages and perquisites that he would receive in the transferred job. If there is any difference, it should be specified.
- A transfer policy should provide for timely communication of the transfer decision. The transferee should be intimated of the transfer well in advance.
- A transfer should be in writing and duly communicated to all concerned.
- Transfers should not be made frequently.

Industrial practices vary and each organization must formulate its own policy and rules in connection with transfers. In making transfers, it is advisable for the organization to pay the employee the actual cost of moving the household to the place of transfer. A transfer policy will help effective employee redeployment and protect employees from arbitrary transfers.

7.5 DISMISSALS

Dismissal is the process of separating a worker where the employer asks the employee to leave, generally for the fault of the employee. The term is used in the colloquial sense as 'getting fired' in America and 'getting sacked' in Britain.

Lay-off

Lay-off means the inability or refusal of a company to provide job to an employee on the grounds of shortage of coal, power, or raw materials, or the breakdown of machinery. A laid-off employee is not retrenched. In a lay-off, the name of the employee must be in the muster rolls on the date they have been laid off.

Retrenchment

Retrenchment means the termination of service of an employee for any reason; but it certainly isn't a punishment imposed as a disciplinary action. The job can be either terminated due to economy, installation of labour-saving machinery or other any such industrial or trade reasons. Usually, the employee is given a month's notice in writing or is offered payment in place of such notice.

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Termination

Termination of job can be two types: 1. Voluntary termination, 2. Involuntary termination. Also termed as the 'pink slip', job termination happens at the hand of the employer. The terminations that occur due to a mutual agreement between the company and the worker are termed as involuntary terminations. The end of an employment contract for a particular period of time is one such example. There are also age-related job terminations, where the employee leaves the company as he reaches the pre-determined age of retirement.

Check Your Progress

8. How many types of transfers are there in human resource management?
9. Why may an organization initiate a transfer of an employee?
10. Define lay-off.
11. What is the other name of job termination?

7.6 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The effect of not making the connection between organizations' strategic objectives and their training programme is that much of an organization's investment in training programmes does not contribute directly to organizational effectiveness and performance.
2. Man analysis means the knowledge, attitudes, and skills, a person must acquire to contribute satisfactorily to the attainment of organizational objectives.
3. The final step in the training procedure is that of follow-up. This step is undertaken with a view to test the effectiveness of training efforts.
4. The merit of on-the-job training is that it permits the trainee to learn on the actual equipment and on-the-job environment. While the demerit of on-the-job training is that the instruction in on-the-job training is often highly disorganized and haphazard.
5. According to Arun Monappa and Saiyadain, 'Promotion is the upward reassignment of an individual in an organization's hierarchy, accompanied by increased responsibilities, enhanced status, and usually with increased income, though not always so.'
6. The causes of demotion are:
   (a) Demotion may be used as a disciplinary weapon.

(b) Demotion may be resorted to when employees, because of ill health or personal reasons, cannot do their job properly.

7. The purpose of demotions is to keep the employees alert and alive to their responsibilities and duties.
8. There are nine types of transfers in human resource management.
9. An organization may initiate a transfer of an employee to place employees in positions, where they are likely to be more effective or where they are better able to meet work schedules of the organization.
10. The lay-off means the inability or refusal of a company to provide job to an employee on the grounds of shortage of coal, power, or raw materials, or the breakdown of machinery.
11. The other name of job termination is ‘pink slip’.

7.7 SUMMARY

- Promotion usually implies several things to the person concerned—higher status, both at work and in the community outside, more pay and fringe benefits, perhaps greater job security and a more senior position from which a person renders better service to his organization.
- Whatever may be the type of promotion followed by the management, there should be a definite promotion policy which should be effective and protect the interests of the employees due for promotion. A concrete, comprehensive and realistic promotion policy should be evolved.
- Demotion is a process by which the employee is downgraded and sent to a lower position from the one he is holding at present. When an employee is moved to a job with less responsibility, status or compensation he is said to be demoted.
- A transfer is a change in job assignment. It does not involve a change in responsibility and status. A movement of an employee between equivalent positions at periodical intervals is called “transfer”.
- There are different types of transfers depending on the purpose for which the transfers are made.
- If transfers are left entirely to the discretion of supervisors or employees, a number of problems are likely to occur such as favouritism or victimisation. To avoid these problems it is necessary that every organization evolve its transfer policy.
- Every organization should have a just and impartial transfer policy, which should be known to each employee.
- Dismissal is the process of separating a worker where the employer asks the employee to leave, generally for the fault of the employee.

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7.8 KEY WORDS

- **Career:** It is an occupation undertaken for a significant period of a person's life and with opportunities for progress.
- **Retrenchment:** The termination of service of an employee for any reason; but it certainly isn't a punishment.

7.9 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short Answer Questions

1. Write a short note on the phases of system approach to training.
2. What are the factors, which decide the selection of an appropriate training method?
3. What are the different types of promotion?
4. What are the essentials of systematic transfer policy?

Long Answer Questions

1. Discuss the types of training methods in detail.
2. Describe the promotion policy in detail, along with its advantages.
3. Explain the different promotion system used in different organizations.
4. Evaluate the different types of transfers.

7.10 FURTHER READINGS

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UNIT 8 WAGE AND SALARY ADMINISTRATION

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Structure

8.0 INTRODUCTION

Proper job evaluation is the foundation for developing a sound wage structure. Job evaluation is a formal and systematic comparison of jobs in order to determine the worth of one job in relation to another, it is logical and, to some extent, an objective method of ranking jobs relative to one another.

The basic purpose of wage and salary administration is to establish and maintain an equitable wage and salary structure. Its secondary objective is the establishment and maintenance of an equitable labour-cost structure, i.e., an optimal balancing of conflicting personnel interests so that the satisfaction of employees and employers is maximized and conflicts minimized. The wage and salary administration is concerned with the financial aspects of needs, motivation and rewards.

8.1 OBJECTIVES

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

- Discuss the nature and significance of wage and salary administration
- Explain the theories of wages
- Describe the methods of wage fixation

8.2 MEANING AND PURPOSE OF WAGE AND SALARY ADMINISTRATION

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Wages and salaries, the payment received for performing work, is a major component of the compensation and reward process which is aimed at reimbursing employees for their work and motivating them to perform to the best of their abilities. In addition to pay, most employees receive benefits such as ESI, leave travel concession, and they receive non-financial rewards such as security, recognition and privileges. Although individual employees vary in the extent to which they value pay in relation to other work rewards, for most people the pay received for work is a necessity.

Determining wage and salary payments is one of the most critical aspects of human resource management because:

(a) the organization's reward system has a profound effect on the recruitment, satisfaction and motivation of employees and

(b) wage and salaries represent a considerable cost to the employer.

A carefully designed wage and salary programme that is administered according to sound policies and consistently applied rules is essential if human resources are to be used effectively to achieve organizational objectives.

The activities of wage and salary administration are as follows:

- Job evaluation
- Surveys of wage and salaries
- Analysis of relevant organizational problems
- Development and maintenance of the wage structure
- Establishing rules for administering wages
- Wage payments
- Incentives
- Profit sharing
- Wage changes-adjustments
- Supplementary payments
- Control of compensation and other related items

The basic purpose of wage and salary administration is to establish and maintain an equitable wage and salary structure. Its secondary objective is the establishment and maintenance of an equitable labour-cost structure, i.e., an optimal balancing of conflicting personnel interests so that the satisfaction of employees and employers is maximized, and conflicts minimized. The wage and salary administration is concerned with the financial aspects of needs, motivation and rewards.

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The objectives of the wage and salary administration are mentioned as follows:

1. For employees

- Employees are paid according to requirements of their jobs.
- The chances of favouritism (which creep in when wage rates are assigned) are greatly minimized.
- Job sequences and lines of promotion are established wherever they are applicable.
- Employees' morale and motivation are increased because a wage programme can be explained and is based upon facts.

2. To employers

- They can systematically plan for and control their labour costs.
- In dealing with a trade union, they can explain the basis of their wage programme because it is based upon a systematic analysis of job and wage facts.
- A wage and salary administration reduces the likelihood of friction and grievances over wage inequities.
- It enhances an employee's morale and motivation because adequate and fairly administered wages are basic to his wants and needs.
- It attracts qualified employees by ensuring an adequate payment for all the jobs.

Wage Determination Process

The steps involved in the wage determination process steps are as follows:

- Performing job analysis
- Wage surveys
- Analysis of relevant organizational problems forming the wage structure
- Framing rules of wage administration
- Explaining these to employees
- Assigning grades and price to each job and paying the guaranteed wage

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Figure 8.1 illustrates the steps involved in the determination of wage rates.

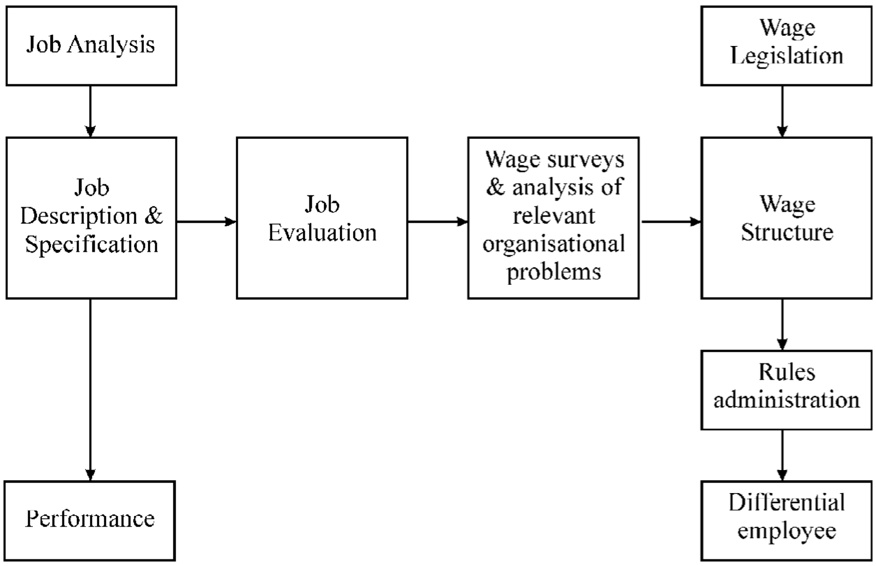

Fig. 8.1 *Steps Involved in Determination of Wage Rate*

Factors Influencing Wage and Salary Structure and Administration

The wage policies of different organizations vary somewhat. Marginal units pay the minimum necessary to attract the required number and kind of labour. Often these units pay only the minimum wage rates required by labour legislation and recruit marginal labour. At the other extreme, some units pay well above the going rates in the labour market.

A sound wage policy is to adopt a job evaluation programme in order to establish fair differentials in wages based upon differences in job contents. Besides, the basic factors provided by a job description and job evaluation, those that are usually taken into consideration for wage and salary administration are as follows:

- The organization's ability to pay
- Supply and demand of labour
- The prevailing market rate
- The cost of living
- Living wage
- Productivity
- Trade union's bargaining power
- Job requirements

- Managerial attitudes
- Psychological and sociological factors

Principles of Wage and Salary Administration

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The commonly suggested principles governing fixation of wage and salary are:

- There should be a definite plan to ensure that differences in pay for jobs are based upon variations in job requirements, such as skill, effort, responsibility of job or working conditions, and mental and physical requirements.
- The general level of wages and salaries should be reasonably in tune with that prevailing in the labour market. The labour market criterion is most commonly used.
- The plan should carefully distinguish between jobs and employees. A job carries a certain wage rate, and a person is assigned to fill it at that rate. Exceptions sometimes occur in very high-level jobs in which the job-holder may make the offer large or small, depending upon his ability and contributions.
- Equal pay for equal work, i.e., if two jobs have equal difficulty requirements, the pay should be the same, regardless of who fills them.
- An equitable practice should be adopted for the recognition of individual differences in ability and contribution. For some units, this may take the form of rate ranges, with in-grade increases; in others, it may be a wage incentive plan; in still others, it may take the form of closely integrated sequences of job promotion.
- There should be a clearly established procedure for hearing and adjusting wage complaints. This may be integrated with the regular grievance procedure, if it exists.
- The employees and the trade union, if there is one, should be informed about the procedure used to establish wage rates. Every employee should be informed of his own position, and of the wage and salary structure. Secrecy in wage matters should not be used as a cover-up for haphazard and unreasonable wage programme.
- The wage should be sufficient to ensure for the worker and his family a reasonable standard of living. Workers should receive a guaranteed minimum wage to protect them against conditions beyond their control.
- The wage and salary structure should be flexible so that changing conditions can be easily met.
- Prompt and correct payments of the dues of the employees must be ensured and arrears of payment should not accumulate.

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- For revision of wages, a wage committee should always be preferred to the individual judgement, however unbiased, or a manager.
- The wage and salary payments must fulfil a wide variety of human needs, including the need for self-actualization. It has been recognized that 'money is the only form of incentive which is wholly negotiable, appealing to the widest possible range of seekers.... Monetary payments often act as motivators and satisfiers interdependently of other job factors.'

8.2.1 Theories of Wages

Different methods of wage payment are prevalent in different industries and in various countries. There may be payment by time or payment by results, including payment at piece rates.

Wages are fixed mainly as a result of individual bargaining, collective bargaining or by public or state regulation. The manner in which wages are determined has been the subject of several theories of wages. The main elements in these theories may be summed up as follows:

1. Subsistence Theory

This theory, also known as 'Iron Law of Wages,' was propounded by David Ricardo (1772-1823). This theory (1817) states that 'the labourers are paid to enable them to subsist and perpetuate the race without increase or diminution.' The theory was based on the assumption that if the workers were paid more than subsistence wage, their numbers would increase as they would procreate more, and this would bring down the rate of wages. If the wages fall below the subsistence level, the number of workers would decrease as many would die of hunger, malnutrition, disease, cold, etc., and many would not marry; when that happened the wage rates would go up.

2. Wages Fund Theory

This theory was developed by Adam Smith (1723–1790). His basic assumption was that wages are paid out of a pre-determined fund of wealth which lays surplus with wealthy persons as a result of savings. This fund could be utilized for employing labourers for work. If the fund was large, wages would be high; if it was small, wages would be reduced to subsistence level. The demand for labour and the wages that could be paid them were determined by the size of the fund.

3. The Surplus Value Theory of Wages

This theory owes its development to Karl Marx (1849–1883). According to this theory, the labour was an article of commerce which could be purchased on payment of 'subsistence price'. The price of any product was determined by the labour time needed for producing it. The labourer was not paid in

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proportion to the time spent on work, but much less, and the surplus was utilized for paying other expenses.

4. Residual Claimant Theory

Francis A Walker 1984 propounded this theory. According to him, there are four factors of production/business activity, viz., land, labour, capital and entrepreneurs. Wages represent the amount of value created in the production which remains after payment has been made for all these factors of production. In other words, labour is the residual claimant.

5. Marginal Productivity Theory

This theory was developed by Phillips Henry Wicksteed (England) and John Bates Clark (USA). According to this theory, wages are based upon an entrepreneur's estimate of the value that will probably be produced by the last or marginal worker. In other words, it assumes that wages depend upon the demand for, and supply of, labour. Consequently, workers are paid what they are economically worth. The result is that the employer has a larger share in profit as he does not have to pay the non-marginal workers. As long as each additional worker contributes more to the total value than the cost in wages, it pays the employer to continue hiring; where this becomes uneconomic, the employer may resort to superior technology.

6. The Bargaining Theory of Wages

John Davidson propounded this theory. Under this theory, wages are determined by the relative bargaining power of workers or trade unions and of employers. When a trade union is involved, basic wages, fringe benefits, job differentials and individual differences tend to be determined by the relative strength of the organization and the trade union.

7. Behavioural Theories

Many behavioural scientists — notably industrial psychologists and sociologists — like Marsh and Simon, Robert Dubin, Eliot Jacques have presented their views or wages and salaries, on the basis of research studies and action programmes conducted by them. Briefly, such theories are:

Employee's Acceptance of a Wage Level: This type of thinking takes into consideration the factors which may induce an employee to stay on with a company. The size and prestige of the company, the power of the union, the wages and benefits that the employee receives in proportion to the contribution made by him—all have their impact.

Internal Wage Structure: Social norms, traditions, customs prevalent in the organization and psychological pressures on the management, the prestige attached to certain jobs in terms of social status, the need to maintain internal consistency in wages at the higher levels, the ratio of the maximum and minimum wage differentials, and the norms of span of control and demand for specialized labour all affect the internal wage structure of an organization.

Wage, Salaries and Motivators

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Money often is looked upon as a means of fulfilling the most basic needs of men. Food, clothing, shelter, transportation, insurance, pension plans, education and other physical maintenance and security factors are made available through the purchasing power provided by monetary income-wages and salaries. Merit increases, bonuses based on performance, and other forms of monetary recognition for achievement are genuine motivators. However, basic pay, cost of living increases, and other wage increases unrelated to an individual's own productivity may typically fall into the maintenance category.

Compensation Plan

For the higher management, salaries are influenced by the size of a company in a specific industry, and in part by the contribution of the incumbent to the process of decision-making. The bigger the firm, the greater is the compensation paid to the executives. The industries that are more highly constrained by governmental regulation (banks, life insurance, air transport, railroads, public utilities) pay relatively less than those that are more free to carry on their business (private firms).

Straight salaries, bonuses, stock purchase plans and profit-sharing are used to compensate major executives. Of these, the straight salary is the most common method. The salary is determined by mutual agreement between the individual and the employer. The sales affected, the cost of production, reduction in expenses and the profits made are also taken into account.

Bonuses are also aid to executives at a certain percentage of the profits. The bonuses may average from 30 per cent to 50 per cent of the basic salary. These bonuses operate most effectively in increasing motivation when the following conditions exist:

- The amount paid is closely related to the level of individual performance.
- The amount paid after taxes represents a clearly noticeable rise above the base salary level.
- The amount paid is closely related to the level of company performance.
- The amount paid is tied into the base salary in such a way that the combined earnings are equitable both in relation to internal and external standards.

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- The amount paid is reduced drastically whenever an individual experiences a real and continuing decrease in performance effectiveness.
- The amount paid is based on an easily understandable system of allocation, and the individual is provided with complete information on the relationship between bonus and performance.

Moreover, executives are compensated for the various expenses incurred by them, for taxation takes away a major portion of their salary. Such payments are in the form of:

- Medical care
- Counsel and accountants to assist in legal, tax and financial problems
- Facilities for entertaining customers and for dining out
- Company recreational area (swimming pool and gymnasium)
- The cost of the education and training of executives, scholarships for their children, and allowances for business magazines and books
- Free well-furnished accommodation, conveyance and servants

Wage Incentives

The term wage incentives has been used both in the restricted sense of participation and in the widest sense of financial motivation. It has been defined differently by different authors. We give here a few of these definitions.

'It is a term which refers to objectives in the external situation whose function is to increase or maintain some already initiated activity, either in duration or in intensity.' According to *Hummel and Nickerson*: 'It refers to all the plans that provide extra pay for extra performance in addition to regular wages for a job.' Florence observes: 'It refers to increased willingness as distinguished from capacity.' Incentives do not create but only aim to increase the national momentum towards productivity.'

In the words of Scott, 'it is any formal and announced programme under which the income of an individual, a small group, a plant workforce or all the employees of a firm are partially or wholly related to some measure of productivity output.'

According to the National Commission on Labour, 'wage incentives are extra financial motivation. They are designed to stimulate human effort by rewarding the person, over and above the time-rated remuneration for improvements in the present or targeted results.'

'A wage incentive scheme is essentially a managerial device of increasing a worker's productivity. Simultaneously, it is a method of sharing gains in productivity with workers by rewarding them financially for their increased rate of output.' According to Sun, this definition is based on the

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principle that 'an offer of additional money will motivate workers to work harder and more skilfully for a greater part of the working time, which will result in a stepped-up rate of output.'

We may define a wage incentive as a system of payment under which the amount payable to a person is linked with his output. Such a payment may also be called payment by results. The term incentive has gradually acquired a wide connotation and includes all the possible factors, besides economic gains, which can possibly motivate human beings towards better and greater performance.

Objectives of Wage Incentive Plans

Wage incentive plans aim at the fulfilment of one or more of the following objectives:

- To improve the profit of a firm through a reduction in the unit costs of labour and materials or both.
- To avoid or minimize additional capital investment for the expansion of production capacity.
- To increase a worker's earnings without dragging the firm in a higher wage rate structure regardless of productivity.
- To use wage incentives as a useful tool for securing a better utilization of manpower, better production scheduling and performance control, and a more effective personnel policy.

Merits of Wage Incentive Plans

Such plans are regarded as beneficial to both employers and workers. They are accepted as a sound technique for the achievement of greater production on the grounds that workers would work at their best if they were offered monetary rewards for good performance. For employers the need for a vigorous supervision is reduced, and consequently there is a cut in the expenditure on supervision.

- When well-designed and properly applied, payment by results may generally be relied upon to yield increased output, lower the cost of production and bring a higher income to the workers.
- A works study associated with payment by results is a direct stimulus to workers to improve the organization of work and to eliminate lost time and other waste.
- Labour and total costs per unit of output can be estimated more accurately in advance.
- Less direct supervision is needed to keep output up to a reasonable level.

- The conflicting interests of employers and employees are unified. Increased efficiency and smooth working can therefore be promoted and sustained.

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Demerits of Wage Incentive Plans

- Quality tends to deteriorate unless there is a stricter system of checking and inspection.
- Payment by results may lead to opposition or restriction on output when new machines and methods are proposed or introduced. This is because of the fear that the job may be restudied, and earnings reduced.
- When paid by result, workers tend to regard their highest earnings as norms and, therefore, press for a considerable higher minimum wage.
- The amount and cost of clerical work increases.
- There is a danger of disregarding safety regulations and thereby increasing the rate of accidents.
- Some workers tend to overwork and thus undermine their health.
- Jealousies may arise among workers because some are able to earn more than others or because fast workers are dissatisfied with the slower or older workers in the group.
- It is difficult to set piece or bonus rates accurately. If they are too low, workers may be under pressure to work too hard and become dissatisfied; and if too high, they may slacker their efforts to avoid a revision of rates.

A successful wage incentives plan should consist of the following key points:

- The management should recognize that the effectiveness of an incentive depends on the total situation, which includes worker-management confidence, relations with the trade union, the quality of communication and supervision and the traditions in an industry.
- The management should not introduce an incentive system until it has taken action to ensure full understanding of what is involved. This may call for procedures for the participation of employees and negotiations with the trade union.
- The management should avoid any action that may be interpreted as unfair. There must be proper machinery for handling grievances. The management should avoid actions that resemble ‘rate cutting’ because of the need to change methods and rates from time to time.
- It is essential that the management pay in proportion to output once this output rises above the required amount of guaranteed pay.

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- The management should train supervisors all the way down the line so that foremen and department managers are able to deal with problems within their own departments.
- Great care should be taken in setting up standards to avoid rates that are too loose or too tight.

The following are the chief incentive plans:

- Halsey Premium Plan
- Halsey-Weir Premium Plan
- Rowan Premium Plan
- 100 per cent Premium Plan
- Bedeaux Point Plan
- Taylor's Differential Piece Rate Plan
- Merric's Multiple Piece Rate Plan
- Gnatt Task and Bonus Plan
- Emerson Efficieny Plan
- Co-partnership System
- Accelerating Premium Systems
- Profit Sharing Schemes

Check Your Progress

1. What is the basic purpose of wage and salary administration?
2. What is a sound wage policy?
3. State the subsistence theory.
4. Who developed wage fund theory?

8.3 DEVELOPING WAGE AND SALARY STRUCTURE

In this section, you will learn about the factors which are involved in developing wage and salary structure.

Essentials of Sound Wage Plan

- **Fair and Adequate Compensation:** The wage plan must recognize the principle of "equal pay for equal work". There should be proper wage differentials based on job evaluation, experience, skill etc.

- **Simplicity:** The wage plan should be simple so that it is easily understandable to average employees.
- **Incentive Wage:** Wherever desirable and practical, one should introduce elements of wage incentives. Incentive wages through productivity bonus or premium can facilitate higher rate of economic growth.
- **Minimum Guaranteed Earnings:** There must be established a base wage rate. This will give security of income to incentive workers.
- **Additional Payments and Allowances:** The wage plan should also establish supplementary compensation like overtime wages, paid vacations etc.
- **Equitable to All:** Wage plan must achieve the living wage for labour and must also be within the capacity of industry to pay the wages set by the plan.
- **Easy Collective Bargaining:** The wage plan should simplify collective bargaining process between the management and labour union.

Advantages of a Sound Wage Plan

- No chance for favoritism.
- Reduction of inequalities.
- It leads to increase in labour efficiency, productivity, morale and motivation.
- Grievances over wage inequalities are reduced to minimum.
- Management can systematically plan for and control labour costs.
- Adequate compensation to attract qualified and satisfied labour.

Principles Governing the Fixation of Wages

Wages must fulfill a wide variety of human needs. It has been accepted that money is the only form of incentive which is wholly negotiable. The generally accepted principles governing the fixation of wages are:

- **Job Requirements:** Wages should be based on the variations in job requirements such as skill, effort, responsibility, labour market conditions and mental and physical requirements.
- **Criterion:** The level of wages paid should be in line with the prevailing rate in the labour market.
- **Equal Pay for Equal Work:** If two jobs have the same requirements and similar responsibilities, the pay should be the same.
- **Reasonable Standard of Living:** Workers should receive a guaranteed minimum wage to assure them of a reasonable standard of living.

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- **Flexible Wage Structure:** The wage structure should be flexible so that changing conditions can be easily met.
- **Distinguish between Jobs and Employees:** A job should carry a certain wage rate and a person should be assigned to fill it at that rate.
- **Avoid Secrecy in Wage Matters:** Every employee should be informed about the procedure used to establish wage rates. If there is a trade union, it should also be kept informed. Secrecy in wage matters should be avoided.
- **Appointment of Wage Committee:** For revision of wages, a wage committee should be appointed, as individual judgment could be biased.

Requisites of a Sound Primary Compensation Structure

There are 3 requisites of a sound primary compensation structure. They are:

- Internal Equity
- External Competitiveness
- Performance-based payment

Let's discuss each of these factors in detail in this section.

- **Internal Equity**

Internal equity means that there should be a proper relationship between the wages for the various positions within the organization. Job evaluation is the corner-stone of a formal wage and salary programme.

Job Evaluation and Merit Rating

Job Evaluation: Job evaluation or job rating is a systematic procedure for measuring the basis of their common factors such as skill, training, effort, responsibility and job conditions. The relative job values are thus converted into definite wage rates by assigning the money rate of pay to each job according to a definite system on scale.

- **External Competitiveness**

Once the internal equity has been established through job evaluation, the next step is to make a comparison with other firms in the industry. To achieve external alignment, the management must first know the average rates of wages for the jobs. Here, it should be noted that it is not always easy to compare the wage rates of two firms because of some significant difficulties. They are:

(i) The content of the jobs that have the same title may differ considerably.

(ii) The wage payment methods may differ.

(iii) Employees with the same jobs may have different degrees of regularity of employment, so that even if wage rates are identical, annual earnings are not.

(iv) The costs of living in different geographic locations may be different.

Though it is difficult to make a comparison, still, the organization should make a comparison. It is only then that they can fix their wage level at the average rate prevailing in the industry or they may decide on a higher or lower wage level for itself.

- **Performance based Payment**

Finally, the organization has to decide whether all individuals in jobs of the same level should be paid the same pay or not. There are four approaches to determine the individual pay:

(i) **Single Rates:** When employee performance is almost similar, single rates are paid to employees on jobs e.g., clerks in office jobs.

(ii) **The Informal Approach:** Under this method, individual pay decisions are made on an informal basis without any guides or controls.

(iii) **The Automatic Approach:** Under this method, both the amount of the pay increase and the period of review are usually predetermined. Individual merit has no consideration.

(iv) **Merit Approach**: Under this method, individual performance and output are important basis for compensating employees. Merit rating system assumes that performance can be observed with reasonable accuracy.

Check Your Progress

5. List the advantages of a sound wage plan.
6. What is the automatic approach of performance based payment?

8.4 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The basic purpose of wage and salary administration is to establish and maintain an equitable wage and salary structure.
2. A sound wage policy is to adopt a job evaluation programme in order to establish fair differentials in wages based upon differences in job contents.
3. The subsistence theory (1817) states that 'the labourers are paid to enable them to subsist and perpetuate the race without increase or diminution.'

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4. This theory was developed by Adam Smith (1723–1790).
5. The Advantages of a Sound Wage Plan include:
   - No chance for favoritism.
   - Reduction of inequalities.
   - It leads to increase in labour efficiency, productivity, morale and motivation.
   - Grievances over wage inequalities are reduced to minimum.
   - Management can systematically plan for and control labour costs.
   - Adequate compensation to attract qualified and satisfied labour.
6. There are 3 requisites of a sound primary compensation structure. They are:
   - Internal Equity
   - External Competitiveness
   - Performance-based payment

8.5 SUMMARY

- The basic purpose of wage and salary administration is to establish and maintain an equitable wage and salary structure.
- Its secondary objective is the establishment and maintenance of an equitable labour-cost structure, i.e., an optimal balancing of conflicting personnel interests so that the satisfaction of employees and employers is maximized, and conflicts minimized.
- A sound wage policy is to adopt a job evaluation programme in order to establish fair differentials in wages based upon differences in job contents.
- Wages are fixed mainly as a result of individual bargaining, collective bargaining or by public or state regulation.
- Subsistence theory, also known as ‘Iron Law of Wages,’ was propounded by David Ricardo (1772-1823).
- This theory (1817) states that ‘the labourers are paid to enable them to subsist and perpetuate the race without increase or diminution.’
- The theory was based on the assumption that if the workers were paid more than subsistence wage, their numbers would increase as they would procreate more, and this would bring down the rate of wages.
- Wages fund theory was developed by Adam Smith (1723–1790).

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- His basic assumption was that wages are paid out of a pre-determined fund of wealth which lays surplus with wealthy persons as a result of savings.
- For the higher management, salaries are influenced by the size of a company in a specific industry, and in part by the contribution of the incumbent to the process of decision-making.
- The salary is determined by mutual agreement between the individual and the employer.
- Wage incentives: 'It is a term which refers to objectives in the external situation whose function is to increase or maintain some already initiated activity, either in duration or in intensity.'
- We may define a wage incentive as a system of payment under which the amount payable to a person is linked with his output. Such a payment may also be called payment by results.
- Wage Incentive Plans are regarded as beneficial to both employers and workers.
- They are accepted as a sound technique for the achievement of greater production on the grounds that workers would work at their best if they were offered monetary rewards for good performance.
- There are 3 requisites of a sound primary compensation structure. They are:
    - Internal Equity
    - External Competitiveness
    - Performance-based payment
- Essentials of Sound Wage Plan include: Fair and Adequate Compensation, Simplicity, Incentive Wage, Minimum Guaranteed Earnings, Additional Payments and Allowances, Equitable to All and Easy Collective Bargaining.

8.6 KEY WORDS

- **Wages:** It refers to the fixed regular payment earned for work or services, typically paid on a daily or weekly basis.
- **Survey:** It means to ask (many people) a question or a series of questions in order to gather information about what most people do or think about something.
- **Union:** It is a society or association formed by people with a common interest or purpose.

8.7 SELF ASSESSMENT QUESTIONS AND EXERCISES

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Short Answer Questions

1. Briefly describe the nature and purpose of wage and salary administration.
2. Explain the wage determination process.
3. What factors influence the wage and salary structure and administration?
4. What are the commonly suggested principles governing fixation of wage and salary?

Long Answer Questions

1. Give a detailed explanation of the main elements in various theories of wages. Explain each theory in detail.
2. Discuss compensation plan.
3. What are wage incentives? Explain its objectives and merits and demerits in detail.
4. Describe the factors and principles used in developing wage and salary structure.

8.8 FURTHER READINGS

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BLOCK - III
ORGANIZATIONAL BEHAVIOUR AND ABILITY

NOTES

UNIT 9 JOB EVALUATION AND WORKING CONDITIONS

Structure

9.0 INTRODUCTION

In every organization, there are many different works and job descriptions. It is important for the organization to ascertain the work of each job to determine wage structure. This is dependent on the setting a job hierarchy. International Labour Office (ILO) defines job evaluation as 'an attempt to determine and compare the demands which the normal performance of a particular job makes on normal workers, without taking into account the individual abilities or performance of the workers concerned.' Job evaluation determines a sort of ranking of different jobs in an organization. In this unit, you will learn the merits of job evaluation.

Working condition is a very important factor which affects the employee wellbeing, the employee turnover and overall productivity. In this unit, you will learn about the important provisions of related to the safety, welfare and health services with regards to working conditions of the employees.

9.1 OBJECTIVES

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

- Discuss the concept of job evaluation
- Describe the need and principles of labour welfare
- Explain the legal provisions for labour safety, welfare and health services

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9.2 OVERVIEW OF JOB EVALUATION

Job evaluation is a very important part of the process of developing wage and salary structure.

Merits of Job Evaluation

(i) Management will have better control over labour costs since pay for each job is consistent with its value to the company.

(ii) Workers doing a similar type of work will receive similar pay. This will also control labour cost and can improve employee morale.

(iii) Since job evaluation shows the relative worth of jobs, it provides a basis for establishing a sequence for promotion through merit rating.

(iv) It provides a means for justifying different rates of pay for different jobs.

(v) It provides a basis for setting rates of pay on new jobs.

(vi) It can provide for incentive wages.

According to Knowles and Thomson, job-evaluation is useful in eliminating the following discrepancies of a wage payment system:

(i) Payment of high wages and salaries to persons who hold jobs and positions not requiring greater skill, effort and responsibility;

(ii) Paying beginners less than they are entitled to receive in terms of what is required of them;

(iii) Giving a raise to persons whose performance does not justify the raise;

(iv) Deciding rates of pay on the basis of seniority rather than ability;

(v) Payment of widely varied wages for the same or closely related jobs and positions; and

(vi) Payment of unequal wages and salaries on the basis of race, sex, religion or political differences.

Role Analysis is the process whereby information related to the requirements of various roles is collected, analysed and recorded to form the basis of a role profile. Role analysis focuses on what is expected of the role holders, that is, what they are expected to know and how they are expected to perform. As the name suggests, role analysis has the concept of a role at its core. Role here, refers to the part people play in fulfilling the objectives of their work through efficient operation. It also includes the manner in which people are able to perform with sufficient flexibility in keeping with the structure, goals and processes of the organization.

In case of a job, no matter who the job holder is, his/her responsibilities and duties are fixed. Systematic analysis of roles and jobs is done to find out their relative size. This is referred to as job evaluation. The terms job evaluation and role evaluation are often used interchangeably.

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Role analysis can be said to be a branch of job analysis and is generally done through interviews along with some competency analysis technique. Role analysis focusses on the identification of the KRA or key result areas. It helps define the behavioural and occupational competencies that job holders must possess and their importance in smooth operations. It analyses the relationship of the job holders with their team members, team leaders, clients, suppliers and all those they are required to deal with outside the organization. Role analysis helps to define the manner in which job holders fit into the structure of the organization, the initiatives they are expected to take and the manner in which they set priorities.

Importance of role analysis in an organization

Role analysis and job evaluation are aimed at establishing the relative value or size of jobs or roles. It provides the relevant information for designing and maintaining equitable pay structures and grades. Role analysis helps to place roles and jobs within a grade structure in the most objective manner possible. It also facilitates consistent decisions regarding the grading of jobs or roles to ensure that the organization fulfills the ethical requirements with regard to pay. Role analysis helps organizations avoid discrimination on the basis of sex, religion, disability or race.

Advantages of role analysis

- It allows judgements about relative size of job and gradings to be made objectively.
- Judgements can be made on the basis of facts without relying on opinions.
- It allows evaluation of the job and not the person.
- Evaluations ignore the job holder's personal characteristics.
- Evaluations do not directly take into consideration the volume of work.
- Role analysis does not take into account market rates.

Management in various organizations, work at different levels along with their subordinates to identify goals and set objectives that are consistent with the goals of the organization. They work hand-in-hand to achieve these organizational goals.

Measurement of performance is done against objectives and deviations are discussed. The existing objectives are reviewed by superiors as well as subordinates and new objectives are defined following discussions on deviations. Management by objectives or MBO is a self-evaluation technique wherein the process of setting goals is extremely participative.

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MBO is essentially a method of self-evaluation. Goal-setting is a highly participative process with self-established role prescriptions. Since job analysis does not cover all the activities of tasks performed by the seniors and subordinates under MBO, here, role analysis is preferred to cover the task performed under MBO programmes by the employees.

In view of the criticism against job analysis, Edwin B Flippo was of the opinion that role analysis should include the different roles played by an employee. A role would comprise the job holder's pattern of expected behaviour, interactions as well as sentiments. The concept of role goes beyond that of a job. Usually, a job holder is expected to play different roles in the process of discharging his duties. A manager, for instance, is expected to also act as an individual who protects the interests of subordinates. The subordinates, in the same way, are expected to work towards maximizing sales/profits/ productivity. At times, employees are expected to play various roles, informally. Such roles are not included in job analysis.

In a boundary spanning job, the incumbent is assigned the task of dealing with an element of the outer environment. Employees holding boundary spanning jobs, such as personnel managers, are required to interact with trade union leaders, government officers, management associations, etc. Therefore, they are required to possess verbal skills, a certain degree of sensitivity to the values of external individuals and employees, counselling skills and interpersonal relations. The personnel manager, therefore, plays many different roles—roles that conflict with one another, roles that are in addition to the personnel manager's duties as outlined in the job description.

Therefore, in modern organizations, the job designers try to take into account the concept of role analysis while designing jobs.

MBO with regards to HR forms the basis for performance appraisal and at the end of the specified period performance evaluation. The superior in setting up the objectives tries to include all possible roles of the incumbent. MBO is a broader term for an organization and even overall strategy for short term and long term formulated by the directors also covered by this.

Check Your Progress

1. What does the term 'role' refer to in role analysis?
2. Mention the relationship that are analysed under role analysis.

9.3 SAFETY, WELFARE AND EMPLOYEE HEALTH

Labour welfare implies providing better work conditions (for e.g., proper lighting, cleanliness, low noise) and reasonable amenities (for e.g., recreation, housing, education etc). The need for providing such services and facilities arises from the social responsibility of industries, a desire for upholding democratic values and a concern for employees.

The Oxford dictionary defines labour welfare as "efforts to make life worth living for workmen". The report of the committee on labour welfare set up by the Government of India in 1969 refers to welfare as a broad concept, a condition of well-being. It suggests the measures which promote "the physical, psychological and general well-being of the working population".

The ILO defines labour welfare as "such services, facilities and amenities as adequate canteens, rest and recreation facilities, arrangements for travel to and from work, and for the accommodation of workers employed at a distance from their houses, and such other services, amenities and facilities as contribute to improve the conditions under which workers are employed".

The Encyclopaedia of Social Sciences (vol XV, 1935) defines labour welfare as "The voluntary efforts of the employers to establish within the existing industrial system, working and sometimes living and cultural conditions of the employees beyond that which is required by law, the custom of the industry and the conditions of the market".

Labour welfare has its origin either in some statute formed by the state or in some local custom or in a collective agreement or in the employer's own initiative. Today, welfare has been generally accepted by the employers. Each employer depending on his priorities, gives varying degrees of importance to labour welfare. The state only intervenes to "widen the area of applicability". It is now accepted that labour welfare is a social right.

Need for Labour Welfare

1. *From the point of view of workers:* Welfare measures must eliminate risk and insecurity. The organization besides providing fair wages must also provide facilities like medical aid, crèches, subsidised food and transport required by workers.
2. *From employer's point of view:* Employers provide amenities to discharge their social responsibility, raise the employee's morale, use the work force more effectively and reduce turnover and absenteeism. Welfare helps build a positive image of the organization and makes it easier for them to attract and hire competent personnel.
3. *From union's point of view:* Trade union's role in labour welfare stems from workers' need for welfare services. Unions feel that welfare services ought to be provided either by the government or the employers. However, much depends on the initiative of the unions, their bargaining strength and the priority given by them to the rights of the workers.

Principles of Labour Welfare

The following principles should be borne in mind while setting up a labour welfare service:

1. First determine the employees' real needs. The welfare service should satisfy the real needs of the workers.
2. Due to differences in sex, age, income levels of employees, a mix of benefits is suggested so that the choice is left to each individual employee.
3. The cost of the service should be calculated and its financing established on a sound basis.

Types of Labour Welfare

The ILO classifies labour welfare services under two heads:

1. Intra-Mural

Intra-mural services are those which are provided within the factory. They include

(a) Drinking water
(b) Toilets
(c) Crèche
(d) Washing facilities
(e) Occupational safety
(f) Uniforms and protective clothing
(g) Shift allowance
(h) Canteen

2. Extra-Mural

Extra-mural services are those which are provided outside the factory. They include:

(a) Health and medical facilities
(b) Education facilities
(c) Recreation facilities
(d) Leave travel facilities
(e) Transport to and from place of work
(f) Social security like gratuity, pension and PF
(g) Maternity benefits
(h) Benevolent fund

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Classification of Labour Welfare

Labour welfare measures has its origin either in some statute or in the employers, own initiative or by collective agreement. Thus, labour welfare can be classified into two categories:

1. Statutory labour welfare
2. Voluntary labour welfare

1. Statutory Labour Welfare

The Government of India passed several acts to ensure a fair deal to employees in various aspects of their job. Statutory welfare comprises those provisions whose observance is binding on employers by law. These relate to certain essential working conditions and standards of health. The most important of the welfare acts is the Factories Act.

The Factories Act 1948: The Factories Act 1948, was conceived in 1881 when a legislation was enacted to protect children and to provide health and safety measures. In 1934, following the recommendations of the Royal Commission of Labour, the act was amended. A more comprehensive legislation to regulate working conditions replaced the act in 1948.

The Factories Act 1948 came into force on the 1st day of April 1949. Its objectives is to regulate the conditions of work in manufacturing establishments which come within the definition of the term 'factory' as used in the Act. The Act extends to the whole of India including the state of Jammu and Kashmir.

According to sec 2 (m) 'factory' means any premises including the precincts thereof-

(i) whereon 10 or more workers are working or were working on any day of the preceding 12 months and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on or

(ii) whereon 20 or more workers are working or were working on any day of the preceding 12 months and in any part of which a manufacturing process is being carried on without the aid of power or is ordinarily so carried on.

Worker (sec 2 (l)): A worker means a person employed, directly or by or through any agency (including a contractor) with or without the knowledge of the principal employer. He may be employed for or without remuneration but he must be employed in a manufacturing process.

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General Provisions

Working Hours: No adult worker shall be required or allowed to work in a factory for more than 48 hours in any week (sec 51). For female workers, the working hours are to be only between 6 A.M. to 7 P.M.

Inspectors (sec 8): The State Government may appoint any person to be Chief Inspector to exercise the powers conferred on him by the Factories Act. He shall exercise the powers of an Inspector throughout the State. The manager may be penalised for not following the Factory Act.

Statutory Provisions

***Health*:** The Act provides detailed instructions on cleanliness, disposal of wastage, ventilation, lighting, over-crowding etc. The factors which influence the general health of the worker in the working environment which tend to produce ill health have to be controlled. Every employer should protect his employees against health hazards by

(i) Devoting adequate attention to working conditions.

(ii) Substituting a less toxic substance for the hazardous one.

(iii) Providing protective clothing.

Section 11 to 20 of the Act provide detailed instructions. They are discussed below.

Sec 11 – Cleanliness: Every factory shall be kept clean and free from effluvia and dirt. Accumulation of dirt shall be removed daily by some effective method.

Sec 12 - Disposal of Wastes: Effective arrangements shall be made in every factory for the treatment of wastes due to the manufacturing process carried on therein, so as to make them harmless and for their disposal.

Sec 13 – Ventilation and Temperature: Effective and suitable provision shall be made in every factory for securing and maintaining in every workroom, adequate ventilation by the circulation of fresh air and such a temperature as will secure to workers therein reasonable conditions of comfort and prevent injury to health.

Sec 14 – Dust and Fume: Where dust or fume or impurity of such a nature as is likely to be injurious or offensive to the workers is given off as a result of the manufacturing process being carried on in a factory, effective measures shall be taken in the factory for prevention of inhalation or accumulation of dust and fumes in workrooms.

Sec 15 – Artificial Humidification: In respect of all factories in which the humidity of the air is artificially increased, the State Government may make rules prescribing standards of humidification.

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Sec 16 – Overcrowding: There shall not be overcrowding in any room of the factory so as to be injurious to the health of the workers employed therein. There shall be at least 14.2 cubic metres of space for every worker.

Sec 17 – Lighting: In every part of a factory where workers are working, there shall be provided and maintained sufficient and suitable lighting, natural or artificial or both.

Sec 18 – Drinking Water: In every factory, effective arrangements shall be made to provide and maintain at suitable points conveniently situated for all workers employed therein as sufficient supply of wholesome drinking water.

Sec 19 – Latrines and Urinals: In every factory, separate enclosed accommodation of latrine and urinals of prescribed types for male and female workers shall be provided for. Such accommodation shall be conveniently situated and accessible for workers at all times.

Sec 20 – Spittoons: In every factory, there shall be provided a sufficient number of spittoons in convenient places and they shall be maintained in a clean and hygienic condition.

Safety: Prevention of accidents is an objective which requires no expansion. This is one area in which there is complete identity of employer-employee interests. The employee does not want to be injured and the employer does not want to incur the cost of injuring him. The Act provides 20 different sections on obligatory safety measures.

Sections 21 to 41 of the Act provide detailed instructions. They are discussed below:

Sec 21 – Fencing of Machinery: Every dangerous part of every machinery shall be securely fenced by safeguards of substantial construction which shall be constantly maintained and kept in position while the parts of machinery they are fencing are in motion or in use.

Sec 22 – Work on Machinery in Motion: Where in any factory it becomes necessary to examine any part of machinery while the machinery is in motion, such examination shall be made only by a specially trained adult male worker wearing tight fitting clothing. The clothing shall be supplied by the occupier.

Sec 23 – Employment of Young Persons on Dangerous Machines: No young person shall be required or allowed to work on any machine unless

(a) He has been fully instructed as to the dangers and the precautions to be observed.

(b) He has received sufficient training or is under adequate supervision by an experienced person.

Sec 24 – Striking gear and devices for cutting off power: When a device, which can inadvertently shift from ‘off’ to ‘on’ position is provided,

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arrangements shall be provided for locking the device in safe position. This is to prevent accidental starting of the machinery.

Sec 25 – Self-acting Machines: No traversing part of a self-acting machine shall be allowed to run on its outward or inward traverse within a distance of 45 centimetres from any fixed structure which is not part of the machine.

Sec 26 – Casing of new machinery: All machinery driven by power and installed in any factory, shall be completely encased unless it is safely situated, to prevent danger.

Sec 27 – Prohibition of employment of women and children near cotton-openers.

Sec 28 – Hoists and lifts: In every factory every hoist and lift shall be of good mechanical construction, sound material and adequate strength.

Sec 29 – Lifting machines, chains, ropes and lifting tackles: In every factory, cranes and other lifting machines shall be of good construction, sound material, adequate strength, free from defects and properly maintained.

Sec 30 – Revolving Machinery: In every factory in which the process of grinding is carried on, there shall be permanently kept near each machine a notice indicating

(a) Maximum safe working speed

(b) The diameter of the pully.

Sec 31 – Pressure Plant: If in any factory any plant or any machinery is operated at above the atmospheric pressure, effective measures shall be taken to ensure that the safe working pressure is not exceeded.

Sec 32 – Floors, stairs and means of access: All floors, steps stairs passages and gangways shall be of sound construction and properly maintained.

Sec 33 – Pits, slumps, openings in floors etc: In every factory, pits, slumps, fixed vessels, tanks, openings in the ground or in the floor shall be securely covered or securely fenced.

Sec 34 – Excessive weights: No person shall be employed in any factory to lift, carry or move any load so heavy as to be likely to cause him injury.

Sec 35 – Protection of eyes: Screen or suitable goggles shall be provided for the protection of persons employed on or in immediate vicinity of any process which involves any danger or injury to the workers' eyesight.

Sec 36 – Precautions against dangerous fumes: No person shall be required or allowed to enter any chamber, tank, vat, pit, flue or other confined space in any factory in which any gas, fume vapour or dust is likely to be present to such an extent as to involve risk to persons being overcome thereby,

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unless it is provided with a manhole of adequate size or other effective means of exit.

Sec 37 – Precautions against explosive or inflammable dust, gas etc: When in any factory any manufacturing process produces dust, gas fume or vapour which is likely to explode on ignition, all practicable measures shall be taken to prevent any such explosion.

Sec 38 – Precautions in case of fire: In every factory, all practicable measures shall be taken to prevent outbreak of fire and its spread both internally and externally and to provide and maintain safe means of escape.

Sec 39 – Power to require specifications of defective parts or tests of stability: If it appears to the inspector that any building, machinery or plant may be dangerous to human life or safety, he may ask the manager to carry out tests to prove their safety.

Sec 40 – Safety of building and machinery: If any building, machinery or plant is dangerous to human life or safety, the inspector may prohibit to use it until it has been properly repaired or altered.

Sec 40 A – Maintenance of building: If any building is in a state of disrepair, the inspector may ask the manager to specify the measures to be taken for such repairs.

Sec 40 B – Safety Officers: Wherein 1000 or more workers are employed and the manufacturing process involves any risk of injury, hazard to health, safety officers may be appointed.

Welfare: The Act also obligates the organisations to provide certain amenities like facilities for washing, drying and storing of clothes, first-aid box, canteen, crèches, welfare officers etc.

Sections 42 to 49 of the Act provide detailed instructions. They are discussed below:

Sec 42 – Washing facilities: In every factory, adequate and suitable facilities (separately for male and female workers) should be provided and maintained for the use of workers.

Sec 43: Facilities for storing and drying clothes

Sec 44 – Facilities for sitting: Suitable arrangements for sitting shall be provided and maintained for all workers who are obliged to work in a standing position.

Sec 45 – First Aid appliances: At least one first aid box with prescribed contents for every 150 workers.

Sec 46 – Canteens: If more than 250 workers are ordinarily employed, a canteen shall be provided and maintained for the use of workers.

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Sec 47 – Shelters, rest rooms and lunch rooms: If more than 150 workers are ordinarily employed there shall be a provisions for shelters, rest rooms and a suitable lunch room with provision for drinking water.

Sec 48 – Crèches: If more than 30 women workers are ordinarily employed, a suitable room should be maintained for the use of children of such women under the age of 6 years.

Sec 49 – Welfare Officer: Welfare officer should be provided in a factory employing more than 500 workmen.

The Employees' State Insurance Act, 1948

The Employees' State Insurance Act was passed in 1948 to make available various social welfare facilities available to the employees of a company through one agency. The Employees' State Insurance Scheme (ESIS) is a compulsory and causative scheme for the well-being of the employees. According to this Act, a company should provide medical benefits, such as medical attendance, treatment, drugs and injections to the insured employees having net salary less than 6,500 and their family members. This Act is applicable only to the companies that employ more than 20 employees in the company.

The ESIS is a breakthrough in the history of social security in India. The main objective of this scheme is to launch social insurance for the employees of a company in order to provide them social security during situations, such as illness, long-term sickness or any other health hazard. According to this scheme, medical facilities are also provided to the retired insured individuals and permanently disabled workers and also to their spouses at a minimal payment of ₹ 10 per month.

The ESIS Act is monitored by the Employees' State Insurance Corporation (ESIC), which is established by Central Government. ESIC has its own funds, known as ESI fund that provides cash benefits to insured persons, medical benefits, such as hospitals and dispensaries. The following are the benefits provided by this act:

- **Sickness benefits**: This is given to the employees for maximum period of 91 days. The sickness benefit is the half of the daily average wages of the employee. For getting the sickness benefit the employee should be under the medical treatment at a hospital maintained by the company. Extended sickness benefit is also given to the insured employees who are suffering from the long-term diseases. In this case, employee can get sickness benefit for maximum period of 309 days and the payment given to the employee is 63% of the wages. Sickness benefit is useful to an employee who is unable to work due to illness. Employee also gets medical treatment and financial support.

- **Medical benefit**: It is in the form of free medical treatment that an employee claims in case of illness, maternity and accident. Employee gets this benefit at ESI hospital or dispensary of the doctor to whom the worker is getting treatment. The family of the insured worker also avails this benefit. Workers suffering from critical diseases, such as T.B., Cancer, Leprosy and mental diseases are provided special facilities.
- **Maternity benefit**: It is in the form of cash payment to the insured women for confinement, miscarriage or illness arising out of pregnancy. This benefit is calculated at half of average daily wages. If the insured woman dies during the period of confinement, the nominee gets the benefit for the whole period.
- **Disablement benefit**: This is given in case of permanent disablement of an employee. The benefit is given when an employee is caught in an industrial accident within the factory. The annual benefits depend on the nature of disablement. For the temporary disablement full pay is given to the employee for the period of disablement. For the permanent disablement the employee is given cash benefit for the life at a percentage of full rate.
- **Dependents' benefit**: It is given to the dependents of the employee of a dead insured employee. The benefit is given if an employee dies in an industrial accident. The family of the employee is entitled for cash benefit under this scheme. The widow will receive pension for her whole life.
- **Funeral benefit**: This is given in the form of cash up to maximum of 1,000 to the insured individual for funeral. This benefit is given to the eldest person or the person who is actually incurring the expenditure at the time of funeral.

The Employees' Provident Fund Act, 1952

The Employees' Provident Fund Act was launched in 1952 that provides retirement benefits to the employees of a company. Retirement benefits include provident fund, family pension, and deposit-linked insurance. This Act is applicable for the companies in India that employ 20 or more than employees except in Jammu and Kashmir. This Act is not applicable on the companies that are registered under the Cooperative Societies Act, 1912, or under any other law related to cooperative societies of less than 50 individuals. This scheme is applicable to the employees getting the salary of ₹ 5,000 per month.

According to this Act, the employees need to contribute 8.33 percent of his/her basic salary and dearness allowances comprising of cash value of food allowances and maintaining allowances given to the employees. Now,

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the government has increased the rate of employee contribution to 10 per cent. The government has introduced various provident fund schemes but the contributory fund scheme became more popular than others. According to the contributory provident fund scheme, both employer and employee contribute equal portion of the basic salary of the employee for provident fund. The total contribution of the provident fund is then deposited with the Provident Fund Commissioner or any trust. The employees get the provident fund after their retirement. The employees also get 8 to 12 per cent interest on the provident fund. Under this scheme individual pension and family pension are provided to the employees of the company.

The government has introduced various schemes under this act. These are as follows:

- **Employees' Pension Scheme, 1995**: It was introduced for the individual employees of a company in the year 1995. Under this scheme, the employees are provided 50 per cent of the salary as their pension after retirement or superannuation after completing 33 years service.
- **Death relief fund**: It was established by the government in January 1964 in order to provide financial help to the nominees or the successor member of the family whose salary does not exceeds ₹ 1,000 per month.
- **Gratuity scheme:** It was a scheme introduced under the Payment of Gratuity Act, 1972, meant for factories, mines, oil fields, plantations, ports, railways, and other companies. This act is applicable for the employees that obtain salary less than or equal to ₹ 3,500 per month.
- **Employees' Deposit-Linked Insurance Scheme:** It was launched for the members of Employees' Provident Fund and the exempted Provident Funds on 1 August 1976. According to this scheme, after the expiry of the member of the provident fund, the individual allowed to obtain the provident fund deposits would be given an extra payment equal to the average balance in the provident fund account of the deceased person during last three years. This scheme is applicable only when the average amount is greater than or equal to 1,000.
- **Group life insurance:** It is a plan that provides coverage for the risks on the lives of a number of individuals under one contract. However, the insurance on each life is independent from the insurance of individuals. This facility is given to the employees that work with an employer without evidence of insurability. The following are features of group life insurance:
    - o Insurance is provided to the employees without any evidence of insurability.
    - o The insurance contract is signed between the insurance company and the employer. There is no direct interaction of the employee with the insurance company.

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- o It is yearly renewable insurance plan.
- o If any employee of the company suffers from an injury or death, then the claim received by the employer from the insurance company is given to the nominee of the employee.
- o The premium of the insurance is either paid the employer or by the employer and the employee both.

The Workmen's Compensation Act, 1923

The Workmen's Compensation Act was established by the government in the year 1923. According to this Act, a company needs to provide a payment of compensation to its employees and their family on the occurrence of organizational accidents and some disease leading to the death or any kind of disablement of the individual. The main objective of this Act is to apply a commitment on the employers to offer compensation to the employees against the accidents that occur during the course of employment. The following are the important features of The Workmen's Compensation Act:

- This Act provides social security to the employees of a company by providing them compensation against various risks.
- A company is liable to pay the compensation only if the accident or the injury to the employee has been caused during the course of employment.
- This Act also provided overtime pay and the value of concessions or benefits in the form of food, clothing and accommodation.
- The amount of compensation that a company needs to pay to an employee depends upon the type of injury or disablement suffered by the employee.
- The minimum amount of compensation that must be paid to an employee on the occurrence of permanent disablement or death is ₹ 60,000 and ₹ 50,000 respectively. However, the maximum amount of compensation that must be paid to an employee on the occurrence of permanent disablement or death is ₹ 2.28 lakh and ₹ 2.74 lakh respectively.

This Act is applicable for all the employees that work in railways, factories, mines and other companies. It also applies to all the companies that are involved in an industry specified in Schedule II of the Act.

The Maternity Benefit Act, 1961

The Maternity Benefit Act was launched in 1961. This is a compensation given against the loss of salary to a woman who discontinues to work during the period of pregnancy. The following are the main objectives of this Act:

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- Enable the female employee of a company to withdraw her services during the 6 weeks before her expected confinement date
- Allow the female employee to discontinue her services after 6 weeks of confinement
- Provide free medical treatment to a female employee during her pregnancy
- Provide an expected female employee the facility of public funds along with cash benefit so that she can take good care of herself and her child
- Disallow the dismissal of a female employee during her pregnancy period
- Allow the female ladies to feed her baby twice a day during the working hours

The Industrial Disputes Act, 1947

The Industrial Disputes Act was passed in the year 1947. This Act is related to the termination and retrenchment of the employees by a company. This act includes Sections 25-A to 25-S related to employee termination. Among these sections, Section 25-C to 25-E are not applicable for the companies that employ less 50 individuals in the company. Sec 25-C states that when any permanent employee who has worked for more than or equal to one year is being terminated by the company, the company is liable to provide a compensation equal to the 50 per cent of her/his basic salary. Sec 25-C also states that the company is not responsible to give any compensation to an employee, if he or she refuses to accept an alternative job equivalent to his/her previous job. A company is also not liable to give compensation if he or she does not reach the workplace at the scheduled time during the normal working hours at least once a day.

Sec 25-F states that a company cannot terminate the services of an employee without giving a written notice of one month provided the employee has worked for at least one year with the company. The notice must contain the termination information, such reason for termination and wages for the period of notice. Similarly, according to Sec 25-FF, Sec 25-FFA and Sec 25-FFF, a company is liable to give compensation in case of transfer of undertaking, 60 days notice to the employees before closing the company and compensation to the employees if the employer is closing down the company, respectively.

Section 25-G and Section 25-H handles the processes of retrenchment and re-employment for retrenched employee. Section 25-M states that a company cannot terminate a permanent employee without the permission of the government or such authority as may be specified by the government in the Official Gazette.

Section 25-N states that a company cannot terminate the services of an employee without giving a written notice of three month provided that the employee has worked for at least one year with the company. The notice must contain the termination information, such reason for termination and wages for the period of notice. Section 25-Q and Section 25-R deals with the notice of at least 90 days by a company before closing a company, special provisions relating to restarting of a company closed down before operation of the Industrial Disputes Act, 1976, penalty for termination, and retrenchment without any prior notification and penalty of closure.

Industrial accident

The life of an industrial worker is a hazardous one. An industrial accident may be defined as 'an occurrence which interferes with the orderly progress of work in an industrial establishment.' According to the Factories Act, industrial accident is 'an occurrence in an industrial establishment causing bodily injury to a person which makes him unfit to resume his duties in the next 48 hours.'

Causes of accidents: Accidents are usually the result of a combination of factors. According to safety experts there are three basic causes. These are:

1. **Unsafe conditions:** Also known as 'technical causes.' They arise when there are improper or inadequate safety guards on machines, when mechanical or construction designs are defective and unsafe; or when there is an absence of proper maintenance and supervision of these devices.
2. **Unsafe acts:** These acts may be the result of lack on the part of the employee or certain bodily defects or wrong attitudes on the part of the employee.
3. **Other causes:** These refer to unsafe situational and climate conditions and variations – such as bad working conditions, rough and slippery floors, excessive glare, etc.

Accident prevention

According to the National Safety Council, USA, accident prevention depends on three E's.

- Engineering – the job should be engineered for safety.
- Employees – employees should be educated in safe procedure, and
- Enforcing safety – safety rules should be properly enforced.

Accident prevention can be achieved through two basic activities:

1. Reducing unsafe conditions, i.e., removing and reducing physical hazards
2. Reducing unsafe acts. This can be implemented through proper selection and placement of employees, providing training to new employees in safety practices, and through persuasion and propaganda

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Occupational diseases

Occupational diseases are the result of physical conditions and the presence of industrial poisonous and non-poisonous dust in the atmosphere. They usually develop over an extended period of time. They are slow and generally cumulative in their effect. The diseases are the result of constant exposure to the influence of toxic substances of micro-organisms, of air-borne contaminants and stress-producing elements.

Provisions under the Factories Act, 1948

The Factories Act, 1948, provides for health safety and welfare. We explain the relevant sections pertaining to health and safety of workers:

Health

The Act provides detailed instructions on cleanliness, disposal of wastage, ventilation, lighting, over-crowding and so on. The factors that influence the general health of the worker is the working environment that tends to produce ill health. Every employer should protect his employees against health hazards by:

(i) Devoting adequate attention to working conditions.

(ii) Substituting a less toxic substance for the hazardous one.

(iii) Providing protective clothing.

Sections 11 to 20 of the Factories Act provide detailed instructions.

Check Your Progress

3. State the need of labour welfare from the employer's point of view.
4. Name the act which has been established to apply a commitment on the employers to offer compensation to the employees against accidents that occur during the course of employment.
5. List the types of retirement benefits included under the Employees' Provident Fund Act.

9.4 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The term 'role' in role analysis refers to the part people play in fulfilling the objectives of their work through efficient operation. It also includes the manner in which people are able to perform with sufficient flexibility in keeping with the structure, goals and processes of the organization.

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2. Role analysis analyses the relationship of job holders with their team members, team leaders, clients, suppliers and all those they are required to deal with outside the organization.
3. Employers provide amenities to discharge their social responsibility, raise the employee's morale, use the work force more effectively and reduce turnover and absenteeism. Welfare helps build a positive image of the organization and makes it easier for them to attract and hire competent personnel.
4. The Workmen's Compensation Act is the Act which has been established with the objective for apply a commitment on the employers to offer compensation to the employees against accidents that occur during the course of employment.
5. The types of retirement benefits included under the Employees' Provident Fund Act are provident fund, family pension and deposit-linked insurance.

9.5 SUMMARY

- Role analysis is the process whereby information related to the requirements of various roles is collected, analysed and recorded to form the basis of a role profile.
- Role here, refers to the part people play in fulfilling the objectives of their work through efficient operation.
- Role analysis focusses on the identification of the KRA or key result areas.
- Role analysis and job evaluation are aimed at establishing the relative value or size of jobs or roles.
- Labour welfare implies providing better work conditions (for e.g., proper lighting, cleanliness, low noise) and reasonable amenities (for e.g., recreation, housing, education etc). The need for providing such services and facilities arises from the social responsibility of industries, a desire for upholding democratic values and a concern for employees.
- Labour welfare can be classified into two categories:
  1. Statutory labour welfare
  2. Voluntary labour welfare
- The Factories Act, 1948 was conceived in 1881 when a legislation was enacted to protect children and to provide health and safety measures. In 1934, following the recommendations of the Royal Commission of Labour, the act was amended. A more comprehensive legislation to regulate working conditions replaced the act in 1948.

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- The Employees' Provident Fund Act was launched in 1952 that provides retirement benefits to the employees of a company. Retirement benefits include provident fund, family pension, and deposit-linked insurance.
- The Industrial Disputes Act was passed in the year 1947. This Act is related to the termination and retrenchment of the employees by a company.
- The Employees' State Insurance Act was passed in 1948 to make available various social welfare facilities available to the employees of a company through one agency.
- The ESIS is a breakthrough in the history of social security in India. The main objective of this scheme is to launch social insurance for the employees of a company in order to provide them social security during situations, such as illness, long-term sickness or any other health hazard.
- The ESIS Act is monitored by the Employees' State Insurance Corporation (ESIC), which is established by Central Government. ESIC has its own funds, known as ESI fund that provides cash benefits to insured persons, medical benefits, such as hospitals and dispensaries.
- The Industrial Disputes Act was passed in the year 1947. This Act is related to the termination and retrenchment of the employees by a company.
- The Workmen's Compensation Act was established by the government in the year 1923.

9.6 KEY WORDS

- **Job evaluation:** It is the systematic analysis of roles and jobs to find out their relative size.
- **Role analysis:** It is the process whereby information related to the requirements of various roles in collected, analysed and recorded to form the basis of a role profile.
- **MBO:** Management by Objectives is a self-evaluation technique wherein the process of setting goals is extremely participative.
- **Labour welfare:** It implies providing better work conditions (for e.g., proper lighting, cleanliness, low noise) and reasonable amenities (for e.g., recreation, housing, education etc).

9.7 SELF ASSESSMENT QUESTIONS AND EXERCISES

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Short Answer Questions

1. State the merits of job evaluation.
2. Mention the discrepancies of wage payment systems eliminated through the process of job evaluation.
3. Write a short note on MBO.
4. List the types of labour welfare as per ILO.
5. What are the benefits provided by ESIS Act?
6. Briefly explain the main provisions of the Maternity Benefit Act, 1961.

Long Answer Questions

1. How are role analysis and job evaluation related? Discuss. Mention the advantages of role analysis.
2. Explain the need and principles of labour welfare.
3. Describe the provisions of the Factories Act, 1948.
4. Discuss the schemes introduced under the Employees' Provident Fund Act, 1952.
5. Examine the important provisions of the Industrial Disputes Act, 1947.

9.8 FURTHER READINGS

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UNIT 10 ORGANIZATIONAL BEHAVIOUR

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Structure

10.0 INTRODUCTION

The study of Organizational Behaviour (OB) is interesting as well as challenging. It relates to individuals and group of individuals working together in teams. The study becomes all the more interesting with the influence of situational factors around the individuals. We all are aware that no two individuals are similar; hence, it depends on the acumen of the manager to analyse the behaviour of the individual and delegate the work to him accordingly. Organizational behaviour endeavours to gather information with reference to a topic in a scientific manner under controlled conditions. In this unit, you will learn about the important elements which govern organizational behaviour including individual behaviour, personality, learning, attitudes, perception, and motivation.

10.1 OBJECTIVES

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

- Explain the meaning of individual behaviour
- Discuss the concept of Personality
- Examine learning in the context of an organization

- Explain the importance of attitudes in organization behaviour
- Assess the relation between perception and organization behaviour
- Recall the concept of motivation under organizational behaviour

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10.2 INDIVIDUAL BEHAVIOUR

It has been established that certain characteristics of behaviour are genetic in nature, and a human being inherits a certain degree of similarity to other individuals, as well as uniqueness in the form of genes and chromosomes. Some of the characteristics such as physical traits including physical height, slimness, dexterity, intellectual capacity and the ability to learn and logicalize are all inherited and have a wide impact on behavioural patterns.

According to R.S. Dwivedi, the structures of the nervous system play a significant part in the emerging pattern of behaviour thus bringing about the integration of human behaviour and personality. Some psychologists believe that some aspects of human behaviour can be explained in terms of neural activity and neuro-physiological processes. Dwivedi further explains:

'Integration of human behaviour takes place because of the constant functioning of receptors, effectors and connectors. Here the nervous system is primarily involved in the connecting process. The numerous receptor cells attached to the individual's sense organs tend to convert physical and chemical events from the environment into neural events while the several effector cells attached to the muscles and glands convert these neural events into responses.'

These responses result in behavioural activity ranging from simple reflex action to the complex creative activity.

Behaviour is sometimes easily explained by laymen as a reflection of the state of the nervous system. This causal relationship is referred to continuously during our daily routine impressions and conversations. For example, when somebody loses patience quickly, we tend to brand him as 'stupid', and the behaviour is explained by a lack of intelligence where intelligence reflects a state of neural system. Similarly, a person whose behaviour is depressive is considered to be having a 'nervous breakdown'. In other words, it is implied that a man exhibits a certain type of behaviour because he was 'born that way', again pointing to genetic structure.

Causes of Human Behaviour

As discussed earlier, both scientific thinkers as well as behaviourists have always been interested in finding out the causes for a given human behaviour. Science has always been involved in explaining a phenomenon by looking at its causes and then establishing a relationship between a cause and its

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effect. For example, the cause of formation of water is mixing of two parts of hydrogen and one part of oxygen in a given manner. Accordingly, the effect of water can be explained by its cause. This relationship is scientific and every time, the same cause will produce the same effect. Similarly, the behaviour scientists want to find out the causes for why people behave in a certain way. If these causes can be established, then certain types of behaviour can be predicted, manipulated and controlled.

The assumption that the study of any subject begins in the realm of superstition has some validity. For example, the scientific field of astronomy started as astrology. Similarly, the study and prediction of behaviour has its roots in superstitious beliefs in supernatural phenomenon. Even though such beliefs are not supported by science, they are still socially prevalent. Any conspicuous event that coincides with some part of general human behaviour is likely to be seized upon as a cause. Many such beliefs have been extensively discussed by B.F. Skinner. He cites as an example, the belief of many people that the position of various planets at the exact time of the birth of the individual determines many aspects of his behaviour, such as whether he is temperamental, impulsive, trustworthy, and so on. Millions of people who read the daily horoscope would testify to this belief, even though these horoscopes describe only general characteristics and general predictions that could be interpreted to be applicable to any person, irrespective of when he was born. The 'science' of astrology is taken very seriously in most underdeveloped countries and even in the technologically and scientifically advanced countries, astrologers are seriously consulted. In India, for example, many business meetings are arranged on the advice of astrologers. Former Prime Minister of India, Indira Gandhi and Ronald Reagan, Former President of America have been known to have arranged important political conferences in consultation with astrologers. The position of planets at birth, as a cause, is not considered as predicting specific actions or unique aspects of behaviour of an individual, but only general characteristics such as whether the person is impulsive or thoughtful, even though some of these general characteristics may be explained as being responsible for some specific action of the individual. For example, a quick but wrong decision can be attributed to 'impulsiveness', that is identified by astrology. It is strange that there is a lack of serious questioning to its validity, even though the process proposes that all mankind can be divided into 12 monthly categories as far as their behaviour pattern is concerned.

Then there are numerologists who propose another cause of behaviour. This has to do with a person's name. They believe and propose that the choice of a person's name is not a coincidence but a predetermined and predestined phenomenon that is associated with the person's behaviour. Based upon this philosophy, certain patterns of behaviour are identified and predicted by the

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number and types of letters in a person's name. Each letter of the alphabet has been assigned a number. Thus, the letters of the name are replaced by their respective numbers. These numbers are then manipulated and an end result of a single number is obtained. This last number can be used to find some behavioural characteristics associated with this number, as explained by numerologists.

Common practice is to explain behaviour in terms of certain physical characteristics of a person, the most important of these characteristics being the lines on the palm. Palmistry or palm reading is often explained as a science and has been made popular by Cherio and Saint Germain, who practised the 'art' of palmistry and wrote extensively about it. The four major lines on the palm of the hand are the Life line, the Heart line, the Brain line or the line of education and intelligence and the Fate line. These major lines are supported by scores of smaller lines, crosses, stars, islands and branches. There are special lines about number of marriages and children and all these lines are supposed to predict not only how long the person will live or whether he will be rich or poor but also such behavioural traits such as intelligence, patience, restlessness, trust worthiness, and so on.

Another common practice is to explain behaviour in terms of the physical structure of the individual. It is sometimes said that the eyes betray the character of the person. Similarly, certain ideas can be formed about behaviour on the basis of whether the person is fat or tall or slim. Whether there is a correlation between body structure and behaviour has not been scientifically demonstrated. Even if there is such a correlation between the two, it is not always clear which is the independent variable and which is the dependent variable. For example, we cannot be sure whether fat people are jolly because, being at a disadvantage, they develop jolly nature as a competitive edge or whether jolly people are fat because they are free of emotional disturbances and enjoy their life by eating, drinking and not caring too much about their physique.

The theory of 'born' leaders suggests that some people behave in a certain manner, because they were born that way. The belief is based upon the assumption that certain behavioural characteristics are genetic in nature and are inherited. If we know that a person has certain inherited qualities and limitations, then we may be able to use our control techniques more intelligently.

Categories of Human Behaviour

There are two categories in which the causes of human behaviour can be classified. These are: (1) inherited characteristics and (2) learned characteristics. Let us explain each of these two in more detail.

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Inherited characteristics

Some of the inherited characteristics that may or may not be changed by external forces and may or may not be important determinants of performance are as follows:

Physical characteristics: Some of these characteristics relate to physical height, slim body, vision, dexterity and stamina and have some bearing on performance. Manual dexterity, for example, results in quality performance in such jobs that require artistic manoeuvring. Similarly, tall and slim people are expected to dress well and behave in a sophisticated manner, and fat people are assumed to have a jovial nature.

Intelligence: Intelligence is primarily an inherited trait, even though children of some very intelligent parents have turned out to be less intelligent and vice versa. It is also known that intelligence can be enhanced by proper environment or by proper motivation. Einstein was not considered very intelligent during his earlier years. In any case, intelligence as a trait is related to certain behaviour. Intelligent people are easy to convince if the point is right and they can be expected to be much more stable and predictable.

Sex: Being a male or a female is genetic in nature and can be considered as an inherited characteristic. However, it is highly debatable whether being a male or a female in itself is indicative of any behavioural patterns. Man is expected to be tough while a woman is expected to be gentle. Men 'never cry' and women are 'highly emotional', are some of the stereotyped assumptions that have no basis in genetic influences. These behaviour are developed, if at all, due to differences in treatment that boys and girls receive in the family environment.

Even though some work roles are assumed to be the exclusive domain of women, such as nurses or airline stewardesses, these roles are being modified to accommodate men in these positions. As far as the administration of the management process is concerned, women in general do not differ from men in their operative behaviour.

Age: Since age is determined by the date of birth, it is a kind of inherited characteristic. Age may affect the behaviour in physiological as well as psychological ways. Psychologically, young people are expected to be more energetic, innovative, risk taking and adventurous, while old people are supposed to be conservative and set in their ways. Physiologically, with age, older people experience waning of some of their faculties such as memory, stamina, coordination, and so on, and hence the related behaviours change as well. According to Lehman, the peak of creative ability is among people between the ages of 30 and 40.

Religion: Religion and cultures based on it play an important role in determining some aspects of individual behaviour, especially those that concern morals, ethics and a code of conduct. Highly religious people have high moral standards and usually do not tell lies or talk ill of others. They are highly contented and thus strive for achievement and self-fulfilment. Additionally, religion and culture also determine attitudes towards work and towards financial incentives.

Learned characteristics

Some of the behavioural characteristics that account for enormous diversity in human behaviour are a product of our exposure to various situations and stimuli, both within the family and the outside environment. These characteristics are acquired by learning where learning is defined as a 'relatively permanent change in behaviour resulting from interactions with the environment.'

These characteristics involve an individual's attitudes, values and perceptions about the environment around him. They are the result of parental values and expectations and the values and norms of our culture and sub-cultures. Children learn the need and values of being honest and truthful and the value of love and affection from the family environment. If the parents are always fighting, if the father is always drunk or if the mother resents the child, it is most likely that the child will grow up lacking the warmth of love and respect. Similarly, a loving family instils certain positive values about life in the minds of the children.

The physical environment itself has a profound effect on the individual behaviour. Persons who have come through the rigorous routine of the armed forces or students who have been active sportsmen may have learned the spirit of competition as well as cooperation. Similarly, students who have studied in religious schools and convents may have learned different values about truth and human decency.

Since inherited behavioural characteristics are more difficult to change or modify, it is the learned characteristics that the managers want to study, predict and control. Some of these learned characteristics are as follows:

Perception: Perception is the process by which information enters our minds and is interpreted in order to give some sensible meaning to the world around us. It is the result of a complex interaction of various senses such as feeling, seeing, hearing, etc. Sayings and proverbs like 'things are not what they seem' or 'all that glitters is not gold', reflect a sense of perception. 'One man's meat is another man's poison', is in a psychological sense an indication that different people see and sense the same thing in different ways.

Perception plays an important part in human as well as organizational behaviour. For example, if a manager perceives a subordinate's ability as limited, he will give him limited responsibility, even if the subordinate, in

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fact, is an able person. Similarly, we lose a lot of good friends due to our changed perceptions about them.

Attitude: Attitude may be defined as the organization of a perception within a frame of reference. It can also be described as the manner in which an individual behaves, reacts, thinks or perceives a particular object in a given situation. It is a tendency to act in a certain way, either favourably or unfavourably concerning objects, people or events. For example, if I say that 'I like my job,' I am expressing my attitude towards my work.

Attitude has three elements in it that lead to measurable outcomes. These are feelings, thoughts and behaviour. Feelings and thoughts can be measured by simply asking individuals about their feelings and opinions. Behaviour can be measured either by actual overt actions or simply by asking the person how he would act in a certain situation. By measuring and integrating these three elements, a person's attitude towards a given situation can be established.

In general, a person may have a positive attitude that is good outlook of life, or negative attitude that means continuous complaining about problems in life. Organizationally speaking, an employee's negative attitude about work may be reflected by substandard work performance, excessive absenteeism, excessive complaining about work environment or disobedience to rules of authority. These attitudes can be changed either by simple persuasion or by training and coaching. Kelman has identified three processes that act as instruments of change. The first is compliance, that is application of subtle pressure either through reward or punishment in order to change the behaviour, and expecting this change to be lasting.

The second process is that of identification with the person who is affecting the change and is acting as a change agent. This change agent could be a close friend who wants you to change and you respect and love him enough to do so to please him. In marriage, for example, both the husband and the wife make a lot of sacrifices and change their behaviour to please each other. The third process is the process of internalization, that is more permanent in nature. This means that the new attitude is integrated with the other attitudes and becomes a part of the person's total personality. This change may occur through internal soul searching and the desire to change that comes from within.

Personality: When we describe people as quiet and passive or loud and aggressive or ambitious, we are portraying an aspect of their personality. A set of traits, habits and characteristics comprise the personality of an individual. This may also include conditioned responses that an individual may express to a set of given stimuli which in a way also contribute towards creating an impression of an individual upon others. This personality may come out as warm and friendly, or arrogant and aggressive. Many psychologists contend that personality traits develop in the early childhood years and very few

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personality changes can be made after the childhood years. There are different types of personality traits. Some of them can be biological in nature while others may be learned over a period of time. Examples of biological traits include physical build and intelligence. The traits which are learned over a period of time are patience, open mindedness, outspoken nature, introvertness or extrovertness in behaviour, etc.

Some of these personality traits are highly influential in certain organizational operations from organizational behaviour point of view. For example, Tedeschi and Lindskold propose that people who are open minded seem to work better in bargaining agreements than people who are narrow minded. Similarly, people who are extroverts and outgoing are more likely to be successful as managers than those who are introverts.

Check Your Progress

1. What does the theory of 'born' leaders suggest?
2. Define the learned characteristics of behaviour.

10.3 PERSONALITY

As seen in the previous section, personality of an individual plays an extremely important role in assessing the behaviour of a person at an organization. In case an individual who is holding a senior position in an organization has a wrong type of personality, it may lead to a very bad impact on the relationship between superior and his subordinates and ultimately it may lead to protests and unrest at the workplace. Sometimes the personality difficulties are the root cause of labour strikes. No matter how good the superior is in technical knowledge or other behavioural characteristics, it is the 'temperament' of the superior that is crucial in ensuring a cordial interaction with subordinates.

Personality has been defined by Salvatore Maddi as follows:

> 'Personality is a stable set of characteristics and tendencies that determine those commonalties and differences in the psychological behaviour (thoughts, feeling and actions) of people that have continuity in time and that may not be easily understood as the sole result of the social and biological pressures of the moment.'

This definition however has several aspects which must be considered. Stability of characteristics is the first important aspect which needs to be considered. Consistency in an individual's characteristics will actually define the consistency of the behavioural patterns that may be expressed by an individual. If a person's entire personality could change suddenly, then we would not be able to predict his personality traits. For example, if a person is sometimes warm and friendly and at other times he is cold and hostile, then we cannot conclude that his personality is warm and friendly. Accordingly, when assessing a person's personality, we need to look for characteristics that are relatively stable or that change only very slowly over a long period of time.

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Understanding the 'commonalities and differences' is another important aspect. This helps in assessing the different aspects that an individual has similar to others and what are those points which actually make him different from the others and set him apart as an individual. Each and every person

- like all other people
- like some other people
- like no other person

Organizationally, a manager must understand that all subordinates are not alike and that each subordinate is unique and may or may not respond to the same stimuli, such as pay raise or reprimands.

Finally, we are interested in such aspects of personality that induce people to behave in a manner as required by social pressures or biological pressures. For example, if your boss wants you to do a job in a certain way, you will do it even if you disagree with your boss. That is a kind of social pressure. Similarly, you will stop working and go for lunch because you are hungry. That is a biological pressure. Hence, these behaviours do not require any explanation in terms of personality factors because the causes of such behaviour are clearly understood.

Determinants and Structure of Personality

Let us now study about the determinants and structure of personality.

Type A and Type B personality and behaviour

One dimension of personality that is getting attention both from organizational as well as medical researchers is the Type A and Type B behaviour profiles. The Type A behaviour individuals are most of the times restless and impatient in their expressions. They generally aim at perfectionism and want to achieve results as quickly as possible in lesser amount of time. The other type of the individuals are those with Type B behaviour. These are generally more relaxed and patient in their expression. They do not feel the pressure of timelines. These individuals are more philosophical in nature and are however less competitive.

Some of the characteristics of the individuals with Type A personality are as follows:

- They are generally restless so they eat rapidly and keep walking or are generally on the move.
- They have the tendency to perform several tasks at one given time.
- They are generally impatient in their expressions; do not like to waste their time in waiting for others.

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- They are also impatient about other individuals who are not really impatient.
- They have habit of starting with newer tasks before completing the previous ones.
- They normally schedule greater number of activities in lesser time though they are initially themselves not really sure that whether everything will be done or not.
- At times, they are involved in nervous gestures such as banging on the table and using clenched fists, etc.
- They generally do not have time to relax or enjoy life.

Thus, the Type A personality individuals are generally obsessive in nature. The managers who possess the traits of this personality pay attention to details, are hard-driving in nature and also keep their team members pushed towards achieving performance.

Individuals with Type B personality are generally the opposite to the Type A individuals. These type of individuals are more relaxed and sociable in nature. They have a balanced outlook in life.

Type A managers have difficulties in creating cordial interpersonal relationships and create a lot of stress for themselves and the people they deal with. They specially feel pressurized if they have to complete a task within a given deadline. Type B persons on the other hand, do put in extra effort in order to meet a deadline but do not feel pressurized.

Those persons who are classified as Type A have a strong desire and tendency to control all aspects of the situation, and if they are unable to control a situation, they react with anger and frustration. Because of their obsession with perfection, they are more apt to fear of failure and even if their work is good, they tend to underestimate the quality of their work. In case of negative outcomes, they blame themselves more than the external factors.

A comprehensive identification of Type A personality is given by Karen A. Mathews as follows:

> The Type A pattern can be observed in any person who is aggressively involved in a chronic, incessant struggle to achieve more and more in less and less time, and if required to do so, against the opposing efforts of other things or other persons. The overt manifestations of this struggle include explosive, accelerated speech, a heightened pace of living, impatience with slowness, concentrating on more than one activity at a time, self-preoccupation, dissatisfaction with life, evaluation of the worthiness of one's activities in terms of numbers, a tendency to challenge and compete with others even in non-competitive situations, and a free floating hostility. The major facets of 'core' elements of the behaviour pattern are extremes of aggression, easily aroused hostility, a sense of time urgency and competitive achievement surviving.

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Research has indicated that such patterns of behaviour as exhibited by Type A personality profile, lead to health problems, specially heart related illness. In contrast, Type B persons may be hard working but feel no pressing conflict with people or time and hence are not prone to stress and coronary problems.

Assessment of Personality

While we know what personality is, we are interested to know how a given personality is formed. What determines an individual's personality? Personality can be compared to a jigsaw puzzle in which we are interested in finding out the sources of all the pieces in the puzzle as well as their interrelationships.

There are two broad categories of factors that influence the formation and development of personality. These are heredity factors and environmental factors. It is debatable as to which of these factors have a greater influence on the structure of personality. Some behaviour scientists argue that personality characteristics are derived from heredity factors and the right type of environment only brings them out. Others feel that the effect of environment is quite strong. According to Maier, 'knowledge, skill and language are obviously acquired and represent important modifications of behaviour. Learned modifications in behaviour are not passed on to children, they must be acquired by them through their own personal experience.'

Thus, a probable consensus can be reached that it is both hereditary and environmental factors together affect the personality development of an individual. There may be some environmental constraints or limitations at times which may not allow an individual to completely realize his potential. However, the complete potential of an individual comprising both physical as well as psychological aspects may be determined by the hereditary aspects that is the complex set of genes.

10.4 PERCEPTION

The psychological processes that allow an individual to adjust his behaviour is called perception. The behaviour of an individual is influenced by his personality, motives and efforts. The behaviour and performance provides satisfaction to the employee who gets stimulated to work more and develop his personality and work quality.

Behaviour is a victim of the environment, which is observed in the form of stimuli. The sensory organs perceive the stimuli as per their learning and personality. The reverse functions are also correct. Perception, if modified through adequate and qualitative stimuli, helps to develop learning and personality. Improved behaviour has better performance and rewards which provide more satisfaction to the employees. A satisfied employee tries to learn and work effectively. An organization grows with the developed employees. Perception is therefore an important and initial step for developing an organizational behaviour. It is a cognitive process which selects, organises and interprets the stimuli. It paves the base for behaviour. Although perception may not be a real-world presentation, it is an imaginary understanding of the situation. The behaviour of an individual is guided by perception. People perceive differently as per their learning and personality. The perceptual world of a manager is different from the perceptual world of employees. Social factors also influence the perception process. Employees coming from a poor family have different perceptions of an organization from those coming from rich families. The levels of education, family background and political situation have a direct impact on the perception level.

Definition

Perception may be defined as "a cognitive process by which people attend to incoming stimuli, organise and interpret such stimuli into behaviour." Perception can also be defined as "a process by which individuals organise and interpret their sensory impressions in order to give meaning to their environment."

The environment is a stimulus to influence behaviour, because the stimuli are attended, organised and interpreted to arrive at certain forms of behaviour. The sensory organs, i.e. eyes, nose, ears, skin and tongue, are used to change the stimuli into behaviour through their attention, recognition and interpretation processes. The information or stimuli are not accepted by individuals unless they are evaluated and interpreted by the mental processing system. Individuals attend to the stimuli, recognise and translate them into meaningful information, which inspire them to act and perform the job. These processes are known as perpetual process. When employees get satisfaction through their performance, either by meeting their physical or mental needs, they perceive the organization in the right perspective. It helps them understand the functions and achieve satisfaction.

Components of Perception

Perception is a process of sensory organs. The mind gets information through the five sense organs, viz. the eyes, ears, nose, tongue and skin. The stimulation coming to these organs may be through action, written messages, oral communication, odour, taste, touch of the product and people. The perception starts with the awareness of these stimuli. Recognising these stimuli takes place only after paying attention to them. These messages are then translated into action and behaviour.

Stimuli: The receipt of information is the stimulus which results in sensation. Knowledge and behaviour depend on senses and their stimulation. The

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physical senses used by people are vision, hearing, touch, smell and taste. Intuitions and hunches are known as the sixth sense. These senses are influenced by a larger number of stimuli which may be action, information, consideration and feelings, etc. The stimuli may be in the form of objects or physical commodities. The human body itself is developed through the acceptance of the stimuli. The mind and soul are the victims of these stimuli occurring in the surroundings of the people. The family, social and the economic environment are important stimuli for the people. The physiological and psychological functions are the result of these stimuli. The intensive and extensive forms of stimuli have a greater impact on the sensory organs. The physical work environment, socio-cultural environment and other factors have certain stimuli to influence the employee's perception. Perception begins only when people confront stimuli; that is, stimulating factors give information about the situation.

Attention: Stimuli are selectively attended to by people. Some of the stimuli are reacted to while others are ignored without being paid any attention. The stimuli that are paid attention depend purely on the people's selection capacity and the intensity of stimuli. Educated employees pay more attention to any stimuli, viz. announcement of bonus, appeal for increasing productivity, training and motivation. The management has to find out suitable stimuli which can appeal to the employees at the maximum level. If the attention of the employees is not drawn, the organization cannot expect proper behaviour from the employees. An organization should be aware of all those factors which affect the attention of the employees. During the attention process, sensory and neural mechanisms are affected and the message receiver becomes involved in understanding the stimuli. Taking employees to the attention stage is essential in an organization for making them behave in a systematic and required order.

Recognition: After paying attention to the stimuli, the employees try to recognise whether the stimuli are worth realising. The messages or incoming stimuli are recognised before they are transmitted into behaviour. Perception is a two-phase activity, i.e. receiving stimuli and translating the stimuli into action. However, before the stage of translation, the stimuli must be recognised by the individual. The recognition process is dependent on mental acceptability. For example, if a car driver suddenly sees a child in front of his running car, he stops the car. He recognises the stimuli, i.e. the life of the child is in danger. His mental process recognises the danger after paying attention to the stimuli. If he does not pay attention to the stimuli, he cannot recognise the danger. After recognising the stimuli, he translates the message into behaviour.

Translation: The stimuli are evaluated before being converted into action or behaviour. The evaluation process is translation. In the above example, the car driver after recognising the stimuli uses the clutch and brake to stop the car. He has immediately translated the stimulus into an appropriate action. The perception process is purely mental before it is converted into action. The conversion is translation. The management in an organization has to consider the various processes of translating the message into action. The employees should be assisted to translate the stimuli into action. For example, the announcement of bonus should be recognised as a stimulus for increasing production. The employee should translate it into appropriate behaviour. In other words, they should be motivated by the management to increase productivity. During the translation period, psychological mechanism commonly known as sensory and mental organs are affected. They influence perception. The incoming stimuli are interpreted and perception is developed.

Behaviour: Behaviour is the outcome of the cognitive process. It is a response to change in sensory inputs, i.e. stimuli. It is an overt and covert response. Perceptual behaviour is not influenced by reality, but is a result of the perception process of the individual, his learning and personality, environmental factors and other internal and external factors at the workplace. The psychological feedback that may influence the perception of an employee may be superior behaviour, his eye movement, raising of an eyebrow, the tone of voice, etc. The behaviour of employees depend on perception which is visible in the form of action, reaction or other behaviour. The behavioural termination of perception may be overt or covert. The overt behaviour of perception is witnessed in the form of physical activities of the employees and covert behaviour is observed in the form of mental evaluation and self-esteem. The perception behaviour is the result of the cognitive process of the stimulus which may be a message or an action situation of management function. Perception is reflected in behaviour which is visible in different forms of employees' action and motivation.

Performance: Proper behaviour leads to higher performance. High performers become a source of stimuli and motivation to other employees. A performance–reward relationship is established to motivate people.

Satisfaction: High performance gives more satisfaction. The level of satisfaction is calculated with the difference in performance and expectation. If the performance is more than the expectation, people are delighted, but when performance is equal to expectation, it results in satisfaction. On the other hand, if performance is less than the expectation, people become frustrated and this requires a more appealing form of stimulus for developing proper employee work behaviour and high performance. It is essential to understand the factors that influence the perception process and mould employees' behaviour towards the corporate objectives and self-satisfaction.

Several stimuli are observed everyday by individuals. They confront these stimuli, notice and register them in their minds, interpret them and behave according to their background and understanding. Employees confronted with stimuli select only a few stimuli of their choice and leave other stimuli unattended and unrecognised. Factors influencing the selective process may be external as well as internal, organizational structures, social systems and characteristics of the perceiver.

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Check Your Progress

3 Which personality type is known to be more relaxed and sociable in nature?

4. How does perception start?

10.5 LEARNING

Learning has been defined by several authors in different ways. All of them have accepted that learning shapes human behaviour. Employees may learn knowingly or unknowingly in the organisation. Tim R.V. Davis and Fred Luthans have defined learning as a cognitive and modelling process for acquiring knowledge and experience. They have analysed different theories of learning for explaining the learning process. Robbins has stressed upon learning as a "relatively permanent change in behaviour that occurs as a result of experience." He has opined on experience only, although an employee might change his behaviour as a result of a social process. Learning is a process of observation, action, reaction and response to some stimuli. Learning is a process of change in behaviour. The outcome of learning is a permanent change in behaviour. Therefore, learning is a permanent change in behaviour as a result of a cognitive process. A temporary change in behaviour is not learning because it is purely reflexive. Change in behaviour is the necessary outcome of learning. If it is purely theoretical or attitudinal, it would not be learning. A cognitive change process in the mind of an employee resulting in behaviour is learning. "Learning is the process by which an activity originates or is changed by reacting to an encountered situation, provided that the characteristics of the change in activity cannot be explained on the basis of native response tendencies, maturation or temporary states of the organism." This definition includes almost all the attributes of learning. It reveals that learning is the inferred process which influences behaviour. The learning is an original activity for the employee. He gets new things or may change his process as a result of observation and cognitive processes. The learning can take place only when the employee reacts to the stimuli, evaluates and accepts the stimuli for changing his behaviour. Learning must be deliberately accepted. It does not include maturity, temporary changes in behaviour and the natural process of behaviour. Behaviour is learned through a cognitive process. It is not a spontaneous and natural process. A child knowing the language of her mother is not learning, because it is a natural process. Children learn good habits and sports on account of their environment which is a stimulus of learning. The learning process starts with motives and continues with cues, responses and reinforcements until the learner acquires the required changes in behaviour permanently. Learning to drive a car is a good example of a learning process.

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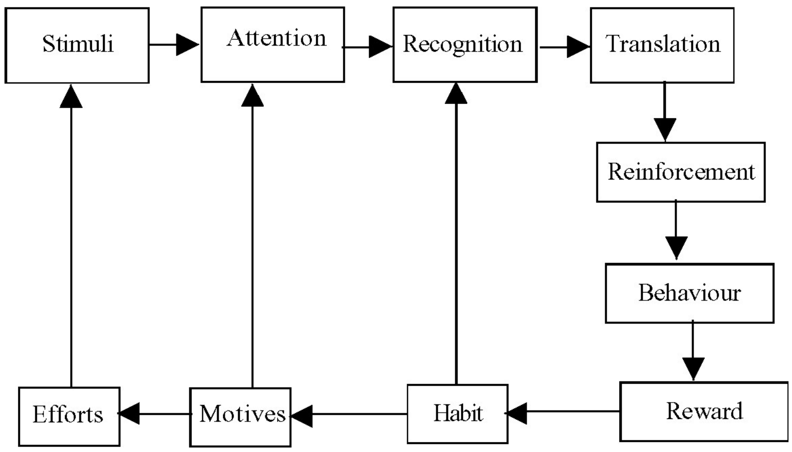

Fig. 10.1 *The Learning Process*

The learning process is a mental and habit formation process. Attention is paid to certain stimuli used for learning which are recognised and translated into reinforcement and behaviour. If the learner gets a reward for his improved behaviour, he forms it into behaviour. Proper habits motivate the employee who makes efforts in the right direction. The efforts result in satisfaction and become a stimulus for further learning. The employee pays further attention, recognises and translates stimuli to strengthen habits. This process continues and the employee learns and effects permanent changes in his behaviour which become a part of his habits. The habit helps in recognition of good behaviour. A habit motivates an employee to perform better. It helps him pay proper attention. He learns constantly and effects a permanent change in behaviour. Learning improves behaviour. This process continues and the employee learns in the process.

The Learning Process

Stimuli: Stimuli are any objects and language which draw the attention of people. Employees get stimuli from the actions of their superiors. Superiors tell and advice employees who pay attention to these stimuli. All the stimuli may not be fully attended to. Literary works are also stimuli which are given attention by educated employees. Stimuli are provided at jobs by perks and scores. Universities and colleges also impart stimuli for learning. Stimuli provides quality performances. Practical training and vocational teaching are forceful stimuli. The stimuli available at work are numerous. Social, political, cultural and geographical factors provide varieties of stimuli for learning.

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Attention: The degree of attention depends upon the nature of stimuli. All stimuli are not paid attention to. Technical and interesting stimuli are highly attended. Career oriented stimuli are generally accepted by employees. The personality levels of employees influence their desires to learn, motives for need fulfilment and tension reduction. Employees having more values of life pay more attention to the stimuli for acquiring more knowledge and experience. People's creative attitude are favourable factors for learning and paying more attention to available stimuli.

Recognition: Attention-paid stimuli are recognised as acceptable factors of improvement and new life styles. Employees paying attention to stimuli are recognising the stimuli for learning purposes. The levels of recognition depend upon the levels of values, preferences, needs and desires of the employees. When objectives are unclear, employees do not pay attention and do not recognise the training as a fruitful process of improvement. In the learning process, unambiguous activities must be observed for recognition by employees as useful factors for their well being and satisfaction.

Translation: Recognised stimuli are evaluated at the mental level to eliminate the irrelevant points for accepting a part of the stimulus for changing behaviour. The evaluation and appraisal of the recognised stimuli helps in reinforcement. An activity will not take place unless it is found useful by employees. The translation and evaluation process is a crucial point for implementing the stimuli in behaviour through reinforcement. Employees behave properly through attitude changes, objectivity, mental and physical development. It is observed in better performances.

Reinforcement: Reinforced perception is learning. The perception process includes stimuli, attention, recognition, translation and behaviour. Perception leads to learning, but perception itself is not learning unless it is reinforced. Repeated action is reinforcement. Reinforcement may be positive, negative, punishment and extinction. Learners learn as per their perception levels. Generally positive reinforcement is more effective for making permanent changes in behaviour.

Behaviour: Learning changes behaviour through reinforcement of perceived knowledge. It makes permanent changes in behaviour. A temporary change in behaviour is not learning. Positive behaviour gives rewards to employees.

Reward: Employees expect rewards for learning. If the translated behaviour provides a reward, it is accepted, otherwise it is not accepted. Employees develop their behaviour into habits. Rewards may be monetary or non-monetary. A non-monetary reward includes job satisfaction, status recognition and task achievement. Professional satisfaction is attached to the behaviour which influences the form of reward. The behaviour of employees decides the level and form of reward. The reward reinforcement makes employees learn more than positive reinforcement behaviour.

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Habits: A permanent change in behaviour becomes a habit which helps continuous improvement in behaviour and performance. Employees develop the habit of self-appraisal and development. It helps to instil creativity and confidence in employees who are encouraged to behave properly again and again. Right behaviour is reinforced repeatedly. Habits help the development of capability and capacity of employees. Habits translate theoretical knowledge into practice. Skill development requires habitual performance.

Motives: Motives depend on the level of satisfaction. Employees getting more satisfaction through learning develop high motives. Less satisfied learners have low motives. Learning is complete only when motives are fully realised and translated into efforts.

Efforts: Habits help achieve good efforts and performance. This is a continuous process. Efforts are the automatic outcome of good habits which are acquired through the learning process. Self-development is possible through self-effort. Employees willing to develop themselves are self-motivated and effort-oriented. Efforts become the stimuli for learning after development of the standard of employees. Self-learning has been observed when employees have developed good habits and right motives. The learning process itself provides all these opportunities.

The learning process is totally associated with the mental process, inspiration and action. Stimuli reach only the unconscious mind. If it pays attention to stimuli it goes to the inner-level of the mind at subconscious level. Attention is paid by the subconscious mind which analyses the stimuli and filters out irrelevant stimuli from the employee's angle. The relevant stimuli are attended to, but a smaller portion of the stimuli attended is recognised by the clear mind. Recognition of stimuli is done only by the clear mind. The stimuli recognised further go to the inner part of the mind only when the clear mind has received them and the feeling cell of the mind evaluates their utilities. A felt mind has the capacity to evaluate and appraise the recognised stimuli. The evaluated stimuli if found correct are stored at the level of the feeling cell of the mind. The stored stimuli or retention work for mobilising the function through reinforcement. Repeat and recall are mobilising factors for action. Similarly, a tense mind gets reinforcement; it compels and forces the heart to activate the body for action and behaviour. Intensity at the mental level activates the heart to function. The level, quality and direction of intensity give the behavioural function a real shape. Behaviour is the outcome of intensified stimuli and the heart's activitisation. Behaviour producing reward helps the mental process to think and rethink again and again at all the five levels of the mind. The reward itself becomes a stimulus which is attended, recognised, translated and reinforced respectively by the unconscious, subconscious, clear, felt and intense mind. It reaches to the heart level, and consequently this process develops into a habit. Permanent changes in behaviour converge in the form of a habit.

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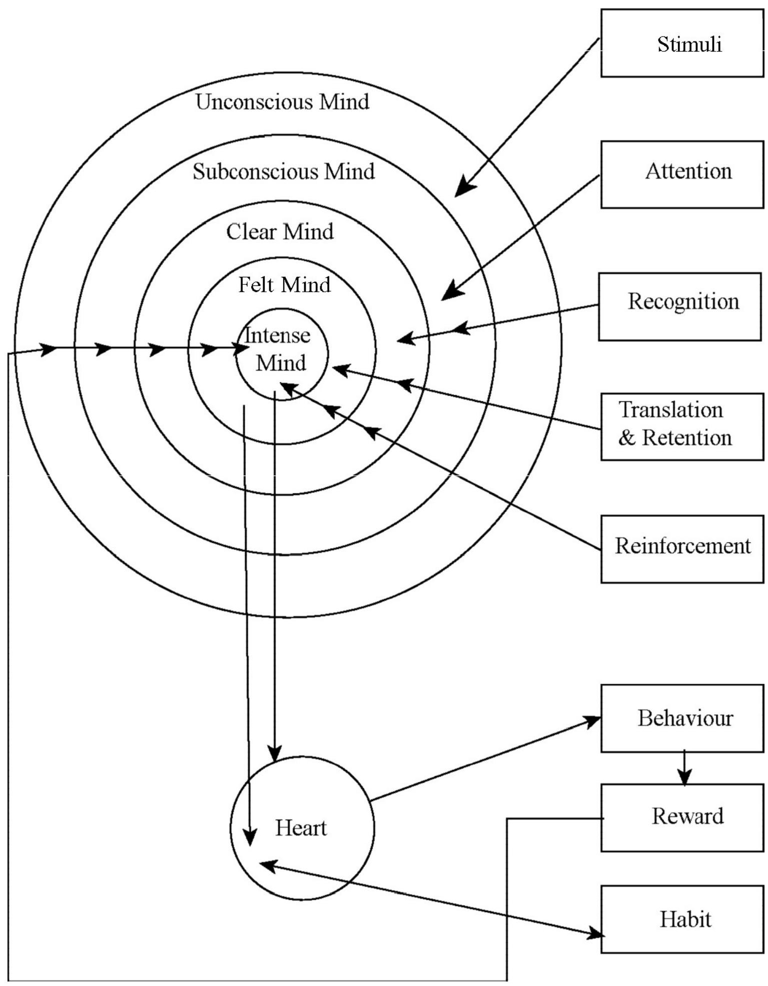

Fig. 10.2 *Biological presentation of the learning process*

Employees learn to behave properly. The process will be more effective if each and every process is given due importance and placed at the respective level.

10.6 ATTITUDE

If you ask some one '*how are you?*' his response would depend upon his attitude towards life. If his attitude towards life is positive, he will say he feels very good and thank God for what he has. If his attitude towards life is negative, he will start complaining about everything that is wrong with the world. Similarly, if you ask someone about his job, you will find him to be very opinionated. He might say he likes his job very much or he might complain about the job bitterly. This would be a function of his attitude towards his job. Attitude is a collection of the type of personality, feelings towards the outside world, confidence within self and more.

Characteristics and Components of Attitude

Attitudes have four basic characteristics—direction, intensity, salience and differentiation. The direction of an attitude is favourable, unfavourable or neutral. We may like, dislike or be neutral in our views about a person, a job or a situation. The intensity of the attitude refers to the strength of the effective component. For example, we may dislike a person but the extent of our disliking would determine the intensity of our attitude towards him. Such dislike may range from weak to strong. In general, the more intense the attitude the more persistent will be such behaviour. Salience refers to the perceived importance of the attitude. Some people may not like to work with computers as they may not perceive it to be as important as a student in computer information systems for whom the knowledge of computers is mandatory for a career. Finally, attitudes can be high or low in differentiation depending upon how strong the supporting beliefs and values of the person are.

Components of Attitude

The attitudes, irrespective of what they are, generally consist of three major components. These are:

1. **Evaluative Component.** The evaluative component of attitude is a function of how we feel about something. It refers to our liking or disliking for a particular person, any particular event or any particular situation. Such person, event or situation becomes the focus of our attitude and is known as attitude object. For example, you may feel positively or negatively about your boss, about your friend, about the movie you have seen or about anything you happen to see.
2. **Cognitive Component.** Feelings, however, do not simply and automatically develop. Most often they are based on knowledge. For example, if you know that your friend is talking ill about you behind your back, such knowledge would result in negative attitude towards your friend. Similarly, you might believe that your supervisor does not know much about the job. This belief is based upon your knowledge of how the supervisor is handling the job. These beliefs, which may or may not be justified comprises the cognitive component of attitude.
3. **Behavioural Component.** What you believe about something and how you feel about it would determine your behaviour regarding that particular person, event or situation. For example, if you believe that your boss is embezzling company funds, and you feel negatively about it, you are likely to behave with little respect for such a boss. You may either inform his superiors about it or you may want to look for another job. Such predisposition to act in a certain way contributes the behavioural component of the attitude. Such a predisposition may not

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actually predict your behaviour. For example, if your boss is embezzling company funds, you may take some steps or you might simply ignore it by convincing yourself that it does not directly concern you. In other words, your intention to behave in a certain way dictates how you actually do.

Based upon these components, attitudes can be defined as relatively stable clusters of feelings, beliefs and behavioural predispositions. By including the words relatively stable, we are referring to something that is not permanent nor fleeting. In other words, once attitudes are formed, they tend to persist and can only be changed by strong outside or inside forces. For example, your attitude towards someone may be negative but may change if situations or circumstances change.

Attitude and Behaviour

It is assumed that the relationship between the attitude of a person and his behaviour is causal in nature, meaning that the attitudes that people hold determine their behaviour and what they do. Logic also suggests such a relationship. For example, people watch television programs that they like, that is, their attitude about such programs is positive.

Research conducted in the late sixties concluded that the relationship between attitude and behaviour is, at best, minimal. More recent studies have indicated that there is indeed a measurable relationship if moderating contingency variables are taken into consideration. The moderating variables which have been found to be most powerful include:

- Importance of the attitude
- Specificity of the attitude
- Accessibility of the attitude

Additionally, they have been also linked to existence of any social pressures on the individual and the direct experience of the attitude.

Attitudes that are considered important by the individual tend to be strongly related with behaviour. Similarly, attitudes that are specific are more predictable of behaviour. For example, if someone really likes his job, it can be predicted that he will stay with the company for a longer period of time. Attitudes that are frequently expressed are more reliable and more accessible to the memory and hence greater predictors of behaviour. Social pressures have a strong influence on attitudes and behaviour. For example, a member of a group may not agree with the group on certain issues but may go along, because of the social pressures within the group. Finally, the personal experiences with people and situations affect strongly the attitude and behaviour of a person. Positive experiences result in positive attitudes and negative experiences result in negative attitudes. For example, a student who has taken a course with a professor is in a much better position to evaluate him as compared to someone who has not taken his course.

The relationship between attitude and behaviour is well documented. However, a debate is still going on as to whether the changes in attitudes affect the changes in behaviour or whether the changes in behaviour affect the changes in attitudes. In other words, it is not clear as to which one is the cause and which one is the effect.

Attitude Formation

The question often arises, 'how are the attitudes and subsequent behaviours formed?' While attitudes are basically learned over the years, some inherited characteristics do affect such attitudes. For example, physical characteristics such as the height of the person. Tall and slim people are expected to dress well and behave in a sophisticated manner. Similarly, intelligence is primarily an inherited trait and it is related to certain behaviours. Intelligent people are considered to be much more logical and this affects their attitude. Religion and religious beliefs can be considered as inherited, as the religion of the child is determined by the religion of his parents and it determines some aspects of individual behaviour, especially those that concern attitudes based on morals, ethics and code of conduct. Similarly, whether a person is born a male or a female determines some stereotype traits such as aggressiveness and physical stamina. Most of the inherited traits are strengthened by learning and experiencing.

While some attitudes are adopted early in life from our family values or cultural environment, most are developed gradually over time through experiences and observations. Some of the learned characteristics responsible for attitude formation are:

Experiences: Our personal experiences with people and situations develop our attitude towards such persons and situations. Through job experience, people develop attitudes towards working conditions, salaries, supervision, group dynamics and so on. Similarly, interaction with other people would determine your attitude towards them. A positive interaction with a person would result in a positive attitude towards that person. Many people who are afraid of swimming or horse riding or darkness can trace back this fear to some fearful or negative experiences in these areas in the past.

Perceptual biases: Perception is the result of a complex interaction of various senses such as feelings, seeing, hearing and so on and plays an important part in our attitude and behavioural formation. For example, if a manager perceives a subordinate's ability as limited, he will give him limited responsibility. Similarly, we lose many good friends due to our changed perception about them.

Observation of the other person's attitude: When we like someone, we try to emulate that person's attitude. For example, when we are impressed by someone keeping calm under stressful circumstances and we appreciate such calmness, we might try to do the same. Similarly, our attitude towards a spiritual person changes if we observe him committing what we consider a sinful act.

Association: Our association with the group we belong to strongly influences our attitude. Our close association with a group would encourage us to be consistent with the attitude of the group. Belonging to an elite group or a religious group would determine some aspects of our attitude. Family association determines our attitudes from the very beginning. There is a high correlation between the parents and the children with respect to attitude in many specific areas. Similarly, attitudes of our peers as we grow older also influence our own attitudes. We make friends with people who share our own attitudes, interests and preferences. Many a times, our parents object to our friendship with persons whom they deem undesirable and encourage us to make friends with those who have an outlook similar to our own.

Personality: Personality is a set of traits and characteristics, habit patterns and conditioned responses to certain stimuli that formulate the impression that a person makes upon others and this impression is a function of a person's attitude. This personality may come out as warm and friendly or arrogant and aggressive. From an organizational behaviour point of view, it is believed that people who are open-minded seem to work better than those who are narrow minded. Similarly, people who are extroverts and outgoing are more likely to be successful as managers than those who are introverts.

10.7 MOTIVATION

The subject of motivation is one of the most important and widely studied topics in the field of management and organizational behaviour. One of the most frequently used terms among managers is 'motivation'. The level of performance is often tied with the level of motivation. Accordingly, work effective managers are concerned about motivation because the work motives of employees affect their productivity and quality of their work.

People differ by nature, not only in their ability to perform a specific task but also in their 'will' to do so. This 'will' to do is known as motivation. By understanding a person's ability and his motivation, a manager can forecast his performance level. Motivation and ability interact in a multiplicative manner to yield performance, so that:

$$\text{Performance} = \text{Ability} \times \text{Motivation}$$

This means that if either ability or motivation is zero, then the resulting performance is zero. However, people with less ability and stronger 'will' may be able to perform better than people with superior ability and lack of 'will', because people with high motivation learn to become capable while superior ability may not induce any motivation.

The force of motivation is a dynamic force, setting a person into motion or action. The word motivation is derived from 'motive', which can be defined as an active form of a desire, craving or need which must be satisfied. All motives are directed towards goals, and the needs and desires affect or change a person's behaviour which becomes goal oriented. For example, if you ordinarily do not want to work overtime, it is quite likely that at a particular time, you may need more money (desire), change your behaviour, work overtime (goal oriented behaviour) and satisfy your needs.

Motivation is defined by Viteles as follows:

> 'Motivation represents an unsatisfied need which creates a state of tension or disequilibrium, causing the individual to move in a goal directed pattern towards restoring a state of equilibrium by satisfying the need'.

Motivated people are in constant state of tension. This tension is relieved by drives towards an activity and outcome that is meant to reduce or relieve such tension. The greater the tension, the more activity will be needed to bring about relief and hence higher the motivation.

The concept of motivation has three basic characteristics. These are:

- **Effort:** The amount of effort put into the activity identifies the strength of the person's work related behaviour. Hard work usually reflects high motivation and high motivation is crucial to success and achievement. For example, a student who works very hard to get top grades can be referred to as highly motivated. Similarly, a professor who is engaged in research and publishes many high quality articles and books, is exerting extensive efforts related to his job.
- **Persistence:** Motivation is a permanent and an integral part of a successful person. Its second characteristic is persistence in the efforts. Motivation is continuously goal oriented so that once a goal is achieved, a higher goal is selected and efforts are directed towards the higher goal. For example, a professor who publishes simply to get a promotion and then stops or reduces research efforts would not be considered as highly motivated. Accordingly, high motivation requires persistent efforts.
- **Direction:** Persistent hardwork determines the quantity of effort while direction determines the quality of the anticipated output. All efforts are to be directed towards goal achievement. This would ensure that the persistent effort is actually resulting into expected outcomes. For example, a quality control inspector in a manufacturing organization is consistently expected to direct

his efforts in discovering defects in the produced items so that the organizational goal of high quality output is met.

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Check Your Progress

5. How does learning process starts and continues?
6. What are the types of reinforcements?
7. State the four basic characteristics of attitudes.

10.8 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The theory of 'born' leaders suggests that some people behave in a certain manner, because they were born that way. The belief is based upon the assumption that certain behavioural characteristics are genetic in nature and are inherited**.**
2. Those characteristics that are a product of our exposure to various situations and stimuli, both within the family and the outside environment are known as learned characteristics of behaviour.
3. Type B personality type is generally more relaxed and sociable in nature.
4. The perception starts with the awareness of the stimuli including information from the five sense organs.
5. The learning process starts with motives and continues with cues, responses and reinforcements until the learner acquires the required changes in behaviour permanently.
6. Reinforcement may be positive, negative, punishment and extinction.
7. Attitudes have four basic characteristics: direction, intensity, salience and differentiation.

10.9 SUMMARY

- Human behaviour, a complex phenomenon as it is, is most difficult to define in absolute terms. It is primarily a combination of responses to external and internal stimuli.
- It has been established that certain characteristics of behaviour are genetic in nature, and a human being inherits a certain degree of similarity to other individuals, as well as uniqueness in the form of genes and chromosomes.

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- There are two categories in which the causes of human behaviour can be classified. These are: (1) inherited characteristics and (2) learned characteristics.
- The concept of personality is often discussed in our daily routine and while coming across different people, one may associate different individuals with different personalities. For example, one particular individual may be having a pleasing personality while another one may be having an arrogant personality.
- There are two broad categories of factors that influence the formation and development of personality. These are heredity factors and environmental factors.
- Personality is a set of relatively stable characteristics or dimensions of people that account for consistency in their behaviour in various situations.
- Perception may be defined as 'a cognitive process by which people attend to incoming stimuli, organize and interpret such stimuli into behaviour.'
- Perception can also be defined as "a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment
- The factors influencing perceptions are the perceiver's characteristics, object and situations. However, they can be analysed under specific heads such as the perceiver's characteristics, personal factors, internal factors, organisational structures and social conditions.
- Learning has been defined by several authors in different ways. All of them have accepted that learning shapes human behaviour.
- The learning process is totally associated with the mental process, inspiration and action.
- Attitudes have four basic characteristics—direction, intensity, salience and differentiation. The direction of an attitude is favourable, unfavourable or neutral. We may like, dislike or be neutral in our views about a person, a job or a situation.
- It is assumed that the relationship between the attitude of a person and his behaviour is causal in nature, meaning that the attitudes that people hold determine their behaviour and what they do. Logic also suggests such a relationship.
- The subject of motivation is one of the most important and widely studied topics in the field of management and organizational behaviour. One of the most frequently used terms among managers is 'motivation'. The level of performance is often tied with the level of motivation.

Accordingly, work effective managers are concerned about motivation because the work motives of employees affect their productivity and quality of their work.

- People differ by nature, not only in their ability to perform a specific task but also in their 'will' to do so. This 'will' to do is known as motivation. By understanding a person's ability and his motivation, a manager can forecast his performance level.

10.10 KEY WORDS

- **Chromosomes:** It is a threadlike structure of nucleic acids and protein found in the nucleus of most living cells, carrying genetic information in the form of genes.
- **Perception:** It is the organization, identification, and interpretation of sensory information in order to represent and understand the presented information, or the environment.
- **Attitude:** It is a feeling or opinion about something or someone, or a way of behaving that is caused by this.
- **Stimuli:** It is a thing or event that evokes a specific functional reaction in an organ or tissue.

10.11 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short Answer Questions

1. What are the causes of human behaviour?
2. Write a short note on assessment of personality.
3. List the major components of attitude.
4. What is the relationship between attitude and behaviour?
5. What are the three characteristics of motivation?

Long Answer Questions

1. Examine the inherited and learned characteristics of human behaviour.
2. Explain the determinants and structure of personality.
3. What are the different components of perception?
4. Examine the important elements under the learning process.
5. Discuss the concept of attitude formation.

10.12 FURTHER READINGS

NOTES

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UNIT 11 ABILITY: RELEVANCE TO ORGANIZATIONAL BEHAVIOUR IN HOSPITAL MANAGEMENT

Structure

11.0 INTRODUCTION

A well-managed organization can survive and even prosper during the most difficult economic times whereas business history is full of instances where badly managed companies declared bankruptcy even during economic upturns. Even though organizational vitality depends upon a number of factors such as general state of the economy, management and even luck—which means being in the right business at the right time—it is primarily the managerial ability or inability that determines the success or failure of an organization.

If the success of an organization is directly dependent upon the ability of management then which critical aspect of management differentiates a “good” management from a “bad” management?

In other words, out of all the skills required of management such as technical, analytical, conceptual and human skills, which one is the most crucial as to determine the success or failure of the organization?

While technical, analytical and conceptual skills are primarily knowledge based and can be learned and predictably applied, it is human skills that pose the greatest challenge to management due to complexity of human psychological processes and unpredictability of human behaviour. In the previous unit, you studied about the important elements of organizational behaviour, in this unit, you will learn about the relevance of organizational behaviour specifically in the healthcare setting.

We define group as more than two employees who have an ongoing relationship in which they interact and influence one another's behaviour and performance. The behaviour of individuals in groups is something more than the sum total of each of the individuals acting in his or her own way. Learning capabilities represent a set of core competencies, which are defined as the special knowledge, skills, and technological know-how that differentiate an individual or an organization from competitors and enable them to adapt to their environment.

Learning capacities are the fuel for individuals or organizational success. In this unit, you will study about theories of group behaviour and group dynamics.

11.1 OBJECTIVES

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

- Discuss the relevance of organizational behaviour in hospital management
- Explain the concept of group behaviour
- Examine the nuances of group dynamics

11.2 ORGANIZATIONAL BEHAVIOUR IN HEALTH CARE SETTING

Organizational behaviour is the study of human behaviour in groups or organizations and it also aims at moulding behaviour through specific means of analysis.

An organization is a group of people working together for a specific goal. The working relation with each other in a group is a constant contributing factor towards the achievement of goals. This also helps in giving proper shape to the organization. Organizational behaviour takes its part from various branches of science like psychology, sociology, anthropology etc.

Organization behaviour is very important in formulating guidelines for regulating activities of people and staff in an organization and also gives a light to develop overall culture of any institution.

The success of any institution depends on the performance of its employees. Better performance of people can be achieved by effective management of people. Behaviour of people in any group is largely influenced by ideas, feelings and attitudes. For effective management of people, it is important to understand the feelings, ideas and attitudes of people working in an organization. As learnt in previous unit, individual behaviour varies from one person to another. So, it becomes almost impossible to find a single guideline for managing people. As organizational problems may vary, there should be a number of guidelines or solutions.

Organizational behaviour in health care setting is mandatory for ensuring patient safety, ethical behaviour among the health care members, client centered care and effectiveness in providing health care facilities. This also leads to increased patient satisfaction towards the care provided.

The existence of various levels of hospitals in the community aims at providing optimum delivery of health care facilities for different levels of care and region. Here organizational behaviour serves as a guideline for the behaviour of staff. Organizational behaviour management focuses mainly on what people do and also analyses why they do it. This then leads to an evidence-based intervention strategy to improve the behaviour of people, i.e., staff in the case of hospitals. Organizational behaviour management has much more to do in health care management.

The different types of healthcare delivery system including hospitals, home care, rehabilitation services and palliative care aide a variety of people in health care system. The needs of patients are different in each segment. The lifestyle, values, beliefs and attitudes of health care professionals are definitely different as they belong to different settings. The capacity of each professional is different. Their perceptions are also varied based on their values and customs.

It is important for the health care staff to understand the needs of people coming to them for in different capacities. So it is important for the managers in the healthcare sector to possess skills and knowledge concerning the integration of change in the right manner. They should also possess effective interpersonal skills, communication ability, and competent leadership skills. This is very much needed to guide and direct diverse groups of individuals towards the achievement of an optimum health care.

The behaviour of people in an organization can either improve or bring down the level of organization. Some employees may be compassionate and helpful towards others in their workplace, this helps to create a supportive work culture. This attitude is because of the faith in the management and their commitment towards the organization. An employee who has no trust in the management will become unsatisfied in work and can cause harm to the organization. Hence organization behaviour largely depends on the attitude of the employee and can directly contribute to the overall improvement of organization.

When employees are encouraged, they feel more confident with the ideas that will eventually benefit the organization. On the other side, when the employees are unable to provide valuable suggestions, they feel they are going to face criticism or embarrassment. Employees in any institution get socialized based on the working environment.

For solving the organizational problems, it is necessary to understand the reason for their occurrence. Top level management should try to find out the driving force that stimulates behaviour and try to integrate more positive factors in the work culture. This should be in the form of promotions, new incentives or rewards.

Organizational behaviour takes into account individual and group behaviour and the major factors that impact their behaviours. Influencing and changing the human behaviour is another important aspect of organizational behaviour.

Organizational behaviour also helps in improving labour relationships. This helps in identifying the root cause of any problem and thus it helps in removing the cause and improving relationships. It also helps in alleviating negative responses. This also aids in maintaining friendly relationship with the employees and build a work place harmony.

Another advantage of understanding the organizational behaviour is that it helps in predicting and controlling human behaviour. A person who can apply his skills in understanding organizational behaviour can easily identify changes in human behaviour, and he can apply his knowledge in this regard. It also helps in increasing productivity, effectiveness, efficiency etc., and it aids in reducing dysfunctional behaviour in workplace like absenteeism, dissatisfaction and delay etc.

Understanding organizational behaviour also helps in better utilization of human resource. It helps in inspiring the employees in the organization. Organizational behaviour helps in improving managerial skills. Or in other words it helps in creating leaders. It also aids in self-development. It also contributes towards improving human values.

Importance of Organizational Behaviour

- It helps in building better relationships by achieving organizational, and social objectives.
- It includes a wide range of human resource like behaviour, training and development, change management, leadership etc.
- It is effective in facilitating coordination among employees.
- It helps in improving goodwill of the organization.
- It helps in achieving organizational goals quickly.
- It is helps in judicious utilization of resources.
- It facilitates motivation.
- It improves efficiency.

Limitations of Organizational Behaviour

- It can cause dependence and irresponsibility.
- At times, it gives a message that beyond a certain point, there is a decline in output.
- Manipulative managers can mislead the employees.

Applications of Organizational Behaviour in the Hospital Setting

Organizational behaviour is mainly focused to improve the patient safety in health care setting. It aims at bringing up new dimensions in health care management system.

- It aims at observable behaviour.
- It tries to identify external factors affecting behaviour.
- It aims to correlate with antecedents and motivate with consequences.
- It focuses on positive outcome.
- It helps in finding out new interventions.
- It assists with the application of scientific methods
- It integrates theory with practice.

Organizational Behaviour Management (OBM) for Patient Safety

Let's see how organizational behaviour management may be used for ensuring patient safety. For instance, activity like hand washing is the primary and most important step in reducing cross infections. Here the human resource manager can reinforce the importance of hand washing through training. This behaviour of employees can be forced or strengthened through the awards or positive encouragement towards proper hand washing techniques.

This will make a positive sense towards hand washing and employees will naturally follow it.

Other examples of influencing staff behaviour through OBM are:

- Antecedent strategy for patients' admission to medicine departments to effect reduced length of stay with no difference in outcomes.
- Education, discussion, and feedback on proper laboratory tests to reduce the overall number of tests ordered without any decrement in patient outcomes.
- Proper communication procedure using antecedent reminders and feedback to improve patient satisfaction, medication administration and record-keeping.
- Improving communication with the patients and other health team members through arranging various motivational sessions.

Instead of giving punishments and negative feedback, health care delivery system can ensure better delivery through understanding behaviour of people working in the organization. Here comes the role of proper understanding of organizational behaviour. OB helps in shaping, directing and controlling the behaviour of employees in an organization.

Hospital management has to take care of various stakeholders including not just the doctors, but the care staff, workers and cleaners, dispensary and canteen personnel, medical directors, board members, sales representatives, customer care officials, among many others. Organizational behaviour then allows the hospitals to ensure that the operation of the entire hospital is efficient with effective communication and work channels defining roles upto the lowest unit of functions.

Specific applications Of OB in Health care Setting

- It aids in preventing diagnosis errors.
- It helps in alleviating treatment errors.
- It helps in preventing conducting wrong procedures.
- It helps reducing bedsores and patient falls.
- It fosters the use of glove and hand washing.
- It also helps in reducing communication errors.

Check Your Progress

1. Why is organizational behaviour mandatory in health care setting?
2. List the different types of healthcare delivery system.

11.3 GROUP BEHAVIOUR

We define 'group' as more than two employees who have an ongoing relationship in which they interact and influence one another's behaviour and performance. The behaviour of individuals in groups is something more than the sum total of all acting in their own way. In other words, when individuals are in groups, they act differently than they do when they are alone.

Groups can be either formal or informal.

Formal Groups

A formal group is set up by the organization to carry out work in support of the organization's goals. In formal groups, the behaviour that one should engage in are stipulated by and directed towards organizational goals. Examples include a bookkeeping department, an executive committee and a product development team. The formal group may be a command group or a task group.

(i) Command group

A command group comprises a manager and the employees who report to him or her. Thus, it is defined in terms of the organization's hierarchy. Membership in the group arises from each employee's position in the organizational chart.

(ii) Task group

A task group comprises employees who work together to complete a particular task or project. A task group's boundary is not limited to its immediate hierarchical superior. It can cross-command relationships. An employee's membership in the group arises from the responsibilities delegated to the employee—that is, the employee's responsibility to carry out particular activities. The task group may be temporary with an established life span, or it may be open ended.

Informal Groups

An organization's informal groups are groups that evolve to meet social or affiliation needs by bringing people together based on shared interests or friendship. Thus, informal groups are alliances that are neither formally structured nor organizationally determined. These groups are natural formations in the work environment that appear in response to the need for social contact. Many factors explain why people are attracted to one another. One simple explanation is proximity; when people work near one another every day, they are likely to become friends. That likelihood is even greater when people share similar attitudes, personalities or economic status.

(i) Friendship groups

Groups often develop because the individual members have one or more common characteristics. These formations are known as friendship groups. Social alliances, which frequently extend outside the work situation, can be based on similiraties age, political view, education, etc.

(ii) Interest groups

People who may or may not be aligned to common command or task groups may affiliate to attain a specific objective with which each is concerned. This is an interest group.

(iii) Reference groups

Sometimes, people use a group as a basis for comparison in making decisions or forming opinions. When a group is used in this way, it is called a reference group. Employees have reference groups inside or outside the organization where they work. For most people, the family is the most important reference group. Other important reference groups typically include co-workers, friends and members of the person's religious organization. The employee need not admire a group for it to serve as a reference group. Some reference groups serve as a negative reference; the employee tries to be unlike the members of these groups.

(iv) Membership groups

When a person belongs to a group (formal and informal groups to which employees actually belong) the group is called a membership group (or affiliation group) for that person. Members of a group have some collective benefits and responsibilities that go beyond the group serving as a reference point. In a membership group, each member would be expected to contribute to the group's well-being and would enjoy the benefit arising from the group member's friendship.

There are two theories of group formation, i.e., functionalist theory and interpersonal attraction theory. The first focusses on the functionality of the group aimed at achieving collective goals and the second emphasizing on the human need for social interaction.

Sigmund Freud believed that groups form and continue because of the need for affiliation and power.

Lewin held that group was a function of inter-related factors of the individual and the group.

Interaction theory views the group as a system of interacting individuals that produce three elements; activity-interaction-sentiment. This holds that you look at each to understand group behaviour.

The systems theory adopts a position similar to interaction but adding the elements of positions and roles along with inputs and out puts.

Sociometric orientation emphasizes interpersonal choices among group members and the focus is on morale and performance and their dependence on the group

Psychoanalytic orientation focusses on the drives of the individual and is concerned about the motivational and defensive processes of the individual as related to the group.

General Psychology orientation attempts to extend the theoretical analyses of individual behaviour to group behaviour.

Empirical-statistical orientation holds the basic concepts of group theory can be discovered through the application of statistical analysis of data abut individuals.

Formal and informal groups are formed in organizations for different reasons. Formal groups are sometimes called official or assigned groups and informal groups may be known as unofficial or emergent groups. Organizations routinely form groups. If we assume that management decisions are rational, groups must benefit organizations in some way. Presumably, the use of groups can contribute to achieving and maintaining a sustainable competitive advantage. Groups can do this if they enable an organization to

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fully tap the abilities and energy of its human resources. Furthermore, with regard to informal groups, people form groups to meet their individual needs.

(i) Performance

Group effort can be more efficient and effective than individual efforts, because it enables the employees to specialize in and contribute to a variety of strengths. Organizations structure employees into functional and task groups so that they can develop and apply expertise in particular functions, products, problems or customers. The other factor contributing to performance is motivation, and groups can enhance this as well. When employees work in groups, the group is an important force for creating and enforcing standards for behaviour.

(ii) Cooperation

Carrying out an organization's mission is something no person can do alone. However, for several people to accomplish a mutual goal, they must cooperate. Group dynamics and characteristics can enhance cooperation among employees, especially when members identify themselves as a group and are rewarded for group success.

(iii) Satisfaction

If satisfaction improves motivation (and therefore performance), organizations as well as individual employees can benefit from employees' satisfaction derived from group membership. A major source of this satisfaction is that people have a need of being with others and being liked by them. The way people satisfy this category of needs is by participating in groups focusing on social activity. Group membership may also be a means of satisfying their need for security, power, and esteem.

Check Your Progress

3. What is a command group?
4. What is expected of members in a membership group?

11.4 GROUP DYNAMICS

Group dynamics was invented at the early stages of civilisation. When individual members were unable to meet their economic and social requirements, they united together. Some members sat together and pondered over the problem to get an effective solution. This was the beginning of the formation of a group, because a group can perform some things which individuals cannot. The group has a tremendous force of strength. The more effective the formulation and proper utilisation of group thinking are in the organization, the more strength the group will possess.

Group dynamics has become an important subject of management, because it provides useful information on dynamics of behaviour. The social process by which people interact face to face is called group dynamics. The study of group dynamics has been done under meaning and design, type of group, physical environment, personal environment, social environment, task environment, group decisions, strength and weakness and team work.

Meaning and Origin of Group Dynamics

Dynamics means force. It infers that group dynamics is group force and strength. It is a force operating within the group. The kind of force operating within the group depends upon the kind of leadership style. Group dynamics has synergy whereby two plus two is equal to five. A group is the composition of two or more persons formed for achieving the group goals through personal interaction and relationship. The group members are interdependent. A group, once formed, motivates people to join it for personal and organisational interests. Members perceive that the group exists and they are members of the group.

Features of Group Dynamics

The important features of group dynamics are perception, motivation, groups goals, group organization, interdependency, interaction and entitativity.

1. **Perception:** Group dynamics as defined by perception implies that every member of the group is aware of his respective relationship with others. The group consists of organisms or agents. The members or agents are engaged in interaction with one another. They have face to face meetings. They develop some impression or perception about each other and give their reactions to each other. Each member perceives the group differently, which he reveals at some situations. The members perceive the role of the group based on their learning and background. Group strength is developed if its members are properly trained and motivated. Group members form a group against the forces which threaten their individual freedom. Members perceive the group as problem-solving or as developmental depending upon the situation on which groups are formed by the members.
2. **Motivation:** Members join groups because they expect that the group will solve their problems. They want progress and promotion which are achieved through group performance. The pressures and problems are jointly met by them. Group norms emerge to guide individual behaviour. Cooperative feelings are increased for helping each other. The group is developed taking into consideration individual interests. Employees join groups to get their pay and working problems redressed. In a social

system, businessmen join a club or association to improve their business opportunities and solve the problems posed by the administration and people. Social groups are formed for solving individual problems. A group is a collection of organisms in which the existence of a member is assured by them. The perception of unity and interactive force is present in a group, which motivates the employees for better performance. The different needs of society are met by forming different groups. The group leader has to play his role of providing a proactive influence and receiving the feedback from the group members.

3. **Group goals:** Group goals are targets towards which input, process and output are directed. Group goal is the essential component of group formation, although it is not the only condition for forming a group. A goal is used for motivating the employees. The path goal relationship produces a higher responsibility for attaining the goals. If people of a group accept responsibility, group activities are evolved and workers perform successfully. When employees see the manager as supportive, they try to achieve the group goals. The responsibility consciousness makes the group members realise their duties. They put group goals above their individual goals. Members become an inevitable part of the group if they start realising the group goals as superior to the individual goals.
4. **Group organization:** Group is an organization which is composed of different organs to attain certain objectives. A group has the structural elements of an effective organization. A socio-psychological group is evolved wherein two or more individuals are interrelated. It has a set standard of relationship among its members. Similarly, it has a set of norms that regulate the functions of the group. A number of individuals in the group have definite status, role relationship, set of values and own regulating behaviour. The group structure has power relations, effective relations and well-defined jobs. It has diagnosing, adapting and communicating processes. Individual group members differ from each other. A group is used for developing knowledge and skills. All the group members are not equally powerful. Some of them have more power and a higher position than others. A hierarchical structure is visible in the group. It has group force for the development of the whole organization.
5. **Interdependency:** The main feature of a group is the members' interdependence. The members of a group may have a common goal but they may not be a part of the group because they are not interdependent. Individuals waiting for their turn at a bus stop have the common goal of travel but they do not constitute a group because the individuals are not interdependent. If the individuals start supporting each other and interact with each other, they form a group. If they develop it as a

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permanent system, it becomes an organization. Interdependence must be dynamic. The group members have equity of goals and similarity of performance. Dynamism is experienced if interdependence is committed into group strength. A group is a social entity which has social strength. It is derived from the constituent members who are interdependent.

6. **Interaction:** Members of a group must interact with each other. If they are interdependent but do not interact, the group's goals are not achieved. Members have an interpersonal problem-solving mode. If any problem arises, the interaction of all the members is needed to solve the problem. Each person must communicate with others when the need arises. Interaction differentiates the group from a mere collection of people. Interaction between the members of a group may take different forms, e.g. verbal interaction, physical interaction, emotional interaction and so on. The group is defined on the basis of interaction, wherein two or more persons interact with one another in such a manner that each person influences and is influenced by each other. It is a two-way communication which requires mutual influence. A group is an entity in which communication is essential as in any other organization.
7. **Entitativity:** A group has its own identity. It has similarity and proximity. It is felt and realised but cannot be seen. The collection of individual experiences become the guidelines for the members. The uniform, office and people become the symbol of a group. The vicinity and proximity have given birth to the group.

Issues in Group Dynamics

Some of the issues that hinder healthy group dynamics are bad communication, poor leadership, lack of focus, social loafing, group thinking, dominating and arguing behaviour, tunnel vision, over-dependency and people pleasing behaviour, etc.

Check Your Progress

5. What produces a higher responsibility for attaining the goals?
6. List some of the issues that hinder healthy group dynamics.

11.5 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. Organizational behaviour in health care setting is mandatory for ensuring patient safety, ethical behaviour among the health care

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members, client centered care and effectiveness in providing health care facilities. This also leads to increased patient satisfaction towards the care provided.

2. The different types of healthcare delivery system including hospitals, home care, rehabilitation services and palliative care aide a variety of people in health care system.
3. A command group comprises a manager and the employees who report to him or her. Thus, it is defined in terms of the organization's hierarchy.
4. In a membership group, each member would be expected to contribute to the group's well-being and would enjoy the benefit arising from the group member's friendship.
5. The path goal relationship produces a higher responsibility for attaining the goals.
6. Some of the issues that hinder healthy group dynamics are bad communication, poor leadership, lack of focus, social loafing, group thinking, dominating and arguing behaviour, tunnel vision, over-dependency and people pleasing behaviour, etc.

11.6 SUMMARY

- An organization is a group of people working together for a specific goal. The working relation with each other in a group is a constant contributing factor towards the achievement of goals. This also helps in giving proper shape to the organization. Organizational behaviour takes its part from various branches of science like psychology, sociology, anthropology etc.
- Organizational behaviour in health care setting is mandatory for ensuring patient safety, ethical behaviour among the health care members, client centered care and effectiveness in providing health care facilities. This also leads to increased patient satisfaction towards the care provided.
- The existence of various levels of hospitals in the community aims at providing optimum delivery of health care facilities for different levels of care and region. Here organizational behaviour serves as a guideline for the behaviour of staff. Organizational behaviour management focuses mainly on what people do and also analyses why they do it. This then leads to an evidence-based intervention strategy to improve the behaviour of people, i.e., staff in the case of hospitals. Organizational behaviour management has much more to do in health care management.

- We define 'group' as more than two employees who have an ongoing relationship in which they interact and influence one another's behaviour and performance. The behaviour of individuals in groups is something more than the sum total of all acting in their own way.
- Formal and informal groups are formed in organizations for different reasons. Formal groups are sometimes called official or assigned groups and informal groups may be known as unofficial or emergent groups. Organizations routinely form groups.
- A formal group is set up by the organization to carry out work in support of the organization's goals. In formal groups, the behaviour that one should engage in are stipulated by and directed towards organizational goals. Examples include a bookkeeping department, an executive committee and a product development team. The formal group may be a command group or a task group.
- An organization's informal groups are groups that evolve to meet social or affiliation needs by bringing people together based on shared interests or friendship. Thus, informal groups are alliances that are neither formally structured nor organizationally determined.
- There are two theories of group formation, i.e., functionalist theory and interpersonal attraction theory. The first focusses on the functionality of the group aimed at achieving collective goals and the second emphasizing on the human need for social interaction.
- Group dynamics was invented at the early stages of civilisation. When individual members were unable to meet their economic and social requirements, they united together. Some members sat together and pondered over the problem to get an effective solution.
- Dynamics means force. It infers that group dynamics is group force and strength. It is a force operating within the group. The kind of force operating within the group depends upon the kind of leadership style. Group dynamics has synergy whereby two plus two is equal to five. A group is the composition of two or more persons formed for achieving the group goals through personal interaction and relationship.
- The important features of group dynamics are perception, motivation, groups goals, group organization, interdependency, interaction and entitativity.

11.7 KEY WORDS

- **Group:** It refers to more than two employees who have an ongoing relationship in which they interact and influence one another's behaviour and performance.

- **Formal groups:** It is group set up by the organization to carry out work in support of the organization's goals.
- **Informal groups:** These are alliances that are neither formally structure nor organizationally determined.
- **Group dynamics:** It refers to the group force and strength or the force operating within the group.

11.8 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short Answer Questions

1. What is the importance and limitations of organizational behaviour?
2. Write a short note on examples of influencing staff behaviour through OBM.
3. List the specific applications of organizational behaviour in health care setting.
4. Explain the reasons for forming formal and informal groups in an organization.
5. What is the meaning and origin of group dynamics?

Long Answer Questions

1. Describe the different types of groups in an organization.
2. Examine the features of group dynamics.

11.9 FURTHER READINGS

Venkataraman, C.S. and B. K. Srivastava. 1991. *Personnel Management and Human Resources.* Tata McGraw Hill.

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BLOCK - IV
NATURE OF CHANGE RESSITANCE

UNIT 12 GROUP NORMS, COHESIVENESS AND ORGANIZATIONAL BEHAVIOUR

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Structure

12.0 INTRODUCTION

In the previous unit, you were introduced to the group behaviour and dynamics and how it affects organizational behaviour. In this unit, we will continue the discussion by introducing two other important elements crucial to group and its effect on the organizational behaviour: group norms and cohesiveness. Group norms are standard behaviour and rules followed by the group members. It comes into existence because of two important factors: group members need a sort of identity through uniform attitudes and the group members need to validate their beliefs. These norms help to regulate behaviour of the group members. Group cohesiveness, on the other hand, refers to the force or attraction or relationship of the group members with other members of the group as well as the group itself. It positively affects production, increases the conformity to the group norms, results in better communication and increases group retention. In this unit, you will learn about the concept of group norms, cohesiveness and its relevance to organizational behaviour.

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12.1 OBJECTIVES

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

- Discuss the concept of group norms
- Explain the meaning of group cohesiveness
- Describe the relevance of group norms and cohesiveness to organizational behaviour

12.2 GROUP NORMS

Norms are shared ways of looking at the world. Groups control members through the use of norms. A norm is a rule of conduct that has been established by group members to maintain consistency in behaviour. Norms tell members what they should and should not do under certain circumstances. From an individual's standpoint they tell what is expected of you in certain situations. Norms differ among groups, communities, and societies, but they all have norms.

According to Hackman, norms have the following characteristics:

(i) Norms summarize and simplify group influence processes. They resolve impersonal differences in a group and ensure uniformity of action.

(ii) Norms apply only to behaviour, not to private thoughts and feelings.

(iii) Norms are usually developed gradually, but the process can be shortened if members so desire.

(iv) Not all norms apply to everyone. High-status members often enjoy more freedom to deviate from the 'letter of the law' than do other members.

Types of Norms

Norms are unique to each work group. Yet, there are some common classes of norms that appear in most work groups.

(i) *Performance-related processes:* Work groups typically provide their members with explicit cues on how hard they should work, how to get the job done, their level of output, etc. These norms deal with performance-related processes and are extremely powerful in affecting an individual employee's performance.

(ii) *Appearance factors:* Some organizations have formal dress codes. However, even in their absence, norms frequently develop to dictate the kind of clothes that should be worn to work.

(iii) *Allocation of resources:* These norms cover pay, assignment of difficult jobs, and allocation of new tools and equipment.

(iv) *Informal social arrangement:* These norms can originate in the group or the organization and cover pay assignment of difficult jobs, and allocation of new tools and equipment.

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Factors Influencing Conformance to Norms

As a member of a group, you desire acceptance from the group. Due to your desire for acceptance, you are susceptible to conforming to the group's norms. Considerable evidence shows that groups can place strong pressures on individual members to change their attitudes and behaviours to conform to the group's standard. However, conformity to norms is not automatic. It depends on the following factors:

(i) *Personality factors:* Research on personality factors suggests that the more intelligent are less likely to conform than the less intelligent. Again, in unusual situations where decisions must be taken on unclear items, there is a greater tendency to conform to the group's norms. Under conditions of crisis, conformity to group norms is highly probable.

(ii) *Situational factors:* Group size, communication patterns, degree of group unanimity, etc., are the situational factors influencing conformity to norms.

(iii) *Intragroup relationships:* A group that is seen as being creditable will evoke more compliance than a group that is not.

(iv) *Compatible goals:* When individual goals coincide with group goals, people are more willing to adhere to group norms.

12.3 GROUP COHESIVENESS

Groups are a pervasive part of modern life. We are members of many different groups. Although every group is different, possessing its own unique attributes and dynamics, it is also true that in many important ways groups tend to display similar patterns of evolution. Formal and informal groups are formed for various reasons. Some of the reasons involve the need for satisfaction, proximity, attraction, goals and economics. The closeness or commonness of attitude, behaviour and performance makes groups cohesive.

Formal and informal groups seem to possess a closeness or commonness of attitude, behaviour and performance. This 'closeness' or 'commonness' is called 'cohesiveness'. Cohesiveness is a force that acts on the members to remain in a group and is greater than the forces that work on members to pull them away from the group. Highly cohesive groups comprise individuals who are motivated to be together. Group cohesiveness is the extent to which a group is committed to remaining together; it results from 'all forces acting on the members to remain in the group.' The forces that create cohesiveness are attraction to the group, resistance to leaving the group and motivation to remain a member of the group. There are a number of reasons for groups to be cohesive. Some of them are given below:

(i) The goals of the group and the members are compatible and therefore individuals are attracted towards groups.

(ii) The group has a charismatic leader who is well respected and admired by his followers.

(iii) Members get support from other group members and are helped by other members to overcome obstacles and barriers.

(iv) The group is small enough to enable members have their opinions heard and are evaluated by others.

The concept of group cohesiveness is important for understanding groups in organizations. From the organization's point of view, the degree of cohesiveness in a group can have either positive or negative effects depending on how group goals match up with those of the organization. If the group is highly cohesive but its goals are not compatible with the organization then group behaviour will be negative. Therefore, from the point of the organization, it may sometimes be desirable to alter the cohesion of a work group; for example, if the group goals are compatible with organizational goals then the managers must increase cohesiveness as higher the group cohesiveness, the more beneficial is its effect on the organization. However, when group goals counter those of the organization, managers must take steps to decrease group cohesiveness. Here, it should be noted that attempts to alter the cohesiveness of any group may not work and may even backfire on the organization. Therefore, managers should exercise great care in making decisions about attempting to influence the cohesion of work groups.

Successful groups reach their goals more often and this increases group cohesiveness. It should also be noted that a successful group becomes more cohesive and this increases the possibility of success.

12.4 RELEVANCE OF NORMS AND COHESIVENESS TO ORGANIZATIONAL BEHAVIOUR

One of prevailing arguments in business is the effectiveness of group work. There are several opinions to suggest that companies are overestimating the importance of group dynamics, and that the use of a group approach to resolve issues should be cut down. There is, however, another school of thought that endorses the use of groups and views it as among the best tools

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of involving employees. Many also believe that group dynamics is an ethical way of managing an organization.

Organizations need groups so that its employees can exchange information. It is impossible for any one individual to know about every little thing relevant to the organization. That knowledge is only possible through group discussion. Teamwork is vital to the success of an organization. Without proper group dynamics, members of an organization may not be able to function at their optimum potential. For example, if a boss dominates a business meeting without taking feedback from those attending it, the purpose of the meeting is nullified and the attendees are rendered redundant.

All successful organizations have good teamwork. There are five crucial elements of effective group dynamics:

(i) A personal desire to accomplish team goals

(ii) A desire to learn from one another

(iii) A willingness to openly share information

(iv) A desire to ask questions, and do so in a respectful way

(v) A desire to help each other to achieve team goals

For groups to function effectively there will have to be certain norms. Norms help to establish proper behaviour in social situations; they have a great influence over group behaviour. If individuals in a group were to behave as they pleased, there would be ceaseless arguments and no decision would be possible.

It is important for managers to understand how norms develop and the reasons for their enforcement. So, why is it so important for group norms to be enforced? One major reason is that norms help groups to survive. They are also enforced to simplify the behaviour of group members. With norms in place, everyone will behave in a respectful manner, and groups can avoid embarrassing interpersonal problems.

When a group becomes cohesive, the organization will benefit. There are factors that influence the cohesiveness of the group. Groups tend to become cohesive when competition is great or there is a threat to their survival. Smaller groups are more cohesive as members get more time for each other. The advantages to group cohesiveness to an organization are manifold. Worker satisfaction increases; there will be low turnover and absenteeism as employees enjoy spending time with group members. Ultimately, higher productivity is achieved.

There is evidence to suggest that groups characteristically do better than individuals when the work requires greater skill and decision-making ability. Groups have greater flexibility. Individuals in a group have more likelihood of partaking in decision-making and problem-solving activities than individuals outside of a group. Groups are also mainly responsible for completing organizational work. Thus, the effectiveness of groups is relevant to the effectiveness of an organization.

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Check Your Progress

1. Give an example of appearance factors or norms in organizations.
2. List some of the situational factors which affect conformance to norms.
3. What are the forces that create cohesiveness?

12.5 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. Examples of appearance factors or norms include formal dress codes.
2. Group size, communication patterns, degree of group unanimity, etc., are the situational factors influencing conformity to norms.
3. Factors that create cohesiveness are attraction to the group, resistance to leaving the group and motivation to remain a member of the group.

12.6 SUMMARY

- Norms are shared ways of looking at the world. Groups control members through the use of norms. A norm is a rule of conduct that has been established by group members to maintain consistency in behaviour. Norms tell members what they should and should not do under certain circumstances.
- Some common classes of norms that appear in most work groups include: performance related processes, appearance factors, allocation of resources and informal social arrangement.
- Factors influencing conformance to norms include personality factors, situational factors, intragroup relations and compatible goods.
- Groups are a pervasive part of modern life. We are members of many different groups. Although every group is different, possessing its own unique attributes and dynamics, it is also true that in many important ways groups tend to display similar patterns of evolution.
- Cohesiveness is a force that acts on the members to remain in a group and is greater than the forces that work on members to pull them away from the group. Highly cohesive groups comprise individuals who are motivated to be together. Group cohesiveness is the extent to which a

group is committed to remaining together; it results from 'all forces acting on the members to remain in the group.'

- For groups to function effectively there will have to be certain norms. Norms help to establish proper behaviour in social situations; they have a great influence over group behaviour. If individuals in a group were to behave as they pleased, there would be ceaseless arguments and no decision would be possible.
- The advantages to group cohesiveness to an organization are manifold. Worker satisfaction increases; there will be low turnover and absenteeism as employees enjoy spending time with group members. Ultimately, higher productivity is achieved.

12.7 KEY WORDS

- **Norms:** It refers to the rule of conduct that has been established by group members to maintain consistency in behaviour.
- **Group cohesiveness:** It refers to the extent to which a group is committed to remaining together; it results from 'all forces acting on the members to remain in the group.'

12.8 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short Answer Questions

1. What are the characteristics of group norms?
2. List some of the reasons for groups to be cohesive.
3. Why is group cohesiveness important for understanding groups in the organization?

Long Answer Questions

1. Explain the types of norms and the factors influencing the conformance to norms.
2. Discuss the relevance of norms and cohesiveness to organizational behaviour.

12.9 FURTHER READINGS

Venkataraman, C.S. and B. K. Srivastava. 1991. *Personnel Management and Human Resources.* Tata McGraw Hill.

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UNIT 13 ORGANIZATIONAL CULTURE

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Structure

13.0 INTRODUCTION

This unit will introduce you to the meaning, significance and theories of organizational culture. Organizational culture is a system of shared beliefs and attitudes that develop within an organization and guides the behaviour of its members. It is also known as corporate culture, and has a major impact on the performance of organizations and specially on the quality of work life experienced by the employees at all levels of the organizational hierarchy. The corporate culture consists of the norms, values and unwritten rules of conduct of an organization as well as management styles, priorities, beliefs and interpersonal behaviours that prevail. Together they create a climate that influences how well people communicate, plan and make decisions. Strong corporate values let people know what is expected of them. There are clear guidelines as to how employees are to behave generally within the organization and their expected code of conduct outside the organization. Also, if the employees understand the basic philosophy of the organization, then they are more likely to make decisions that will support these standards set by the organization and reinforce corporate values. Apart from learning about the concept of organizational culture, you will be introduced to the idea of organizational change.

13.1 OBJECTIVES

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

- Define organizational culture
- Discuss the creation and maintenance of culture
- Analyse the relationship between change and organizational culture
- Name the theories of organizational culture
- State the issues faced with reference to organizational culture

13.2 MEANING AND SIGNIFICANCE OF ORGANIZATIONAL CULTURE

While culture has been a continuous development of values and attitudes over many generations, at least the organizational culture can be partially traced back to the values held by the founders of the organization. Such founders are usually dynamic personalities with strong values and a clear vision as to where they want to take their organizations. These founders usually selected their associates and their employees who had a similar value system so that these values became an integral part of the organization.

Secondly, the organizational culture is influenced by the external environment and the interaction between the organization and the external environment. For example, one organization may create a niche for itself for extremely high quality defect-free product as a result of competitive forces and customer demand, while another organization may opt for moderate quality but lower prices. The work cultures at these two types of organizations would accordingly differ and would be influenced by external forces such as customer demand.

Thirdly, work culture is also a function of the nature of the work and mission and the goals of the organization. For example, in a professional, research oriented small organization, the workers may be more informal at all hierarchical levels of the organization, the dress code may not be strictly observed and the employees may be encouraged to be independent and innovative. In contrast, other organizations may have a strictly enforced formal classical hierarchical structure with clearly established channels of communications and strict adherence to work rules. Accordingly, the organizational culture of these two types of organizations would be different.

Much has been written and talked about Japanese management styles. Almost invariably, the economic success of Japanese society is associated with Japanese culture. The cultural aspect of organizational performance came into focus with Theory Z, proposed by William Ouchi in 1981. Even though

Theory Z draws heavily on Japanese approach to management, it is more a combination of the current American as well as Japanese style of managing an organization. Basically, Ouchi's approach to management calls for:

- Consensus decision-making.
- Worker participation in all phases of organizational operations.
- Genuine concern for the overall well-being of employees.
- Life time job security.

The importance of strong culture as a driving force for organizational success was emphasised by Peters and Waterman in their well received book, *In Search of Excellence*. They observed:

> Without exception, the dominance and coherence of culture proved to be an essential quality of the excellent companies. Moreover, the stronger the culture and the more it was directed towards the marketplace, the less need was there for policy manuals, organization charts and detailed procedures and rules. In these companies, people, way down the line know what they are supposed to do in most situations because the handful of guiding values is crystal clear.

13.2.1 Organizational Climate

The process of quantifying culture in an organization is called organizational climate. This is also referred as corporate culture. According to this process, an employee's behaviour is influenced by a set of guidelines laid down by the organization.

There are different approaches to define organizational climate, which are based on how to define climate and how to measure it effectively on different stages. These two approaches are as follows:

- Cognitive Schema
- Shared perception

The cognitive schema approach regards climate as an individual perception and as the work of environment. Therefore, according to this perspective climate assessments should be covered individually. The shared perception approach on the other hand gives importance to other perceptions vis-à-vis climate and has also been defined as the shared perception of the way things are around here. It is to be noted that there are major overlaps in both the approaches.

- **Cognitive schema approach:** Schemas are known to be mental structures that perceive the world. They are said to be organized in memory of associative network in which schemes of similar nature are clubbed together. Thus, when a particular schema is activated, the relating schemes will get activated too. Relative schemes become more accessible in the associative network. If the schema is more

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accessible it can be used directly and quickly to a particular situation. When related schemas are activated they tend to influence social behaviour. However, it is also important to know that a person may or may not be aware when a schema is activated.

Accessibility of schema is increased by the process of salience and priming. Salience can be defined as the degree to which one social object stands out in respect to other social objects in a given situation. This means that the higher the salience of a social object, more accessibility will be there for the related schemas whereas priming refers to experiences prior to a situation that make a schema more accessible.

- **Shared perception approach:** This approach discusses the variables which influence an organization's ability to mobilize their employees in order to get their business targets met and also to maximize employee performance. Under this model, the staff of an organization is surveyed to identify and measure aspects of a workplace which effect the quality of work life.

13.3 CREATION AND MAINTENANCE OF CULTURE

The traditions and way of life of the employees create culture in an organization. The organizational culture is known by its employees' behaviour and attitudes. The early traditions are the basis of culture in an organization. The vision and functions of an organization are the creators of culture. Accumulated traditions and methods of functions are culture. The ideology and customs of organizational functions are organizational culture. An organization develops progressive ideas and technological development for forming a good culture in an organization. The mission and vision of the founder members of an organization are the basis for creating the organizational culture. Hard work, competitive spirit and a disciplined way of life of the founders have created a disciplined organizational culture for improving the performance. The vision of Ratan Ji Tata and Ghanshyam Das Birla has created the Tata culture and Birla culture respectively in the Tata Group and the Birla Group. They are known by their organizational culture.

13.3.1 Sustaining Culture

Sustaining and maintaining culture is essential for the organization to make it a permanent source of energy. The experience gained by predecessors must be continued by the subsequent successors. An improvement for the better must be introduced into the existing culture. Reinforcement of learning, performance evaluation criteria, reward system, promotion procedures, etc.

should be continued as it existed in the vision of the founders. Maintaining the culture does not mean that the organisations should adhere to a cultural paradox. The changing environment is absorbed in the dynamic culture of an organization. The top management, selection, training and development programme and socialisation are the important methods of sustaining culture.

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Top management: The attitudes of the top management should continue to guide the organizational functions. The culture is maintained by adhering to old values and developmental attitudes. They have certain norms and values which flow in the minds of sub-ordinates. The culture sponsored by the top management continues in the employees of an organization. The latter follows the former. The top management decides and subordinates work. The dress recommended, the job designs suggested and other factors are taken into account for keeping culture alive. Tata Groups perpetuate a risk-taking, bold and innovative culture. HMT is dedicated to a culture of quality and innovative vision as the top management are practicing it themselves.

Selection: Culture is maintained by a proper selection policy. People who are qualified and experienced must be appointed ignoring those persons who want an entry on a pull-push basis. If needed persons are appointed, the organization can maintain work culture. On the contrary, if people are appointed based on political support, they are bound to destroy the existing work culture. The vision, mission and policy of a sound organization must not be bypassed while selecting the people for work performance. In India, the public sector could not maintain the real character of the public sector because of a defective selection policy. But, those public enterprises which have been given autonomy and have no interference from politicians have worked satisfactorily. Indian Oil, Oil and Natural Gas Commission, Life Insurance Corporation of India and Steel Authority of India have been successful in maintaining some of the policies of a sound public sector. People who do not have the core values of an organization must not be appointed because they will destroy the very structural value of the organization.

Training and development programme: After selection and placement, an organization should adopt a training and development programme based on the values of the organization. Employees learn the values of the organization. Training and development programmes are channelised for enhancing the culture of an organization. Video films, practicing lectures and problem solutions are the important components of a value sustaining process. The instructor should identify the problems of learners so that they can be directed towards the cultural values of the organization. The traits and qualities of the employees are used for instrumenting the employees on the values of the organization.

Socialisation: The employees are indoctrinated in the organization's culture through the adaptation process which is called socialisation. New employees are put in the culture of an organization through on the job and

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sensitive training. An intensive training programme is instituted to make the new employees accustomed with the values of the organization which includes performing all the activities from the early morning to sleeping time. The whole day is systematically scheduled to make the employees learn all the cultures of an organization. The organizational culture is maintained not only in the form of work functions but also in dining, dressing and developmental activities. New graduates can easily learn all the cultural values of an organization through the intensive training programme.

Employees prove their commitment with the cultural values of the organization after getting the intensive training programme. The newly appointed employees remain in good standing. They learn the pivotal role or basic values of an organization. People who fail to learn the basic values of an organization after training are termed as 'non-conformists'. They become rebels if they have values contrary to the organizational values. These employees are further brought to a steep socialisation process, i.e. prearrival stage, encounter stage and metamorphosis stage.

Prearrival stage: The values, attitudes and personalities of newly appointed employees are assessed for driving them towards the organizational culture. Their weaknesses are revealed to paste them with the organizational values. Modification and smoothening of their existing values are made by the management towards the culture of an organization. Employees might have knowledge of socialisation of the business functions. It is revealed how their socialisation has not moved towards the organizational values. The diagnosis reveals the possibilities of a complete socialisation of the organizational culture. Their firmness, rigidity, unfaithfulness and other anti-attitudes are smoothened to make their uses in different functions of required values. Psychologists and behaviourists are invited to smoothen their individual values towards the organizational values.

Encounter stage: The employees, after entering into business functions, find the activities against their attitude and expectations. The expectations of the employees may or may not be equal to the reality of the business policy, procedures and fellow workers' attitudes. If expectations are not very far from the reality in the organization, they reinforce the values of the organization. A smoothening process is used in this case. When expectations are far from the reality, the employees are required to replace their existing style with the organizational policy. The employees should try to adopt themselves to the values of the organizational culture. If they fail to adopt, they are put in adverse conditions. They should not be permitted to destroy the existing culture of the organization. They are forced to resign if the do not perform according to the norms and values of the organization after their intensive training programme.

Metamorphosis stage: Employees are required to change their values which are contrary to those of the organization. The socialisation process is reintroduced for emphasising divestiture, stripping away and replacing their own values. Perception, learning and personality development programmes are used to change the values of the employees to bring them on par with those of the organization. The group values and norms are made sacred objectives which should be achieved by individuals. Role models are used to train and encourage the employees. Monitoring and self-exercise programmes are held to make people organization-minded. A serial socialisation is needed for changing the employees' values for organizational values.

Check Your Progress

1. Name the two schemes used to define and measure of organizational climate.
2. What forms are the basis for creating the organizational culture?
3. Which type of programmes are used to change the values and norms of employees to bring them on par with those of the organization?

13.4 CHANGE AND ORGANIZATIONAL CULTURE

Although international business, to some degree, has existed for centuries, the second half of the last century was most influential in bringing the world closer to itself. The world, since 1950s has entered an era of unprecedented global economic activity, including worldwide production, distribution and global strategic alliances. More recently, in the last decade of the last century, India and China have opened up for entry of multinational companies. Some other closed markets under communism and social economies, such as one time Soviet Union and Eastern Europe have joined the international economic arena. Some multinational companies such as IBM, GE, BP and Siemens do business in more than 50 countries. According to Mitroft, 'For all practical purposes all business today is global. Firms, industries and whole societies that clearly understand the new rules of doing business in a world economy will prosper; those that do not will perish'.

Culture defines behaviour of people and organizations and international managers are increasingly recognizing the influence of national culture on organizational functioning. They are being trained in acquiring the skills of cross-cultural management and they study the behaviour of people in organizational settings around the world. They seek to understand and improve the interaction with co-workers, clients, suppliers and alliance partners from different countries and cultures. Often multilingual, the global manager thinks with a world view and develops his strategy on the basis of diverse beliefs, behaviour and practices of people of different countries. He adopts well to different business environments and solves problems quickly relative to the environment he is in. He understands and respects different government and political systems and he communicates in the cultural context of a given class of people. Experienced international managers understand the need for 'global mindset' of cultural adaptability, flexibility, patience and respect.

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13.5 IMPACT OF ORGANIZATIONAL CULTURE

Culture to an organization is an intangible force, with far reaching consequences. It plays several important roles in organizations. Different functions performed by culture are discussed below.

Culture Gives a Sense of Identity to Its Members

An organization's culture provides a sense of identity to its members. The more clearly an organization's shared perception and values are defined, the more strongly people can associate themselves with their organization's mission and feel a vital part of it.

Culture Helps to Generate Commitment Among Employees

The second important function of culture is generating commitment to the organization's mission. Sometimes it is difficult for people to go beyond thinking of their own interest: How will this affect me? However, when there is a strong, overarching culture, people feel that they are part of that larger, well-defined whole and involved in the entire organization's work. Not just focussed on any one individual's interest, culture reminds people of what their organization is all about.

Culture Serves to Clarify and Reinforce Standards of Behaviour

A third important function of culture is that it serves to clarify and reinforce standards of behaviour. While it is essential for newcomers, it is also beneficial for veterans. In essence, culture guides employees' words and deeds, making it clear what they should do or say in a given situation. In this sense, it provides stability to behaviour, both with respect to what an individual might do at different times and what different individuals may do at the same time. For example, in a company with a culture that strongly supports customer satisfaction, employees will have clear guidance as to how they are expected to behave; doing whatever it takes to please the customer. By serving these important roles, it is clear that culture is an important force influencing behaviour in organizations.

13.5.1 Theories

No single framework for describing the values in organizational culture has emerged; however, several frameworks have been suggested. Although these frameworks were developed in the 1980s, their ideas about organizational culture are influential even today. Some of the "excellent" companies that they described are less excellent now, but the concepts are still used in companies all over the world. Managers should evaluate the various parts of the frameworks described and use the parts that fit the strategic and cultural values for their own organization.

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1. The Ouchi Framework

One of the first researchers to focus explicitly on analysing the culture of a limited group of firms was William G. Ouchi (1981). Ouchi analysed the organizational culture of three groups of firms, which he characterized as (1) typical US firms, (2) typical Japanese firms, and (3) type Z US firms.

Based on his analysis, Ouchi developed a list of seven points on which these three types of firms can be compared. He argued that the cultures of typical Japanese firms and US type Z firms are very different from those of typical US firms and that these differences explain the success of many Japanese firms and US type Z firms and the difficulties faced by typical US firms. The seven points of comparison developed by Ouchi are as follows:

(i) Commitment to employees

According to Ouchi, typical Japanese and Type Z US firms share the cultural value of trying to retain employees. Thus, both types of firms layoff employees only as a last resort. In Japan, the value of "keeping employees on" often takes the form of lifetime employment. This cultural value is manifested in a commitment of what Ouchi called "long-term employment."

Ouchi suggested that typical US firms do not have the same cultural commitment to employees as Japanese firms and US type Z firms do. In reality, American workers and managers often spend their entire careers in a relatively small number of companies. Still there is a cultural expectation that if there is a serious downtown in a firm's fortune, change of ownership, or a merger, workers and managers will be let go.

(ii) Evaluation

Ouchi observed that in Japanese and type Z US companies, appropriate evaluation of workers and managers is thought to take a very long time—up to 10 years—and requires the use of qualitative as well as quantitative information about performance. For this reason, promotion in their firms is relatively slow, and promotion decisions are made only after interviews with many people who have had contacts with the person being evaluated.

(iii) Careers

Ouchi next observed that the careers most valued in Japanese and Type Z US firms span multiple functions. In Japan, this value had led to very broad career paths, which may result in employees gaining experience in six or

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seven distinct business functions. The career paths in type Z US firms are somewhat narrower.

However, the career path valued in typical US firms is considerably narrower. Ouchi's research indicated that most US managers perform only one or two different functions in their careers. This narrow career path reflects the value of specialization that is part of so many US firms.

(iv) Control

All organizations must exert some level of control to achieve coordinated action. Thus, it is not surprising that firms in the US and Japan have developed cultural values related to organizational control on how to manage it. Most Japanese and type Z US firms assume that control is exercised through implicit, informal mechanisms. One of the most powerful of these mechanisms is the organizational culture.

In contrast, typical US firms expect guidance to come through explicit directions in the form of job descriptions, delineation of authority, and various rules and procedures, rather than informal and implicit cultural values.

(v) Decision-making

Japanese and type Z US firms have a strong cultural expectation that decision making occurs in groups and is based on the principles of full information sharing and consensus. In most typical US firms, individual decision making is considered appropriate.

(vi) Responsibility

Here, the parallels between Japanese firms and type Z US firms break down. Ouchi showed that in Japan strong cultural norms support collective responsibility, that is, the group as a whole, rather than a single person, is held responsible for decisions made by the group. However, in type Z US firms and typical US firms, individuals are expected to take responsibility for decisions.

(vii) Concern for people

In Japanese firms and type Z firms, the cultural value that dominates is a holistic concern for workers and managers. Holistic concern extends beyond concern for a person simply as a worker or a manager to concern about that person's home life, hobbies, personal beliefs, hopes, fears, and aspirations. In typical US firms, the concern for people is a narrow one that focuses on the workplace. A culture that emphasizes a strong concern for people, rather than the one that describes a work task orientation can decrease worker turnover (Powell and Mainiero 1993).

Theory Z and performance

Ouchi argued that the cultures of Japanese and type Z firms help them outperform typical US firms. Toyota imported the management style and culture that succeeded in Japan into its manufacturing facilities in North America. Toyota's success has often been attributed to the ability of Japanese and type Z firms to systematically invest in their employees and operations over long periods, resulting in steady and significant improvement in long-term performance.

2. The Peters and Waterman Approach

Tom Peters and Robert Waterman (1982) in their best seller "In search of Excellence" focused even more explicitly than Ouchi on the relationship between organizational culture and performance. Peters and Waterman chose a sample of highly successful US firms and sought to describe the management practices that led to their success. Their analysis rapidly turned to the cultural values that led to successful management practices. Some of the excellent values practiced in the sample firms are as follows:

(i) Bias for action

According to Peters and Waterman, successful firms have a bias for action. Managers in these firms are expected to make decisions even if all the facts are not in. They argued that for many important decisions, all the facts will never be in. Delaying decision making in these situations is the same as never making decisions. Meanwhile, other firms probably will have captured whatever business initiatives that existed. On average, according to these authors, organizations with cultural values that include a bias for action outperform firms without such values.

(ii) Stay close to the customer

Peters and Waterman believe that firms which value customers over anything else outperform firms without this value. The customer is a source of information about current products, a source of ideas about future products, and responsible for the firm's current and future financial performance. Focusing on the customer, meeting the customer's needs, and pampering the customer when necessary lead to superior performance.

(iii) Autonomy and entrepreneurship

Peters and Waterman maintained that successful firms fight the lack of innovation and the bureaucracy usually associated with large size. They do this by breaking the company into smaller, more manageable pieces and then encouraging independent, innovative activities within smaller business segments. Stories often exist in these organizations about the junior engineer, who takes a risk and influences major product decisions, or of the junior manager, who implements a new and highly successful marketing plan because he is dissatisfied with the current plan.

(iv) Productivity through people

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Peters and Waterman believe that successful firms recognize that their most important assets are their people—both workers and managers—and that the organization's purpose is to let its people flourish. It is a basic value of the organizational culture—a belief that treating people with respect and dignity is not only appropriate but also essential to success.

(v) Hands-on management

They also noted that the firms they studied insisted that senior managers stay in touch with the firm's essential business. It is an expectation, reflecting deeply embedded cultural norms that managers should not manage from behind the closed door of their offices but by "wandering around" the plant, the design facility, the research and development department, and so on.

(vi) Stick to the knitting

Another cultural value characteristic of excellent firms is their reluctance to engage in business outside their areas of expertise. These firms reject the concept of diversification, the practice of buying and operating businesses in unrelated industries. This notion is currently referred to as relying on the "core competencies," or what the company does best.

(vii) Simple form, lean staff

According to Peters and Waterman, successful firms tend to have few administrative layers and relatively small corporate staff group. In companies that are managed excellently, importance is measured not only by the number of people who report to the manager but also by the manager's impact on the organization's performance. The cultural values in these firms tell managers that the performance of the staff is more important than their number.

(viii) Simultaneously loose and tight organization

The final attribute of organizational culture identified by Peter and Watermen appears contradictory. The firms are tightly organized because all their members understand and believe in the firm's values. This common cultural bond is the strong glue that holds the firms together. At the same time, however, the firms are loosely organized because they tend to have less administrative overheads, fewer staff members, and fewer rules and regulations. The result is increased innovation and risk taking and faster response time.

3. The Udai Pareek Approach

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According to Pareek (2002), there are eight values that govern the culture of an organization. These eight values together are responsible for making the culture of an organization strong or weak. These are as follows:

(i) Openness

As the term implies openness refers to free sharing of thoughts, ideas, and feelings with each other in an organization. The open environment of the organization results in a culture where employees have no reservation or negative hidden feelings against each other. In situations of disagreements they are able to come out openly and share their concerns with each other. Openness also deals with doing away with the physical boundaries and erected walls in the organizations. Openness has to be practiced both in terms of giving as well as receiving information at all levels in the organization.

(ii) Confrontation

With openness comes the ability to face the situation as it comes to us rather than move away from it. In cases where there is willingness to face the problem and solve it, many interpersonal differences are resolved and individuals come forward with their ideas and solutions.

(iii) Trust

The surety with which people can share their confidential information with each other without the fear of it being known all over the organization reflects the level of trust in the organization. In organizations where trust is high among employees, there is better problem solving and less stress.

(iv) Authenticity

This refers to the equivalence that members of an organization have between their words and deeds. If people do what they say and feel, it leads to high level of openness and trust in organizations.

(v) Proactivity

Proactive organizations are ready to face any eventuality and are prepared for adversaries too. Proactive individuals are more calm and relaxed in their behaviour towards others. With proactivity, there is a possibility of thinking and planning ahead and being prepared to encounter situations or individuals.

(vi) Autonomy

It involves giving enough space to other individuals in the organization as you would seek for yourself. A person with knowledge and competence should be given freedom to take the decisions for the department or the organization.

This promotes a sense of achievement and self-confidence among employees thereby leading to mutual respect.

(vii) Collaboration

Organizations consist of individuals who are expected to work together in a group and this sense of togetherness can only be generated by the top management in organizations. People should be forced to learn to work together to develop a sense of team spirit. It will result in openness, trust among members, sharing, and a sense of belongingness and commitment to the organization.

(viii) Experimentation

In this age of scarce resources, and fast change, any organization which is not willing to try out new and better ways of working is likely to perish fast. Individuals as well as organizations can sustain themselves only if they are able to experiment with the available resources and identify and develop better approaches to deal with the problems. There has to be out of the box thinking in which nothing that is obsolete is likely to be accepted.

13.5.2 Issues in Organizational Culture

The following are some of the issues in organizational culture:

- Maintaining the organizational culture. This involves employee engagement at all times
- Reinforcing organizational culture through different actions so that the employees do not forget that the ideas of the organizational are not for a one time show or biased towards one group etc.
- Many times the employees might get the feeling that the organizational culture is to be maintained overall and that they are not important part of it. So, it is crucial that the managers ensure that every employee understands that he/she is important in the process.
- Employees rely on their instincts which might or might not be based on evidence or are actually opposing to the organization. It is important that the organizational culture is clearly understood and maintained.
- The organization culture might become outdated or regressive if they are not adaptive to the change in the environment.
- The different departments in the organization might become a hindrance to organizational culture if the employees create invisible walls between themselves.

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Check Your Progress

4. Who was one of the first researchers to focus explicitly on analysing the culture of a limited group of firms?
5. List the eight values that govern the organizational culture as pre the Udai Pareek approach.

13.6 ORGANIZATIONAL CHANGE

If we see around us, life is changing every moment. *Maya*, the Sanskrit word, means 'life is an illusion'—the world around us is steady and not changing. A good leader looks beyond the illusion of 'changelessness' and unearths opportunities for change. There have been several passionate arguments put forward by academics about which comes first—a change in attitude or a change in behavior. In organizational terms, this means do we help the people challenge their beliefs and thus bring about behavioural change, or do we encourage them to experiment with behavioural change in the hope that different results will revolutionize their thinking. Well, the answer is both.

Change takes place even when employees do not believe it will. They may not be susceptible to change or even detest the idea of behaving differently, but as long as they stay open to the possibility, they are on the road to change. This is because the act of doing something differently will start to influence their belief systems. In addition, the response received from others will reinforce the new behavior. For example, a CEO of an organization might want to be less positioned, more flexible and visibly vulnerable in looking for conflict resolutions vis-a-vis peers. However, this CEO might have a dualistic approach to thinking—perceiving two alternatives to every problem: 'him' or 'they'. Thus, from this perspective, there could only be one 'winner', and the CEO will obviously be determined to win.

The management should realize the value of effective employees' cooperation and collaboration, and motivation in the workplace. Before putting into practice a change in an organization, managers should understand that different people hold dissimilar opinions about change. Also, not all employees are candid and willing to be straightforward with their managers. Therefore, managers should have the initiative to interact with all employees and keep them informed about any organizational change. By communicating and listening to employees, managers can be aware of their unfulfilled needs and resistance to change. In other words, the communication should be improved between managers and employees, in places where employees are not too keen on change.

While implementing organizational change, managers should be able to understand employees' attitudes, but also they should keep in mind how the employees feel. As leaders, managers should guide and direct employees along the organizational change process, appreciate the significance of employees' motivation to proceed with change, and be open to new ideas that come from employees. Listening and explaining to employees is an essential process to convince them about the projected benefits that are expected from the introduced change.

As soon as the change is implemented, managers should continue to communicate with employees about the benefits of the new working environment. This will promote an open exchange of ideas and information among all parties. By being helpful, managers can discover to what extent change affects employees and take remedial actions immediately to support them. For example, managers should be aware that although organizational change impacts that bring positive results into the industry do not necessarily bring about the same outcome to employees. Change of a working system may increase employees' income with extra workload which can in turn creating fatigue and low spirits.

Levels of Change

There are various levels within the organizational domain where changes can be brought about for operational enhancement of the organization as well as desirable behaviour of members. The various types of changes that can have considerable impact on the organizational culture are:

- ***Strategic change:*** This is a change in the very mission of the organization. A single mission may have to be changed to multiple missions. For example, when British Airways acquired a major part of US Air, the culture of the entire organization had to be modified to accommodate various aspects of American organizational culture into the British organizational culture.
- ***Structural change:*** Decentralized operations and participative management style have been seen as more recent trends in the organizational structure. Since these structural changes shift the authority and responsibility to generally lower level management, it has a major impact on an organization's social climate and members have to be prepared to develop a team spirit as well as acquire skills to make on-the-spot decisions at points of operations.
- ***Process-oriented change:*** These changes relate to technological developments, information processing, automation and use of robotics in the manufacturing operations. This means replacing or retraining personnel, heavy capital equipment investment and operational changes. This would affect the organizational culture and hence changes in the behaviour patterns of members.

- ***People-oriented change:*** Even though, any organizational change affects people in some form, it is important that the behaviour and attitudes of the members be predictable and in accordance with the expectations of the organization and be consistent with the mission and policies of the enterprise. These changes are directed towards performance improvement, group cohesion, dedication and loyalty to the organization as well as developing a sense of self-actualization among the members. These can be developed by closer interaction with employees and by special behavioural training and modification sessions.

You will learn more about the concept of organizational change in Unit 14.

Check Your Progress

6. What should managers do right after organizational change is implemented?
7. What is process oriented change?

13.7 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The two schemes used to define and measure of organizational climate are the following:
   - Cognitive schema approach
   - Shared perception approach
2. The mission and vision of the founder members of an organization are the basis for creating the organizational culture.
3. Perception, learning and personality development programmes are used to change the values of the employees to bring them on par with those of the organization.
4. One of the first researchers to focus explicitly on analyzing the culture of a limited group of firms was William G. Ouchi.
5. The eight values that govern the organizational culture as pre the Udai Pareek approach are the following:
   - Confrontation
   - Trust
   - Authenticity
   - Proactivity

- Autonomy
- Collaboration
- Experimentation

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6. As soon as the change is implemented, managers should continue to communicate with employees about the benefits of the new working environment. This will promote an open exchange of ideas and information among all parties.
7. Process-oriented change: These changes relate to technological developments, information processing, automation and use of robotics in the manufacturing operations. This means replacing or retraining personnel, heavy capital equipment investment and operational changes. This would affect the organizational culture and hence changes in the behaviour patterns of members.

13.8 SUMMARY

- Organizational culture is a system of shared beliefs and attitudes that develop within an organization and guides the behaviour of its members. It is also known as corporate culture, and has a major impact on the performance of organizations and especially on the quality of work life experienced by the employees at all levels of the organizational hierarchy.
- While culture has been a continuous development of values and attitudes over many generations, at least the organizational culture can be partially traced back to the values held by the founders of the organization.
- The process of quantifying culture in an organization is called organizational climate. This is also referred as corporate culture. According to this process, an employee's behaviour is influenced by a set of guidelines laid down by the organization.
- The traditions and way of life of the employees create culture in an organization. The organizational culture is known by its employees' behaviour and attitudes. The early traditions are the basis of culture in an organization.
- Sustaining and maintaining culture is essential for the organization to make it a permanent source of energy. The experience gained by predecessors must be continued by the subsequent successors.
- Although international business, to some degree, has existed for centuries, the second half of the last century was most influential in bringing the world closer to itself.

- Culture to an organization is an intangible force, with far reaching consequences. It plays several important roles in organizations.
- No single framework for describing the values in organizational culture has emerged; however, several frameworks have been suggested. Although these frameworks were developed in the 1980s, their ideas about organizational culture are influential even today.
- Change is a phenomenon that pushes us out of our comfort zone. It is for the better or for the worse, depending on how it is viewed. Change has an adjustment timeline that varies from person to person.
- A good leader looks beyond the illusion of 'changelessness' and unearths opportunities for change.
- The management should realize the value of effective employees' cooperation and collaboration, and motivation in the workplace. Before putting into practice a change in an organization, managers should understand that different people hold dissimilar opinions about change.
- There are various levels within the organizational domain where changes can be brought about for operational enhancement of the organization as well as desirable behaviour of members.

13.9 KEY WORDS

- **Organizational culture:** It is a system of shared beliefs and attitudes that develop within an organization and guides the behaviour of its members.
- **Organizational climate:** The process of quantifying culture in an organization is called organizational climate.
- **Change:** It is defined as the act or process of doing something different.

13.10 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short Answer Questions

1. Write a short note on the significance of organizational culture.
2. How has the organizational culture responded to with the changing global scenario?
3. What are the issues faced in organizational culture?
4. 'The management should realize the value of effective employees' cooperation and collaboration, and motivation in the workplace.' Comment.

Long Answer Questions

1. 'Sustaining and maintaining culture is essential for the organization to make it a permanent source of energy.' Explain the statement.
2. Discuss the Ouchi Framework developed by William Ouchi with reference to organizational culture.
3. Explain the theories of organizational culture.
4. Discuss the levels of change.

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13.11 FURTHER READINGS

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UNIT 14 ORGANIZATIONAL CHANGE

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Structure

14.0 INTRODUCTION

In the previous unit, you were introduced to the concept of organizational change. In this unit, you will learn its need and nature, causes, factors of resistance and application in the hospital setting. Change is a phenomenon that pushes us out of our comfort zone. It is for the better or for the worse, depending on how it is viewed. Change has an adjustment timeline that varies from person to person. Change has a negative effect on those who do not want to let go. Being flexible is the key. For instance, a roller coaster ride can symbolically be indicative of change—it can be fun if you know when to lean and create balance. Change is not related to the mantra 'just hang in there', but the mantra 'you can make it'. It is not associated with worrying. Change spurs you to achieve your best. It will cause you to learn.

14.1 OBJECTIVES

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

- Discuss the need and nature of organizational change
- Explain the causes of change

- Examine the resistance to change
- Describe management of change in hospitals

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14.2 NEED AND NATURE

Managers who are interested in implementing change are required to be aware of the nature of organizational change which includes two important aspects of change: (1) Diagnosis and (2) Implementation

1. **Diagnosis:** The first, most important stage of any change effort is diagnosis. Broadly defined, the skills of diagnosis include putting forward correct questions at correct time, assessing the organizational culture, developing the strategies for research and gathering information or data, and developing ways to process and interpret data. In diagnosing change, managers should attempt to find out: (a) what is actually happening now in a particular situation; (b) what is likely to happen in the future if no change effort is made; (c) what would people ideally want in a situation like this; and (d) what are the blocks, or restraints, stopping movement from the actual to the ideal.

   There are two steps in the diagnostic process. These are discussed below.

   (i) Point of view: There are various people whose interests have to be protected by the organization. It is, therefore, necessary to decide from whose point of view you are to observe the organization and from whose point of view the change should be implemented—your own, your boss, your associates, your followers or an consultant? Ideally, to assess the complete problem, you need to examine the condition from the perspective of the person whose life would be influnced by the change. Their interest is of great importance for an organization to sustain and grow in the present fast-moving world.

   (ii) Identification of problem(s): Any change effort begins with the identification of problem(s). There exists a problem in a situation when what actually happens (the real) differs from what, according to you, should happen (the ideal). What is important is the end result that an organization can offer to its customers. Is the work group functioning in a harmonious manner? Is there a conflicting situation in the organization? If the response is in the negative for the former and positive in the latter, then there is a problem of behavioural nature and suitable change efforts may be required sooner than later. Before implementing any change, a leader will

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have to observe the battle indications in the organization. High level of absenteeism, more wastage in the use of raw materials, irrational behaviour of various employees, and not meeting various targets are enough indications to show that a problem exists, that it needs to diagnosed and the kind of change required to be effected needs to be decided. The discrepancy may be in the end result variables like low production or insufficient sales by the marketing department. Alternatively, problems may exist in causal factors, that is, the independent variables like leadership style, motivation levels of the employees, or the delegation of authority and empowerment. Depending upon the situation, suitable change strategies may have to be employed by the organization.

2. **Implementation:** It involves using the data collected during diagnosis to accomplish the targets and plan for the organizational change. Questions such as the following must be asked: How can change be affected in a work group or organization, and how will it be received? What is adaptive, and what is resistant to change within the environment?

14.2.1 Causes of Change

Change is inevitable. Nothing is permanent, except for change. It is the management's duty to see that change is managed properly. Organizations must keep a watch on the environment and incorporate suitable changes that the situation may demand. As mentioned earlier, change is a continuous phenomenon. Organizations must be proactive in effecting change. Even in the most stable organizations, change is necessary just to maintain a certain level of stability. The major environmental forces that make change necessary are technology, market forces and socio-economic factors. Resistance to change is counterproductive for growth and destructive by nature; it is, therefore, undesirable. Managers must, hence, evolve policies to effect change. According to Barney and Griffin, 'the primary reason cited for organizational problems is the failure by managers to properly anticipate or respond to forces for change'.

The following are the characteristics of change:

- Change refers to any alteration that occurs in the overall work environment of an organization. It relates to changes in technology, organizational structure, working processes, work environment, organizational policy and the roles people play.
- The introduction of change in one part of an organization forces a change in other parts of the organization. If the change is beneficial, people accept it willingly. If it is not desirable, there is great resistance. If it is of no consequence to the people, they may adopt an attitude of indifference.

- If they consider the change detrimental to their growth and prosperity, they may resist through counter pressure. This reaction is based on their perception of the change and not necessarily on reality or facts.

There are various factors that must be considered in order to implement change. Organizations undergo change because of several reasons as studied earlier. Some of the external causes are as follows:

- Government policies
- Economic changes
- Competition from peers
- Cost of raw materials
- Pressure groups/lobbies
- Information technology
- Scarcity of labour
- Societal pressures
- Legal requirements

Some of the internal causes are as follows:

- Leadership changes
- Decline in profitability
- Change in employee profiles
- Trade unionism
- Low morale

The organizational changes that are commonly seen in the contemporary world are downsizing/rightsizing, introduction of new technology, mergers and acquisitions.

14.2.2 Forces that Introduce Change

There are two major forces that introduce changes. These are:

1. External reasons

Technology is a major external force that calls for change. In recent times, information technology (IT) has had a remarkable impact on the ability of managers to use information to arrive at a decision. Storage, retrieval of information and its utilization are important aspects of technology. Where human beings cannot operate, robots has been introduced to work for and on behalf of human beings. Financial decisions, operations, product features, new product development, market potential and marketing strategies are changing at a fast pace and organizations must carry out appropriate and timely change so as to avoid being left behind in the race. With liberalization, the market has become one large entity. Organizations must, therefore, be highly sensitive to changes in the external environment. The external environment is task-related and general in nature. A task-related environment has a direct influence on the health of an organization. It consists of customers, competitors, suppliers, labour and stakeholders. All these factors induce change in the organization. The general environment consists of political, legal, economic, socio-cultural and technological forces and change in government polices or fiscal policies that have a direct impact on the organization. For example, a change in the needs, expectations and desires of society for housing has changed the outlook of the financial sector and loans are now easily available to all sections of society.

2. Internal reasons

Once organizations adapt to external change, the managers have to take appropriate steps as far as internal systems are concerned—change of process, modification to human behaviour, training and development of the workforce based on new technology and adopting new polices that are beneficial to the organization. Owing to current social changes in which women are taking up jobs in greater numbers, childcare, more and frequent rest periods and greater flexibility of time may be necessary. Workers are more educated and are aware of their duties and rights. This may necessitate change in corporate policies towards wage and salary structure and implementation, promotion policy and management obligation towards them. Customers, shareholders, boards of directors and employees may bring about changes in the internal environment. These, however, have to be in line with the external factors and not arbitrary. Change, which is deliberately designed and implemented, is 'planned change'. This is carried out to counter threats and encash opportunities. 'Reactive changes' are unknown and caused as a response to sudden surprises like change in price of a particular product. It is, therefore, necessary that the management is 'proactive' in incorporating change with fewer surprises. It must build on the organization's strengths and take appropriate preventive actions on its weaknesses in order to be competitive in the marketplace.

Proactive Vs. Reaction Change

According to Nadler discontinuous change involves a breakfrom the past and a major reconstruction of the entire organization. Reactive change occurs when an organization must respond to environmental changes. Nadler et al., refer to anticipatory change as occurring when an organization acts in anticipation of changes that may occur in the future. Whereas incremental and discontinuous changes refer to the continuity of change, reactive and anticipatory changes

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address the timing of it. These four types of change also differ by their driving force, focus, pacing, and approach to management, and each has different implications for organizational behaviour. For instance, an organization that experiences both reactive and incremental change typically expresses an adaptive behaviour, whereas an organization experiencing discontinuous and anticipatory change may focus on reorienting itself by fundamentally redefining itself. Unplanned change usually occurs because of a major, sudden surprise to the organization, which causes its members to respond in a highly reactive and disorganized fashion. Unplanned change might occur when the Chief Executive Officer suddenly leaves the organization, significant public relations problems occur, poor product performance quickly results in loss of customers, or other disruptive situations arise. Planned change occurs when leaders in the organization recognize the need for a major change and proactively organize a plan to accomplish the change. Planned change occurs with successful implementation of a Strategic Plan, plan for reorganization, or other implementation of a change of this magnitude. Note that planned change, even though based on a proactive and well done plan, often does not occur in a highly organized fashion. Instead, planned change tends to occur in more of a chaotic and disruptive fashion than expected by participants.

Stability Vs. Change

In every organization, there are found two types of forces: forces of stability and forces of change. In depends on the management to find a balance between the two or give more priority to one and less to another.

Three factors make up the forces of stability in an organization: consistency, maintaining the status quo and predictability. The strategic vision and process are very clearly prescribed and followed within a set structure in such organizations. Some examples of forces of stability are: Mature company hierarchy, Job security, Logical order and flow, Continuity in task or project management, Predictability in role's responsibilities, Confidence in taking risks to find solutions, Formalization of policies and procedures and Consistency and standardization in work.

The factors which define the forces of change in an organization are flexibility and adaptability. These types of organization are more insistent on innovating, setting themselves apart and improving at every stage. Some examples of forces of change in an organization are exploring opportunities for growth and development, adapting to customer feedback, analysing and facing competitive pressure, seeking out creative solutions to problems or challenges, innovating to improve employees or the organization and expanding into new areas internally or externally.

It becomes the duty of the manager to balance the two forces in the organization as per the broad organizational objectives and vision.

14.2.3 Managing Change

Organizations must plan to implement change in a systematic manner. They must identify the field in which the change is required and ascertain whether it is strategic, structural, process-oriented or cultural. Changes can also be affected in all the areas concurrently, but it must be managed appropriately so that there is no bottleneck effect. Once the need for change is identified as also the area in which it is to be implemented, the following steps are suggested:

Step 1—Develop new goals and objectives

Objectives and goals that are derived out of mission statements may need revision due to changes in external or internal forces.

Step 2—Elect an agent for change

It is the responsibility of the management to entrust execution of change to the appropriate authority. A manager may be given this responsibility. A change agent can also be employed from outside for the purpose. A specialist or a consultant can be brought in to suggest change and monitor implementation.

Step 3—Diagnose the problem

Diagnosis is the first step implementing change. If an organization has a large employee turnover, then the data must be collected and made available to the consultant so that the reasons for turnover can be identified and appropriate corrective measures can be selected. The process of identifying a problem is not as simple as it appears. This itself may need research.

Step 4—Select a methodology

It is easy, in corporate terms, to implement material change as a part of change in the system. What is important is to protect the emotions of the employees which must be considered during the selection of methods, so that it is easier to implement at a later stage.

Step 5—Develop a plan

If the organization wants to reduce employee turnover, it may carry out a comparative study of other organizations with respect to job content, reward system, employee performance appraisal system, promotion criteria, training and development and the strategy adopted by the organization for its growth. Based on the examination of these factors, the consultant in charge of this would be able to develop a plan for change. It may require introducing a new training and development policy that can reduce employee turnover. While developing a plan, various other factors must also be reviewed. Plans should not be finalized in isolation. All department heads must be co-opted in the exercise.

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Step 6—Draw a strategy for implementation

Care must be taken to consider the timing of any change that is to be implemented. A deliberate decision must be taken in this regard. For example, in the case of a hike in the price of a product, the decision to implement change is critical. If the change is related to internal employees, it must be communicated at an appropriate time so that there is no resistance to planned change.

Step 7—Implement the plan

Once the decision to implement the plan and the mode by which the plan is to be implemented is decided, it is the responsibility of the various departments to implement the same. This may need notification, briefing sessions or inhouse seminars so as to ensure the acceptance of all members of the organizations, especially those who are likely to get affected. Implementation may be for a short duration as a one-time change of system or process but its aftermath is of great value. Employee reactions in terms of attitudes, aspirations, emotions and behaviour must be channellized in positive directions with change.

Step 8—Evaluate and give feedback

The result of the change must be evaluated and suitable feedback given. If modification to training and development causes a decrease in employee turnover, the objective of the change would be deemed to have been achieved. If the results are contrary to expectation, then a new change may be required to diagnose the cause.

Check Your Progress

1. What is the process of skills of diagnosis?
2. Mention some of the constituents of task-related environment.
3. Give examples of forces of stability.

14.3 RESISTANCE TO CHANGE

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Although organizations initiate changes in order to adjust to the changes in their environments but people sometimes resist them. Therefore, managers need to recognize the manifestations of resistance both in themselves and in others, if they want to be more effective in supporting change.

The sources of resistance to change within organizations are classified into organizational sources of resistance and individual sources of resistance.

Organizational Sources of Resistance

According to Daniel Kantz and Robert L Khan, organizational sources of resistance can be divided into following six general groups.

1. Over determination or structural inertia refers to the tendency of an organization's rules, policies and structure to maintain the existing conditions and therefore resist change even when change would benefit the organization more than stability.
2. When an organization tries to change one of its division or part of the division without recognizing the interdependence of the division with other divisions of the organization, then it is said to have a narrow focus of change. Often a part of division cannot be changed without changing the whole division.
3. Group inertia may weaken an individual's attempt to bring about change.
4. Resistance may also take the form of threatened expertise if the change tends to weaken special expertise built after years of experience. Organizational restructuring that involves reducing the number of job categories often meets this kind of resistance.
5. Any change that may alter the power relationships within an organization may meet the form of resistance known as 'threatened power'.
6. Resistance may occur when a change threatens quantum of resource allocation from one part of the organization to another.

Individual Sources of Resistance

According to researchers, individuals have the following reasons for resisting change:

- Simple habits create a lot of resistance. Most people prefer to do their work the way they did it last week rather than learn a new approach.

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- Perhaps the biggest cause of employee resistance to change is uncertainty. In the face of impending change, employees are likely to become anxious and nervous. They worry about their ability to meet new job demands therefore, leading to feeling of job insecurity.
- Some people resist change to avoid feeling of loss. For example, many organizations change interventions and alter work arrangements, thus disrupting existing social networks. Social relationships are important to most people, so they resist any change that might adversely affect those relationships. Change may also threaten people's feelings of familiarity and self-confidence.
- People may resist change because their perceptions of underlying circumstances differ from the perceptions of those who are promoting the change.

Overcoming Resistance to Change

Managers need not abandon planned change in the face of resistance. Before recommending specific approaches to overcome resistance, there are three key conclusions that should be kept in mind. First, an organization must be ready for change. Second, the top management should inform the employees about the process of change. Third, the employees' perceptions or interpretations of a change should be considered.

The following methods of overcoming resistance to change are as follows:

- **Participation:** Participation is generally considered the most effective technique for overcoming resistance to change. Employees who take part in planning and implementing change are better able to understand the reasons for the change than those who are not involved. They become committed to the change and make it work. Employees who have the opportunity to express their own ideas and to understand the perspectives of others are likely to accept change gracefully. It is a time consuming process.
- **Education and communication:** Educating employees about the need for and the expected results of an impending change help reduce their resistance. Managers should maintain an open channel of communication while planning and implementing change. However, it is also a time consuming process.
- **Facilitation of change:** Knowing ahead of time that employees are likely to resist change then the manager should do as much as possible to help them cope with uncertainty and feeling of loss.

Introducing change gradually, making only necessary changes, announcing changes in advance and allowing time for people to adjust to new ways of doing things can help reduce resistance.

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- **Force-field analysis:** In almost any situation where a change is being planned, there are forces acting for and against the change. In force-field analysis, the managers list each set of forces and then try to remove or minimize some of the forces acting against the change.
- **Negotiation:** Where someone or some group will clearly lose out in a change and where that group has considerable power to resist, there negotiation is required. Sometimes it is a relatively easy way to avoid major resistance.
- **Manipulation and cooperation:** This is followed when other tactics will not work or are too expensive. It can be quick and inexpensive. However, it can lead to further problems if people feel manipulated.
- **Explicit and implicit coercion:** This is adopted where speed is essential and where the change initiators possess considerable power. It is speedy and can overcome resistance.

Each of the above methods has its advantages and disadvantages. There is no universal strategy for overcoming resistance to change. Hence, an organization that plans to introduce certain changes must be prepared to face resistance from its employees. An organization should also have a planned approach to overcome such resistances.

14.4 MANAGEMENT OF CHANGE IN HOSPITALS

Trading with the change in a healthcare organization can be one of the substantial challenges for the healthcare business. Globalization, digitization and rising competition among the organizations has resulted in the emergence of new payment methods and business models. These demands and mandates, paired with the constant variation in the healthcare IT space, invariably influence the operations and outcomes of healthcare delivery. This change affects healthcare professionals at the entry level, from the physician dealing with new reimbursement models, workflow alterations and regulations to the leader evaluating strategies for profitability and patient satisfaction.

Change may require new clinical responsibilities, time for development and training, and openness to new ways of doing things. It also requires letting go of the previous practices. Change may need notable investment in people, systems, equipment and facilities, and is therefore likely to require financial backing. These challenges make the planning of the change process a prerequisite for success. Effective change has been recognized as revaluating old behaviours, instigating new ones, and locking them. Change may be continuous, irregular, occasional, or rare. The predictable change permits time for production, whereas uncertain change is tougher to answer effectively. Since changes in hospitals arise so swiftly, they are less likely to be expected.

The only viable competitive leverage today is the capability to change, transform, and develop - and to do it better than the contest. Failure rates are connected to a number of various factors such as lack of vision and commitment from senior management, limited coordination with other systems and procedures in the hospital and ill-conceived implementation ideas. If hospitals are to experience a higher level of success in their development attempts, managers and executives need to have a better skill for thinking about change and interpreting of the key issues which follow change management.

Managing change in healthcare organizations

Managing change is about gauging the difficulties of the process. It is about evaluating, planning and executing operations, schemes, and strategies and making sure that the change is worthwhile and applicable. Managing change is a composite, vigorous and demanding process. It is never a choice between technological or people focused solution but an integration of all.

Even if the change is implemented, employees want to know why change is happening and how it will be carried out. Layoffs or other organizational changes can lead to confusion, anger, and inhibitions anticipating change.

Encouraging change is both challenging and exhausting. To bring any change in the system, the managers have to evaluate the model which requires persistence against the culture and rules of conventional and orthodox behaviours. Bringing change takes time and requires dedication from the top management, managers, as well as the employees of the organization. The manager must be well versed with the vision and mission of the organization before implementing any change. She/he must be explicit about what is significant and develop reactions and dynamic actions accordingly.

An organization will not get full worth from its professional staff if they hold the reservation that they do barely what they are told. Therefore, managers have to grasp how to deal change, rather than change deals them in the way to move ahead with success In addition, leaders require knowing the change process and affairs that are mixed up with it in sequence to have the volume to lead and manage change and upgrade efforts proactively. They must grasp to overcome the barrier and cope with the confusion that naturally subsists during the composite process of change. Leaders should assist employees and other colleagues, shape and build productive teams by preparing the latest organizational structures and designing a split vision that focuses on authentic employee's production. Such influenced and instructed leadership is judgemental and essential for organizations to be fortunate.

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Effective Change Management in Healthcare Organizations

Change can be implemented successfully only if the employees are thoroughly guided throughout the process of change. It has been observed that around 70 per cent of the change initiatives fail because of negative and pessimistic attitude of the employees and unsupportive management behaviour. There are six key steps of effective change management.

- **Define the change clearly and align it to organizational goals**

  It is very important to evaluate why change is required. Ideally thorough review should be conducted by healthcare managers against the organization's vision and goals to ensure that the change will carry organization in the right direction financially, strategically and morally. This will help to assess the value of the change, which will in turn quantify the efforts and inputs one should invest in bringing change.

- **Evaluate the impact of change**

  Once the management decides exactly what it wishes to achieve by bringing change and why, impacts of the change at different levels of the organization should be determined. It is very important to review the impact of change on each organizational unit and how it will flow through the organizational structure to the employees. This will help to prepare the blueprint to identify where training and assistance is required the most to amplify the impacts.

- **Developing a communication strategy**

  All the employees should be taken into confidence and it should be clearly communicated as why change is required before taking them on the journey of change. The most effective means of communication should be identified for the employees as that will bring them on board. A proper strategy for communication should be framed including channel and medium of communication, to decide how the change will be incrementally communicated to the employees.

- **Training and counselling of the employees**

  A structured training programme should be arranged for the employees to impart the technical skills that are required to perform efficiently the moment the change is rolled out.

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- **Implementing a support structure.**

  It is essential to provide a concrete support structure to help the employees so as to enable them practically and mentally adjust to the change and to gain proficiency in the technical skills required to get the desired clinical results.

- **Measuring the change process.**

  Throughout the process of change management, it is very important to measure the business impact of the change. It should also be ensured that reinforcement opportunities should exist in order to create proficiencies. Change management plan should be evaluated continuously to analyse its impact and document any lessons learned.

  Initiating a clear observation about the management of the change operation is another key component for assuring victorious change. Calculating and monitoring outcomes of the change procedure is necessary for identifying whether or not the change action has fulfilled its motives. Since change is going to happen in organizations and connected moderations are taking place, it is important for those who are in authority of the change process to record and aim at the emerging issues due to change. This will help in addressing them in the later so that the new management system will be more capable of managing change in the genuine and best way.

To conclude, there are global changes incidence, which induce individual organizations to change appropriately in order to strive ahead. These changes have generated problems within organizations involved. Solutions are essential to overcome any rising problems due to the change that are continuously cropping up. And in sequence to keep the organization functioning adhere to the pre-determined scheme, the knowledge and skills of the managers and should be improved and necessary training provided. Individuals who are in power of the change procedure should record all arising difficulties and design an effective solution for the better future of the hospital. Changes in healthcare setting are hailed if they improve the quality and safety of the practice or save money.

However, the health care delivery system requires most importantly the support of the local population. This can be done through awareness programme. Further, clear information exchange between the public and organization is very important and highly in need. The rate of change in healthcare is rising, not slowing and the powerful forces that are transforming healthcare can produce vast economic possibilities for those who are able to engage effective survival abilities in the short term and at the same time plan for success in the long term. To establish this, an organization must tackle the forces driving change and use them to its maximum potential. Finally, change in health services requires incremental improvement on sustaining organizational capacities, more empowerment to the changing representative and continuous support to the changing managers.

Check Your Progress

4. Define the term 'threatened power'.
5. What are the conclusions that must be kept in mind before recommending specific approaches to change?

14.5 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The skills of diagnosis include putting forward correct questions at correct time, assessing the organizational culture, developing the strategies for re4search and gathering information or data and, developing ways to process and interpret data.
2. A task-related environment consists of customers, competitors, suppliers, labour and stakeholders.
3. Some examples of forces of stability are: Mature company hierarchy, job security, logical order and flow, continuity in task or project management, predictability in role's responsibilities, confidence in taking risks to find solutions, formalization of policies and procedures and consistency and standardization in work.
4. Any change that may alter the power relationships within an organization may meet the form of resistance known as 'threatened power.'
5. Before recommending specific approaches to overcome resistance, there are three key conclusions that must be kept in mind. First, an organization must be ready for change. Second, the top management should inform the employees about the process of change. Three, the employees' perceptions or interpretations of a change should be considered.

14.6 SUMMARY

- Managers who are interested in implementing change are required to be aware of the nature of organizational change which includes two important aspects of change: (1) Diagnosis and (2) Implementation.

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- There are various factors that must be considered in order to implement change. Organizations undergo change because of several reasons. These include both external and internal reasons.
- There are two major forces that introduce changes. These are: external reasons and internal reasons.
- External forces for change arise from general environment as well as from task environment. The general environment that affects the organizations indirectly consists of economic, political, legal, socio-cultural and technological forces and these forces keep the organizations alert so that they become aware of any changes in the direction and momentum of these forces.
- Task related environment has direct influence on the health of the organizations and it consists of customers, competitors, suppliers, labour, stockholders and so on. All these factors can induce a change in the organizational direction.
- Internal forces for change could be reactive that would constitute a response to outside forces or these could be proactive that brings in change induced by management in anticipation of different and beneficial internal environment that could result because of this internal change.
- Change, which is deliberately designed and implemented, is 'planned change'. This is carried out to counter threats and encash opportunities. 'Reactive changes' are unknown and caused as a response to sudden surprises like change in price of a particular product. It is, therefore, necessary that the management is 'proactive' in incorporating change with fewer surprises. It must build on the organization's strengths and take appropriate preventive actions on its weaknesses in order to be competitive in the marketplace.
- In every organization, there are found two types of forces: forces of stability and forces of change.
- Organizations must plan to implement change in a systematic manner. They must identify the field in which the change is required and ascertain whether it is strategic, structural, process-oriented or cultural.
- The sources of resistance to change within organizations are classified into organizational sources of resistance and individual sources of resistance.

- There are many methods of overcoming resistance to change including: participation, education and communication, facilitation of change, force-field analysis, negotiation, manipulation and cooperation as well as explicit and implicit coercion.

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14.7 KEY WORDS

- **Reactive changes:** It refers to the change which occurs when an organization must respond to the unknown and sudden environmental changes.
- **Planned changes:** It occurs when leaders in the organization recognize the need for a major change and proactively organize a plan to accomplish the change.
- **Force-field analysis:** It refers to the method of overcoming change in which the managers list each set of forces and then try to remove or minimize some of the forces acting against the change.

14.8 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short Answer Questions

1. What are the two steps in the diagnostic process of implementing change?
2. State the characteristics of change.
3. What are the causes of change?
4. Briefly explain the organizational and individual sources of resistance to change.

Long Answer Questions

1. Discuss the forces that introduce change.
2. Describe the process of managing change.
3. Explain the methods for overcoming resistance to change.
4. Discuss management of change in hospitals.

14.9 FURTHER READINGS

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