

## **DBA 1744 STRATEGIC HUMAN MANAGEMENT AND DEVELOPMENT**

### **UNIT I – HUMAN RESOURCE DEVELOPMENT**

Meaning- Strategic framework for HRM and HRD –Vision, Mission and Value-Importance –Challenges to organisations –HRD functions –Roles of HRD professionals –HRD needs assessment –HRD practices –Measures of HRD performance – Links to HR, Strategy and business goals –HRD program implementation and evaluation – Recent trends –strategic capability, bench marking and HRD audit.

### **UNIT II– E-HRM**

E - Employee profile – E- selection and recruitment – Virtual learning and orientation – E-training and development – E- performance management and compensation design –Development and implementation of HRIS- Designing HR portals –Issues in employee privacy –Employee surveys online.

### **UNIT III – CROSS CULTURAL HRM**

Domestic Vs International HRM – Cultural dynamics – Culture assessment - Cross cultural education and training programs – Leadership and strategic HR issues in international assignments – Current challenges in outsourcing, cross border M and A-Repatriation etc. – Building muticultural organisations- international compensation.

### **UNIT IV – CAREER & COMPETENCY DEVELOPMENT**

Career concepts – Roles – Career stages – Career planning and process – Career development models- Career motivation and enrichment – Managing career plateaus –Designing effective career development systems- Competencies and career management- Competency mapping models- Equity and competency based compensation.

### **UNIT V – EMPLOYEE COACHING & COUNSELING**

Need for coaching – Role of HR in coaching – Coaching and performance- Skills for effective coaching – Coaching effectiveness – Need for counselling – Role of HR in counseling – Components of counseling programs –Counseling effectiveness –Employee health and welfare programs – Work stress- Sources – Consequencies – Stress management techniques – Eastern and Western practices- Self management and Emotional intelligence.

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# UNIT I

## NOTES

### HUMAN RESOURCE DEVELOPMENT

#### 1.1 INTRODUCTION

Organizations are increasingly looking at human resources as a unique asset that can provide sustained competitive advantage. The changes in the business environment with increasing globalization, changing demographics of the workforce, increased focus on profitability through growth; technological changes, intellectual capital and the never-ending changes that organizations are undergoing have led to increased importance of managing human resources. In this scenario, a human resource (HR) department that is highly administrative has to play the role of a strategic integrator to provide the competitive advantage needed for survival.

#### LEARNING OBJECTIVES

1. To understand what is strategic human resource management and how it is different from human resource management.
2. To know what is human resource development (HRD).
3. To understand the process of HRD and to identify some models of HRD.
4. To understand the process of HRD audit.
5. To identify HRD evaluation tools.
6. To understand HRD functions.
7. To discuss the role played by HR professionals in HRD implementation.

#### 1.2 STRATEGIC HUMAN RESOURCE MANAGEMENT

Strategic human resource management is a complex process which is constantly evolving and being studied and discussed by academics and commentators. Strategic HRM can be regarded as a general approach to the strategic management of human resources in accordance with the intentions of the organization on the future direction it wants to take. It is concerned with longer-term people issues and macro-concerns about structure, quality, culture, values, commitment and matching resources to future need.

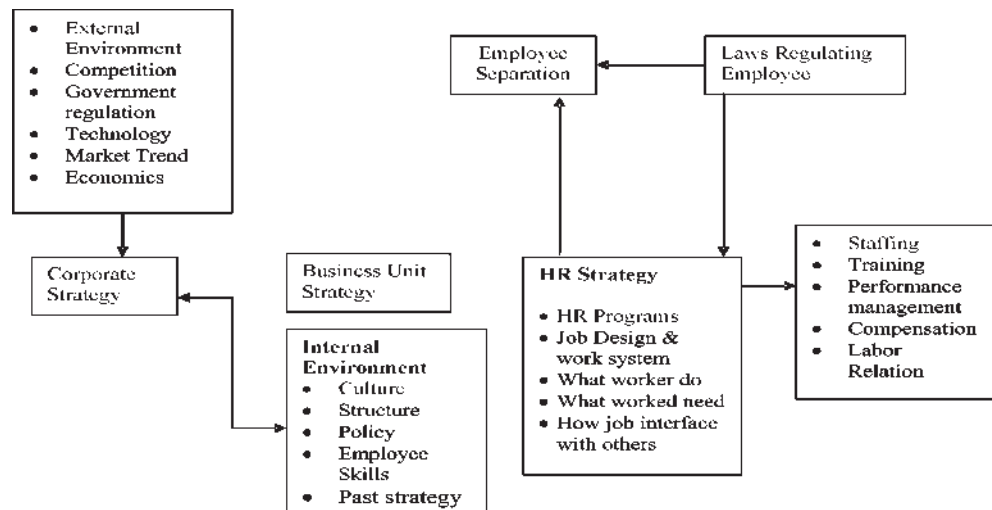
Kazmi and Ahmad (2001) classify various definitions of strategic human resource management (SHRM) based on strategy-focused, decision-focused, content-focused and implementation- focused approach. According to the strategy-focused approach, which is supported by authors like Mathis and Jackson (1985), and Beer, Spector, Lawrence,



# NOTES

Mills, and Walton (1984), HRM is strategic by its very nature and all its elements have strategic linkages. The decision-focused approach formulated by Devanna et al. (1981) is based on three decision-making levels, namely operational, managerial and strategic and considers HRM at strategic level to be SHRM. According to content-focused approach that is proposed by Torrington and Hall (1995), SHRM emerges when HRM elements match the organization’s strategy. According to the implementation-focused approach that is brought forward by Miles and Snow (1984), SHRM is when HRM systems help in the formulation and implementation of business strategies. One of the models of SHRM based on the implementation –focused approach is given in figure 1.1

SCHULER, R.S. (1992) defines Strategic Human Resource management as all those activities affecting the behavior of individuals in their efforts to formulate and implement the strategic needs of business. Boxall and Purcell say that Strategic HRM is concerned with explaining how HRM influences organizational performance.



**Figure 1.1 Model of Strategic HRM**

Dyer and Holder define Strategic HRM in three levels which are as follows:

- **Organizational level** - because strategies involve decisions about key goals, major policies and the allocation of resources they tend to be formulated at the top.
- **Focus** - strategies are business-driven and focus on organizational effectiveness; thus in this perspective people are viewed primarily as resources to be managed toward the achievement of strategic business goals.

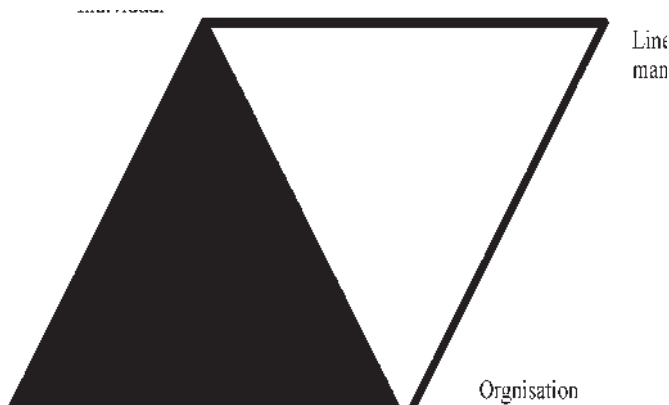
# NOTES

- Framework - strategies by their very nature provide unifying frameworks which are at once broad, contingency-based and integrative. They incorporate a full complement of HR goals and activities designed specifically to fit extant environments and to be mutually reinforcing or synergistic.

Miles and Snow (1984) define SHRM as a human resource system that is tailored to the demands of the business strategy. Wright and McMahan (1992) define SHRM as the pattern of planned human resource activities intended to enable an organization to achieve its goals.

Strategic human resource management (SHRM) is a concept that integrates traditional human resource management activities within a firm’s overall strategic planning and implementation. SHRM integrates human resource considerations with other physical, financial, and technological resources in the setting of goals and solving complex organizational problems (Legnick-Hall & Legnick-Hall, 1988). SHRM also emphasizes the implementation of a set of policies and practices that will build employee pool of skills, knowledge, and abilities (Jackson and Schuler 1995) that are relevant to organizational goals. Thus a larger variety and more complete set of solutions for solving organizational problems are provided and the likelihood that business goals of the organization will be attained is increased (Mechelin, 1996).

SHRM involves the development of the consistent, aligned collection of practices, program and policies to facilitate the achievement of the organizational strategic objective. Integrating the HR programs and policies with organizational mission and objective is the main focus of SHRM. This can be explained by Ulrich’s model of HR function which integrates operational and strategic nature of the HR professionals. According to Ulrich one of the four roles of HR personnel is to become strategic business partner.



**Figure 1.2 Ulrich Model of HR Function**

# NOTES

As line managers assume day-to-day responsibility in HRM, HR professionals are more towards assuming the role of internal consultants. SHRM changes not only people but also how HR does its work.

## 1.2.1 Strategic HR Vs Traditional HR

The below table depicts the differences between the traditional and strategic Human Resource functions.

**Table 1.1 Differences between Strategic and Traditional HR**

S. No	Function	Traditional	Strategic HR
1	Responsibility of HR	Staff specialist	Line managers i.e., Individual mostly in contact with them Any individual can be a HR manager
2	Focus	Employee Relation	Partnership with internal and external group/customers How to manage related factors affecting them
3	Role of HR	Transactional Change Follower and Respondent Takes transaction as the arise and reactive	Transformational change leader, initiator Believes that any initiative of growth depends on employee, so that keep ready for any change
4	Initiative	Slow, Reactive, Fragmented	Proactive
5	Time horizon	Sort term only	Sort, Medium, Long Terms
6	Control	Bureaucratic role, Policies, Procedures	Organic/ Looses free flowing flexible
7	Job design	Tight division of labor, Independence, Specialization. Based on Scientific Management Specific Skills, Specific job responsibility	Broad (job design) flexible, Cross functional Teams
8	Key investment	Capital, Products	People, Knowledge
9	Accountability	Cost Centre	Investment Centre

## 1.2.2 Barriers To Strategic HRM

## NOTES

- **Short term mentality**

As most of the HR interventions or practices have long-term implications, short-term oriented actions can hamper effective HRM. As the evaluation of an organization's CEO's is being evaluated by the current performance, no one wants to listen to long-term views.

- **Unable to think Strategically**

HR managers' insufficient general management training or inability to influence colleagues in other departments is seen as a constraint. Thus HR managers are unable to perform strategic functions related to HRM

- **Can't understand the entire organization, issues and challenges**

HR managers are unable to have the conceptual view of the organization, which is a great challenge in the implementation of SHRM in the organizations.

- **Lack of appreciation**

Senior managers lack appreciation for the values of HR and its ability to contribute to the organization.

- **Lack of support from line managers**

Few functional managers see themselves as the HR manager as well and are concerned more with technical aspects of their area of respect than the human aspects. For SHRM to happen, the cooperation of the line managers is a must. HRM is more of a line managers' responsibility with the increasing strategic importance of HR and this requires a closer relationship between HR and line managers. The inclusion of line managers in the HR policymaking process is a critical element of SHRM.

- **Difficulty in quantifying many of the outcomes and benefits of HR programs**

Human resource programs result in a more qualitative benefits rather than quantifying benefits. These qualitative benefits are highly challenging to make it quantitative for evaluation of the HR program. Example: Team building

- **Human assets are not owned by the organization**

- Technology, Information are ready to spend

- Forgets that Technology and Information must be utilized by people.

## NOTES

### • Change Resistance

Implementation of SHRM may involve drastic changes in the work practices and other HR processes and hence may affect a lot of employees. Bringing about change is a difficult process and people who have faced negative consequences of an unsuccessful effort to change may obstruct the change processes of the future. HR practices cannot change according to the business needs. Most of the HR practices tend to get fixed as something permanent and then it becomes difficult to change.

### • Improper implementation

The success of the HR program lies in the way it is getting implemented in the organization. Improper efforts to implement the HR programs are the main reason for the failure of those programs.

The other barriers include:

1. Resisting the vision and mission of the change effort.
2. Interdepartmental conflict.
3. The lack of commitment of the entire senior management team.
4. Lack of plans to integrate internal resource with external requirements.
5. Limited time, money and the resources.
6. The status quo approach of employees.
7. Fear of incompetence by senior level managers to take up strategic steps.
8. Fear towards victimization in the wake of failures.
9. Improper strategic assignments and leadership conflict over authority.
10. Ramifications for power relations.
11. Resistance that comes through the legitimate labor institutions.
12. Rapid structural changes.
13. Economic and market pressures influenced the adoption of strategic HRM.
14. More diverse, outward looking approach.

### 1.2.4 Benefits of SHRM

1. Identifying and analyzing external opportunities and threats that may be crucial to the company's success.
2. Provides a clear business strategy and vision for the future.
3. To supply competitive intelligence that may be useful in the strategic planning process.
4. To recruit, retain and motivate people.
5. To develop and retain of highly competent people.
6. To ensure that people development issues are addressed systematically.
7. To supply information regarding the company's internal strengths and weaknesses.
8. To meet the expectations of the customers effectively.
9. To ensure high productivity.
10. To ensure business surplus thorough competency

**Have You Understood?**

1. What is Strategic Human Resource Management?
2. List the differences between SHRM and traditional HRM.
3. What are the barriers to implement SHRM practices in an organization?
4. What are the benefits an organization can reap by implementing SHRM practices?

**NOTES****1.3 HUMAN RESOURCE DEVELOPMENT (HRD)**

Organizations need to be dynamic and growth-oriented to sustain in the competitive environment. This is possible only through the competence of the human resources. To cope with the fast changing environment, organizations need to review their HRD approaches continuously. HRD is neither a concept nor a tool, but is an approach using different personnel systems, depending upon the needs and priorities of the organization. The basic assumption is the belief in human potential and its development by providing a suitable and congenial environment. Human Resource Development (HRD) is the integrated use of training, organizational development, and career development efforts to improve individual, group, and organizational effectiveness.

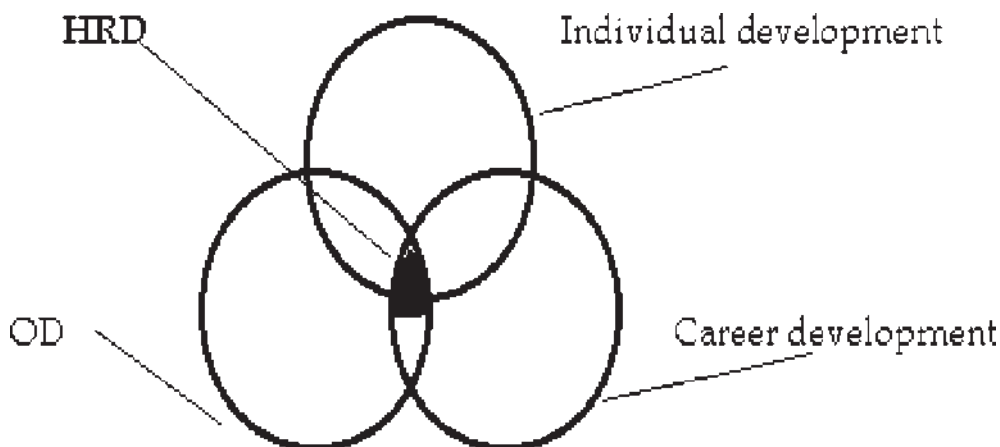
HRD helps to:

- Develop the key competencies that enable individuals in organizations to perform current and future jobs, through planned learning activities
- Groups within organizations initiate and manage change
- Ensure a match between an individual and organizational needs.

A definition of HRD is “organized learning activities arranged within an organization in order to improve performance and/or personal growth for the purpose of improving the job, the individual, and/or the organization”. It is a system of developing in a continuous and planned way the competencies of individual employees, dyadic groups (superior and subordinate), teams and the total organization to achieve the organizational goals. The main aim of all HRD programs is to maximize the congruence between individual and the organizational goals.

The mission of HRD is to provide individual development in order to improve the performance related to a current job; to provide career development in order to improve performance related to future jobs; and to provide organizational development (OD) related to both optimal utilization of human resources and improved performance, which together lead to the efficiency of the organization. Gilley & Egglund refers the area of congruence among the three components: individual, career, and organizational development (See Figure 1.3).

# NOTES



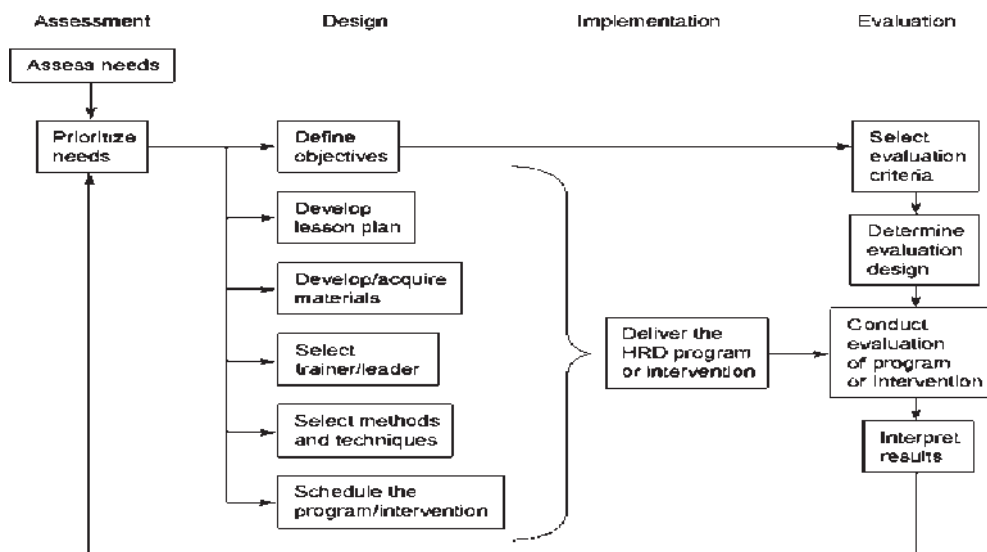
**Figure 1.3 Human Resource Development (Gilley & Eggland, 1989).**

From a micro perspective, the greatest contribution in the HRD program was on individual development. Macro perspective's key points were organizational development leading to the improvement of efficiency and productivity of the new production unit.

Human Resource Development is any process or activity that, either initially or over the long term, has the potential to develop adults' work-based knowledge, expertise, productivity, and satisfaction, whether for personal or group/team gain, or for the benefit of an organization, community, nation, or ultimately the whole humanity (McLean & McLean, 2000). Figure 1.4 gives a more comprehensive model of HRD in the organizational set up formulated by Werner and Desimone (2006), which takes a four phase approach to design and conduct HRD programs. Further, T.V. Rao defines Human resource development (HRD) as essentially consisting of these three Cs: competencies, commitment, and culture. All three are needed to make an organization function well. Without competencies many tasks of the organization may not be completed cost effectively or with maximum efficiency. Without commitment, they may not be done at all or are done at such a slow pace that they lose relevance. Without an appropriate culture, organizations cannot last long. Culture provides the sustaining force and spirit and spirit for organizations to live. It provides the oxygen needed for them to survive. Its utility comes in to force especially when organizations are in trouble.

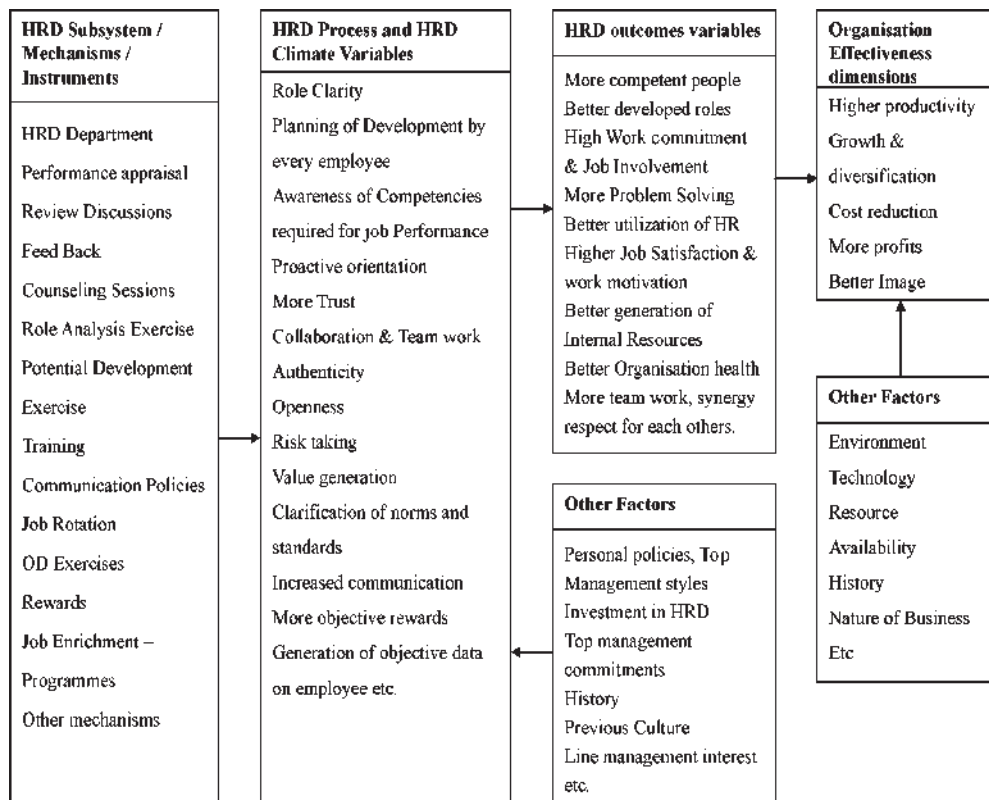


# NOTES



**Figure 1.4 A model of HRD**

In the Indian context T.V. Rao and Udai Pareek have contributed a lot in the field of HRD. Their model of HRD is given in figure 1.5.



**Figure 1.5 T.V Rao and Udai Pareek’s model of HRD**

# NOTES

## 1.3.1 Characteristics of HRD

### 1. HRD is a system

HRD is made up of several subsystems and there are feedback loops from one subsystem to the other. A change in any one of the subsystems will affect the other subsystems and hence the whole system.

### 2. HRD is a continuous and planned process

HRD process always goes on in an organization as proactive measure integral to a planned program for organizational growth.

### 3. HRD develops competencies four levels

- 1. Individual Level:** Employees are made aware of the expectations of others about their roles, so that they can improve their skills and attitudes.
- 2. Dyadic Level:** Stronger employee-employer relationship is developed through trust, mutuality and help.
- 3. Group Level:** Committees or task groups are made more effective by developing collaboration in their inter-group relationship
- 4. Organizational Level:** Development of competencies involves the development of self-renewing mechanisms in the organization which enable it to adjust to the changes in its environment and to be proactive.

The ultimate objective of HRD is to contribute to the professional well-being HRD achieves the objective by

1. Attracting people to the organization and holding them.
2. Maximizing their performance of assigned roles.
3. Maximizing their performance beyond the assigned roles for organizational goals.

Have You Understood?

1. What is HRD?
2. What are the characteristics of HRD?
3. What are the four levels in which HRD develops the competencies?
4. Explain any two models of HRD?

## 1.4 HRM and HRD

The difference between the traditional human resource management and the human resource development is given in table 1.2.

**Table 1.2 Difference between HRM and HRD**

# NOTES

S. No	HRM	HRD
1	Routine, Maintenance Oriented, Administrative function	Continuous, Development function
2	Independent function with independent sub-functions	HRD is viewed as a subsystem of a large system viz organization and made of mutually dependent subsystems with linkages to all others of the organization
3	Reactive function, responding to organization demands	Proactive
4	Responsibility of personnel department / human resource department	Concern of all managers aims at developing all line managers to carry out various personnel functions
5	Narrow view of its scope and aims of developing and administering people	Wider view of its scope and aims at developing total organization
6	Emphasises on increasing people's efficiency	Emphasises on building the right type of culture in the organization
7	Considers salary, economic rewards, job simplification, job specialisation as important motivators	Autonomy, job enrichment, job challenge, creativity are important motivators
8	Considers improved satisfaction and morale as the cause of improved performance	Considers improved performance as cause and improved satisfaction and morale as its results

**Have You Understood?**

1. Differentiate HRM and HRD.
2. How do you tell that HRM is reactive and HRD is proactive?

# NOTES

## 1.5 VISION, MISSION AND VALUES

### 1.5.1 Vision Statement

A vision is a statement about what your organization wants to become. It should resonate with all members of the organization and help them feel proud, excited, and part of something much bigger than themselves. A vision should stretch the organization's capabilities and image of itself. It gives shape and direction to the organization's future. Visions range in length from a couple of words to several pages.

### 1.5.2 Mission Statement

Mission or Purpose is a precise description of what an organization does. It should describe the business the organization is in. It is a definition of "why" the organization exists currently. Each member of an organization should be able to verbally express this mission.

### 1.5.3 Core Values

Values are traits or qualities that are considered worthwhile; they represent an individual's highest priorities and deeply held driving forces. Values are also known as core values and as governing values; they all refer to the same sentiment. Value statements are grounded in values and define how people want to behave with each other in the organization. They are statements about how the organization will value customers, suppliers, and the internal community. Value statements describe actions which are the living enactment of the fundamental values held by most individuals within the organization.

The values of each of the individuals in the workplace, along with their experience, upbringing, and so on, meld together to form the corporate culture. The values of the senior leaders are especially important in the development of the culture. These leaders have a lot of power in the organization to set the course and environment and they have selected the staff for the workplace.

### 1.5.5 Organizational Vision And Mission for HRD

1. HRD should be placed in the vision statement of the business
2. Every organization is a family
3. Everyone is his or her own HRD manager
4. The CEO is the chief facilitator of HRD
5. HRD is a part of the business of an organization
6. People enjoy working and derive a lot of satisfaction.
7. People should find the work to be meaningful and fulfilling
8. Every experience of the employee should be viewed as a learning experience and every moment is filled learning and development
9. People strive to do better each day, using their own and previous performance as benchmarks.
10. People articulate their vision and share it.

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11. The organization and every employee of the organization strive continuous for their own development and of others.
12. Everyone understands internal customers and their requirements and treat them with respect.
13. Everyone tries to create and contribute to the organizational ambience and culture that facilitates the development and optimization of potential.
14. The organization and its members keep trying out new ways of learning and doing things.
15. People are committed and work hard to ensure that the organization achieves what it has set out to achieve.
16. People share a common set of values and strive to achieve the organizational mission and vision.
17. Every employee is treated with dignity without reference to his designation, department and other forms of dignity.
18. Every role is respected and scope is provided for innovations.
19. The organization is instrumental in taking care of people's psychological needs and reduces tensions and other overheads.
20. The organization adds value to people's lives and helps them to meet their career aspirations.
21. People are committed and work hard to ensure that the organization achieves what it has set out to achieve.

### 1.5.6 Vision for HRD Department

The main vision for a HRD department is that it should be learning –oriented and should continuously learn renewing itself. It should work towards integrating HRD into the role of every person and thereby strive towards self-liquidation at an appropriate point of time. It should be business driven.

The department should be owned by the people and the HRD person would be the one who would be sensitive to the needs and expectations of its internal customers. He should be equitable and just.

HRD staff must be well trained in psychology and behavioral aspects of human resource. They must be value-driven and respect individuals and human processes. They must understand that human capital is consisting of power, knowledge, attitudes, values, and skills. They should appreciate new technologies which facilitate HRD.

They should appreciate that emotional capital is a great capital people carry with them. It is the sense of power one carries and includes the sense of awareness, self-esteem, self-worth etc.

They should appreciate the higher and more relevant forms of intellectual capital and the tools to develop them. For example 360 Degree performance appraisal can be used.

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## ITC's HRD Philosophy

ITC took up HRD at the time of diversifying its business from cigarette manufacturing to other products. The company concentrated on improving its appraisal system and providing training so as to identify and rapidly develop managers for new projects.

### ITC lists seven cardinal beliefs

#### 1. Self-Managing Resource

We believe that the human being is a fundamentally different and unique resource in that he/she is simultaneously a source, a resource and the end of all economic and social entity. He is the means as well as the purpose. He is capable, willing, and in the normal course of evolution and development.

#### 2. Potential

We believe in the inherent potential of people. There are different kinds and degrees of potential which can be developed and utilized in the content of task challenges, responsibility and commitment.

#### 3. Limitations

We believe that any apparent limitations in people are the result of a variety of circumstances and factors and can be overcome with support, awareness and correction, following which, the potential has a chance to flower again.

#### 4. Quality of Work Life

We believe that ITC as a business institution can provide a high quality of work life for all its members through opportunities for a meaningful career, job satisfaction and professional development. Through this ITC members will contribute to quality of work life in their interface with society.

#### 5. Meritocracy

We believe in that people accept meritocracy as a just and equitable system, and contribute best conditions of open opportunities and challenges and different rewards commensurate performance.

#### 6. Membership

We believe that people can blend harmoniously the components in their membership of ITC, namely leadership, fellowship, and peership

## 7. Actualization

we believe that the design, implementation and update of human resource management systems, enhancement of skills and creation of an enabling climate will facilitate the self-actualization of us as individuals and of ITC as a value business institution.

### Have You Understood?

1. What is vision?
2. What is mission?
3. What are values?
4. List the vision statements of an HRD department.
5. List the organization vision and mission for HRD.
6. Why should an organization identify values?
7. What should an organization do to make the employees identify themselves with the values of an organization?

## 1.6 CHALLENGES TO ORGANIZATION

At present the organizations are facing very high challenges because of the changes in the organizational structure, labor market, psychological aspects of the labor, style of business, expanding boundaries of business, technological improvements to name a few. In the Indian context what are the challenges and how these challenges have made HRD important to cope with these changes has been discussed below.

### 1. Restructuring of organizations

Many Indian companies are restructuring their organization structures by thinning their management ranks and expanding their spans of control. Seven layers in the pyramid and seven direct subordinates for each boss, which used to be the historic norm for many large companies is becoming a thing of the past. Now the thrust is to flatten layers, expand spans and transform the organizational pyramid from tall and narrow to short and wide.

### 2. Emphasis on core competency

With the licensing era coming to an end in India, companies now no longer need to preemptively secure licenses in diverse and unrelated areas to outwit their competitors. There is now a perceptible shift in favor of developing core competency through mergers and acquisitions. Companies want to professionalize their groups.

### 3. Technological changes

Recent spurt in computerization and technological up gradation is, on the one hand, streamlining process and paper work and increasing quality, service and speed and on the other hand making several jobs obsolescent. Many companies which realize that they are not adding value in all functional areas are increasingly outsourcing many critical functions. These changes may make workers redundant at some places. The redundant workers

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everywhere need to be rehabilitated through training. The change has to be brought about with a human face. At this point, the HRD manger has a critical role to play.

### **4. Work force empowerment**

For the corporate democracy to become a reality many companies are now vesting their employees with greater authority, expanding their job titles and increasing their accountability. In a country where the 'benevolent autocrat' has been the overwhelmingly preferred style, real empowerment of the work force is going to pose a big challenge for the HRD manager.

### **5. More attention to special categories of workers:**

With the special categories of workers such as physically handicapped, women, religious minority, backward and others forming the ever increasing proportion of the total work force every year measures like flexi time and tele work are likely to assume greater significance. Flexi time permits workers to start, finish and take meal breaks according to their own liking within a flexible time band subject to a core time when everyone has to be in attendance. This measure can help women workers to balance their job demands with their family demands. Similarly, tele work can be of great help to the physically handicapped.

### **6. Compensation linked to shareholder value,**

Top management compensation in U.S. firms is becoming increasingly tied to shareholder value through expanded use of share options. To cite an instance: for a new chief executive assumed office at Eastman Kodak in 1993, he received options to purchase more than 750,000 shares of Kodak stock, of little or no value unless the stock price increased substantially but potentially worth \$ 13 million to \$ 17 million if it did. Companies in India have started following these examples and link executive compensation to the production of greater investor wealth.

### **7. More research in HRD:**

Continuous research is needed to discover new HRD methods and interventions. This is possible only when there are HRD-oriented organizations to pool and share their experiences in diverse areas.

### **In general the need for the HRD is**

#### **1. To develop competencies**

No organization can survive, let alone make a mark, if its employees are not competent in terms of knowledge, skills and attitudes. Competent employees are as much the necessity of a non-profit organization as of a profit-making organization. Both types of organizations need competent employees for the success of their internal and external operations. A

profit organization interested in growing, diversifying or improving its working (such as cost reduction, reduction in delays, increased customer satisfaction, improved quality, market image, etc.) must first think of developing its employees' competencies. Similarly, a non-profit organization, say a university or a hospital interested in improving its work culture, must first think of orienting its employees' attitudes.

### **2. To mitigate some of the evil consequences of industrialization**

It is common knowledge that the factory system has dehumanized and deskilled various jobs. By enriching workers' roles HRD satisfies their needs of advancement, growth, self-respect, recognition, creativity and autonomy. HRD mechanisms such as counseling, monitoring, quality of work life, etc. enable workers to lead an integrated life which is mostly partitioned by the factory system into two lives: the organizational life and the personal life.

### **3. To bring about system-wide changes**

Whereas traditional human resource development methods (such as training, job-rotation, etc.) have their relevance and usefulness, they are by themselves inadequate to bring about the kind of system-wide change which is visualized in the concept of HRD. In traditional methods often top management personnel have the attitude that all is well with them, and it is only the lower level which needs to be trained and developed. Such attitude makes these programs ineffective because by keeping the interdependent and interacting higher levels out, these levels continue to remain plagued by forces of mistrust, jealousy and authoritarianism. HRD programs bring about a system-wide change. They gradually enrich the entire socio-technical system.

### **4. To develop a proper climate in the organization**

Executives in most of the traditional organizations seem to hold the following values:

- i The important human relationships are those which are related to achieving the organization objectives, i.e., getting the job done.
- ii For being effective in human relationships one needs to be more rational and logical in his behavior rather than emotional.
- iii Human relationships are most effectively motivated by carefully defined direction, authority and control as well as appropriate rewards and penalties that emphasize rational behavior and achievement of the objective.

Have You Understood?

1. What are the challenges to the organization?
2. How can HRD practices help the organizations to meet the challenges?
3. What is the need for HRD in an organization?
4. With an example discuss the contributions of HRD in facing organizational restructuring.

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## 1.7 HRD AND BUSINESS GOALS OR ORGANIZATIONAL EFFECTIVENESS

T.V Rao's model (See figure 1.5) of HRD explains the linkages between HRD instruments, processes, outcomes and the organizational effectiveness.

### 1.7.1 HRD Methods or HRD functions

Any systematic or formal way of developing the competencies and motivation of individuals in an organization and building the organization's climate by improving the process can be called as an HRD method or HRD functions. HRD method or HRD functions includes the following:

#### 1. Manpower planning

It is concerned with assessment of manpower needs including forecasting the needs, development policies and the organizational growth plans. It also includes manpower audit which relates to examine the manpower strength in the organization.

#### 2. Performance Appraisal

Under this mechanism, the performance of the employees is periodically appraised and the goals are redefined. This mechanism emphasizes the development of the employee rather than their evaluation. For example Crompton Greaves resorted to HRD when it faced a slump, in business and decided to take up additional projects in new locations. The focus of its program was role clarity so that responsibility for results could be vested with profit centre managers. It refined the appraisal system.

#### 3. Training, Education and Development:

There are 3 different HRD mechanisms with different focus and purpose as shown in the following table:

Activity	Focus	Purpose
Training	Learning of present job	Improved performance on the present job
Education	Learning of other related jobs	Preparation of the employee for the related jobs in near future
Development	Learning not related to present or future job but the overall personality of the employee	General growth of the employee

Three broad areas in which training may be imparted are technical, behavioral and conceptual. The training approach is one of the main HRD interventions. The various types of training program includes

- i Classroom training approaches like lecture, discussion, audiovisual media, experiential methods, self-paced or computer based training, role plays, case studies.
- ii Behavioral training approaches like sensitivity training, team building exercises, leadership training.
- iii Outdoor training approaches like outbound training.

#### **4. Potential Appraisal and Promotion**

It is another important HRD mechanism which is concerned with identifying the potential of an employee for future development and promotion in the company. This focuses on finding out periodically the extent to which a given individual possesses the critical attributes required to handle higher level responsibilities. For example, the HRD programme at SBI centered on training and appraisal following its reorganization and rapid growth.

#### **5. Career Development and Career Planning:**

It may be useful to help new employees become aware of the various phases of development in the company and plan with senior employees their specific career path. Necessary help may also be given to employees with limited potential to cope with reality. In the HRD system, corporate growth plans are not kept secret. They are made known to the employees to plan their career.

#### **6. Compensation and Reward:**

These are common positive reinforcers. They should be clearly related to the performance and behavior of employees. Failure to reward employees properly the employees reduces the reinforcing effect of rewards. Under HRD while salary structure is based on job analysis, salary increase is linked with performance.

#### **7. Organizational development (OD) Techniques:**

Many organizations make use of several OD techniques for the development of their human resource. These include team-building, organizational mirroring, T-group, etc. In team building people learn how to work in collaboration with each other. Under organizational mirroring, the host group gets feedback from representatives from several other organizational groups about how it is perceived and regarded. The intervention is designed to improve the relationships between groups and increase the inter-group effectiveness.

#### **8. Role Analysis and Role Development**

This is an extremely important technique of HRD. Under it the job of an individual in the organization is analyzed and enriched in terms of his role and not in terms of his job.

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He, his immediate superior and subordinates sit together to discuss their expectations about the job from each other. They then arrive at a consensus about the individual's role and prepare his role description. It is always ensured that a role is sufficiently challenging for the individual, provides him adequate autonomy for taking initiative and is linked with other organizational roles to avoid a feeling of isolation.

### 8. Quality of Work Life:

For overall development of workers, only good wages are not enough. They also need to be provided with good physical conditions and motivating work. If the work is monotonous or boring it must be redesigned. Several Indian organizations are taking initiative in improving quality of work life of their workers. Bharath Heavy Electricals Limited (BHEL) is one such organization, which took up job redesign as an O.D. intervention as early as 1975 and focuses on employee welfare and quality of work life.

### 9. Participative Devices

Following are some important participative devices:

#### A. Bi-partite Meetings

It is used to arrive at settlements concerning worker's wages and service conditions. It is also used to review the working of existing settlements and examine their impact on workplace discipline, work ethics, and customer service, etc.

#### B. Information Sharing

To share information about the business profitability, performance of the company, competition, marketing, etc.

#### C. Joint Surveys

Management and union undertake joint surveys on the state of morale, motivation, grievances of workers, etc., and jointly plan ways of dealing with these problems.

#### D. Taskforces

It is used to undertake study of problems like 'Absenteeism', 'Indiscipline', etc., and suggest ways to solve the problem.

#### E. Collaborative projects

To undertake jointly certain projects, e.g., a project on employee welfare, workers' education etc.

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### F. Quality Circles

To involve workers at the grass root level for periodically discussing work-related problems. Quality circles are small groups of employees which are formed voluntarily. They work on the simple premise that the people who do a job every day know more about it than anyone else, particularly when quality or productivity is involved. In the last few years, many companies, both in the private and public sector (such as J.K. Jute, Bharath Electronics, BHEL, HMT, etc., have recorded substantial gains by implementing the suggestions given by quality circles in their organizations).

### 10. Communication

This process is fundamental to all aspects of life and is vital to the function of integration. Real communication takes place when the listener truly hears and understands the position and intent of the speaker. This requires a type of listening. HRD in LIC followed its reorganization and sustained growth through redesigned communication process in the organization.

### 11. Counseling

It is an important HRD mechanism to provide timely guidance to workers on problems relating to hand and heart. Many Indian companies employ trained counselors for this purpose.

### 12. Grievance Redressal

A grievance redressal procedure is vital to all organizations whether big or small the organization is. The mere fact that an employee has access to a judicial type of justice is satisfying even though he never has an occasion to use it.

### 13. Data Storage and Research

This also is a very important HRD mechanism. It is very essential to preserve systematic information about every individual employee on various topics such as the employee's personal characteristics, performance appraisal reports, potential appraisal reports, promotions, salary, etc. This may be used for counseling, career planning, training, promotion, etc. Moreover, this information also serves as a base for research on employee problems. Sometimes fresh data may be needed for identifying appropriate interventions for improving the utilization of human resources.

#### 1.7.2 HRD Process

Every method or mechanism has two dimensions: **substantive and procedural**. Substantive dimension is what is being done; process is how it is accomplished, including how people are relating to each other and what processes and dynamics are occurring. In



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most of the organizations there is overemphasis on the substantive aspect of method and the procedural aspect is neglected. Whenever there is a problem in the organization its solution is sought in the rules and structures rather than in the underlying group dynamics and human behavior. Thus, rules may be changed, structure may be modified but group dynamics and human behavior remain unfortunately untouched. It is thought that there is no need to pay any attention to them. This is wrong. In every organization human process must receive as much importance (if not more) as the substantive dimension. One can find six such processes in operation in an organization at six different levels HRD methods help in improving these processes as described below:

### **1. Existential Process**

At the personal level there is the existential process. This process tells us how an individual perceives his environment, how he interacts with others, how he achieves his goals in life and so on. If this process is neglected it may adversely affect the integration of the individual with organization and his quality of work. Career Planning, Performance Appraisal and Review, Feedback, Counseling, Job Enrichment, objective rewards, etc., improve this process.

### **2. Empathic Process**

At the interpersonal level we have the empathic process. This process tells us how much empathy one individual has for the other person and how does he reach out to the other person and establishes a relationship with him. Communication, conflict, cooperation and competition are some important areas of study in this process. If this process is neglected it may adversely affect the interpersonal effectiveness of individuals in an organization. Training, Rotation, Communication, etc., improve this process.

### **3. Coping process**

At the role level we have the coping process. Every individual is required to cope with various pressures and stresses in relation to his role in the organization. However, if the individual's role is clear and the individual is aware of the competencies required for role performance he can cope with these pressures effectively. Role analysis goes a long way to improve this process.

### **4. Building Process**

At the group level we have the building process. This process tells us how various groups form as distinct entities in an organization; how do they become cohesive; how can they effectively contribute to the goals of the organization.



## 5. Competitive Process

At the inter-group level we have the collaborative and the competitive processes. Both can be either positive or negative. Competition is positive if it poses a challenge to a group in terms of standard of performance and achievement. It is negative if it prevents a group from attaining its goals. Similarly, collaboration is positive if it aims at helping others in achieving a common goal. It is negative if it aims at escaping hard work. This process can be very much improved by creating a climate of trust, authenticity, openness etc. and by clarifying norms and standards.

## 6. Growth Process

At the organizational level we have the growth process, which involves issues relating to organizational climate, self-renewal and change.

### 1.7.3 HRD Outcomes

Following are the various outcomes, which result from HRD methods via improvement in the human processes:

1. People in the organization become more competent because on the one hand they become better aware of the skills required for job performance and on the other hand there is greater clarity of norms and standards.
2. People understand their roles better because through increased communication they become aware of the expectations, which other members of their role set have from them.
3. People become more committed to their jobs because now there is greater objectivity in the administration of rewards. They come forward with better and more creative ideas.
4. People develop greater trust and respect for each other. They become more open and authentic in their behavior. Thus new values come to be generated.
5. There is greater collaboration and teamwork, which produces synergy effect.
6. People find themselves better equipped with problem solving capabilities. They become more prone to risk-taking and proactive in their orientation. There is greater readiness on their part to accept change.
7. Lot of useful and objective data on employees are generated which facilitate better human resource planning.
8. The top management becomes more sensitive to employees' problems and human processes due to increased openness in communication.

The net result of the above outcomes is that the organization becomes more effective. It achieves new heights in terms of productivity, cost, growth, diversification, profits and brand building.

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## Have You Understood?

1. Explain HRD methods
2. What are the approaches to HRD process?
3. What are the sub functions of HRD?
4. What are the outcomes of HRD?
5. Explain Rao's HRD model emphasizing the methods and outcomes.

## 1.8 ROLES OF HRD PROFESSIONALS

A current challenge (or opportunity) for HRD professionals is to play a more strategic role in the functioning of their organization. Progress has been made in moving toward a more “strategically integrated HRD. In particular, HRD executives and professionals should demonstrate the strategic capability of HRD in three primary ways: 1) directly participating in their organization’s strategic management process, 2) providing education and training to line managers in the concepts and methods of strategic management and planning, and 3) providing training to all employees that is aligned with the goals and strategies of the organization.

First, HRD executives should contribute information, ideas, and recommendations during strategy formulation and ensure that the organization’s HRD strategy is consistent with the overall strategy. The HRD strategy should offer answers to the following questions: Are the organization’s HRD objectives, strategies, policies, and programs clearly stated? Are all HRD activities consistent with the organization’s mission, objectives, policies, and internal and external environment? How well is the HRD function performing in terms of improving the fit between the individual employee and the job? Are appropriate concepts and techniques being used to evaluate and improve corporate performance?

Second, HRD professionals should provide education and training programs that support effective strategic management. Training in strategic management’ concepts and methods can help line managers to develop a global perspective that is essential for managing in today’s highly competitive environment. These issues are offered as part of the organization’s management development program. According to a 1996 survey of HRD professionals by Training magazine, approximately 50 percent of organizations provide training in strategic planning. Management education efforts also place a heavy emphasis on strategic management issues. Increasingly, separate courses (or portions of courses) are emphasizing strategic HR issues and how these relate to organizational strategies and outcomes.

Thirdly, one of the important tasks of the HRD executive is to promote the value of HRD as a means of ensuring that organizational members have the competencies to meet current and future job demands. If senior managers do not understand the value of HRD, it will be difficult for the HRD executive to get their commitment to HRD efforts and to justify the expenditure of funds during tough times. Historically, during financial difficulties,

HRD programs (and HRM, in general) have been a major target of cost-cutting efforts. Unless the HRD executive establishes a clear relationship between HRD expenditures and organizational effectiveness (including profits), HRD programs will not receive the support they need. But how does an HRD executive who wants to offer a program on stress management, for example, compete with a line manager who wants to purchase a new piece of equipment? The answer is dear: the executive must demonstrate the benefit the organization receives by offering such a program. Evaluation data are vital to the HRD executive when presenting a case.

Finally, HRD professionals must ensure that all training efforts are clearly linked to the goals and strategies of the organization. While this may seem obvious, unfortunately, it is not uncommon for the link between training programs and organizational strategy to be far from clear.

### 1.8.1 Contemporary HRD Professionals Roles

Pat McLagan states that contemporary HRD professionals perform nine distinct roles, which are described below.

1. The **HR** strategic adviser consults strategic decision makers on HRD issues that directly affect the articulation of organization strategies and performance goals. Outputs include HR strategic plans and strategic planning education and training programs.
2. The **HR systems designer and developer** assist HR management in the design and development of HR systems that affect organization performance. Outputs include HR program designs, intervention strategies, and implementation of HR programs.
3. The **organization change agent** advises management in the design and implementation of change strategies used in transforming organizations. The outputs include more efficient work teams, quality management, intervention strategies, implementation, and change reports.
4. The **organization design consultant** advises management on work systems design and the efficient use of human resources. Outputs include intervention strategies, alternative work designs, and implementation.
5. The **learning program specialist** (or instructional designer) identifies needs of the learner, develops and designs appropriate learning programs, and prepares materials and other learning aids. Outputs include program objectives, lesson plans, and intervention strategies.
6. The **instructor/facilitator** presents materials and leads and facilitates structured learning experiences. Outputs include the selection of appropriate instructional methods and techniques and the actual HRD program itself.
7. The **individual development and career counselor** assists individual employees in assessing their competencies and goals in order to develop a realistic career plan. Outputs include individual assessment sessions, workshop facilitation, and career guidance.

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8. The **performance consultant (or coach)** advises line management on appropriate interventions designed to improve individual and group performance. Out-puts include intervention strategies, coaching design, and implementation.
9. The **researcher** assesses HRD practices and programs using appropriate statistical procedures to determine their overall effectiveness and communicates the results to the organization.

### 1.8.2 Attributes of HRD Manager

#### 1. Role makers rather than role takers

They should not look for guidance from top management about what they should do as HRD managers, rather they have to provide guidance to the top management and steer the companies to adapt good HRD practices.

#### 2. Integrate HR policies and practices into company business

HRD managers are concerned about the company's growth and business plans, make efforts to study and understand the challenges faced by the company and tune themselves and their work to company needs.

#### 3. Versatile

Their professional life indicates their versatility and the ease with which they can shift from one area to another, depending upon the situation and the organization needs.

#### 4. Learning Individual

HRD managers are continuous learners. They stimulate new things to the team members as a result they are also stimulated to do new things.

#### 5. Empathy

They understand the feelings of others to a great extent. They enjoy talking with people and learn from their experiences.

#### 6. Ready to handle line responsibilities

They are ready to handle line responsibilities as a result of their constant interaction with line managers and learning from them.

#### 7. Knowledge of behavioral science

HRD managers must have an applied behavioral science orientation.

#### 8. Networkers

A most distinguishing characteristic of the HRD managers in the current context is that they are all global networkers.

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### 9. Business Driven

HRD managers must be business driven or driven by the purpose for which the organization was set up. He should feel as a integral part of the mission and vision of the organization.

### 10. Research Driven

HRD managers use research as a strategic tool to enhance the output of human resources, to motivate and develop competencies of people, to find out human capacity enablers and change management tools.

### 11. Process Sensitive

HRD manager should be aware of the internal processes and mechanisms. They also know the linkages between the processes.

### 12. System driven

HRD managers should be highly systemic and believe in the strength of the system to enhance organizational effectiveness.

### Have You Understood?

1. What are the roles played by HRD professionals?
2. List the roles played by contemporary HRD professionals as Pat McLagan states.
3. What are the attributes of an HED manager?

### 1.9 Need Assessment of HRD

#### 1.9.1 What are Needs?

The term “need” can be somewhat ambiguous. What one person considers a need, another may consider a want or desire, leading to the terms “felt” and “actual” needs. In some cases, felt needs are actually symptoms of deeper actual needs. For example, a group of employees expresses a felt need for stress management training. Upon investigation, however, the actual need may be to ameliorate or eliminate the sources of stress, such as noise, inefficient work processes, or ineffective supervisory practices.

#### 1.9.2 Purpose and Levels of Needs Assessment

A comprehensive needs assessment provides a systematic way to research performance gaps, which can then provide substance and direction for strategic HRD planning, including the identification of performance improvement initiatives that are likely to provide the best return on HRD investments. Training needs assessments, for example, can determine levels of optimal performance and standards for excellence, evidence of individuals’ actual performance levels, attitudes affecting performance, and root causes of performance problems. Although the needs assessment process is often skipped or cut

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short, for a variety of reasons, well-researched needs assessment can help avoid wasted time, effort, and money. As Drucker has pointed out, “There is nothing so useless as doing efficiently that which should not be done at all.”

The type of information needed affects the focus of a needs assessment. Needs within an organization may be assessed at a high strategic level, a departmental or functional level, a team or group level, or at the individual level. The organization’s performance within the context of the wider society might also serve as the focus of a needs assessment. Choosing an appropriate level of assessment is critical to the resulting analysis.

### 1.9.3 Steps and Methodologies

Berger provides suggestions for framing the needs assessment process, based on three elements: organization characteristics, decision-maker characteristics, and analyst characteristics. Numerous needs assessment models exist, and include steps such as the following:

1. Define the goals/objectives of the assessment.
2. Develop an initial plan.
3. Gain management commitment.
4. Identify the data needed.
5. Identify sources of data.
6. Select the most appropriate methodologies for the assessment.
7. Collect the data.
8. Analyze the results.
9. Resolve disagreements in interpretation of the results.
10. Prioritize the needs.
11. Compile and present your findings.

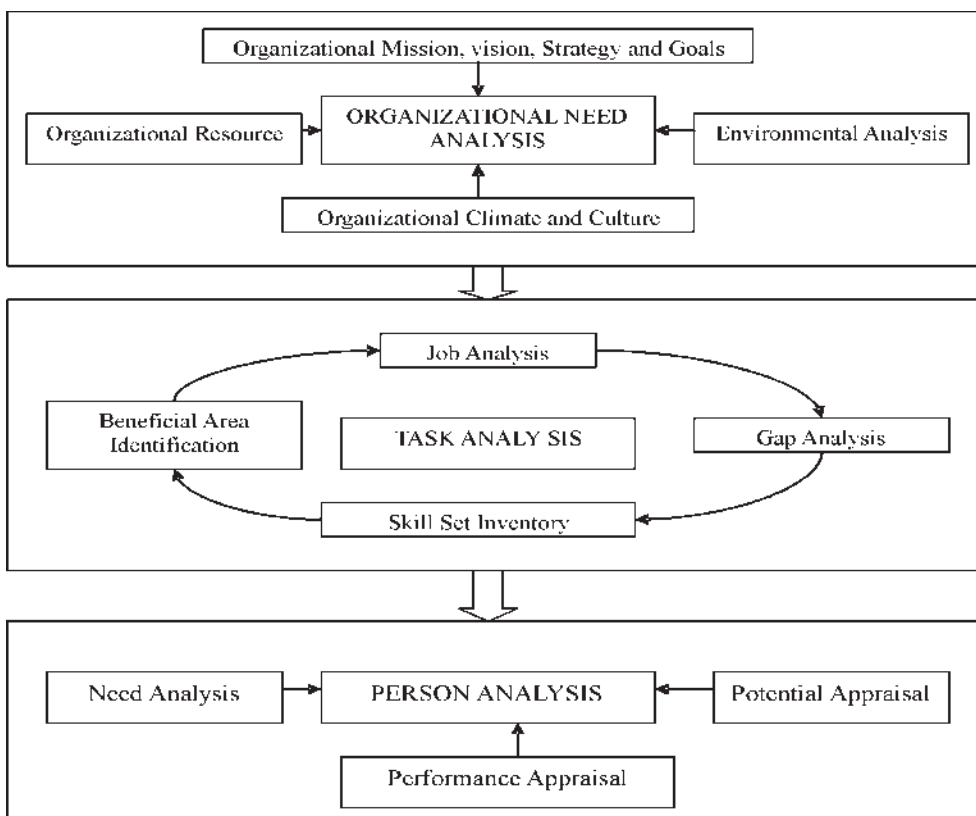
One such model by Werner and Desimone focuses on three levels of need analysis namely: organizational level, task level and person level. A model developed based on the Werner’s model is described below (see figure 1.6). Organizational level need analysis is conducted by doing organizational analysis. The organizational analysis will identify the organizational vision, mission, strategy, objectives and goals, organizational resources, organizational climate and culture, and environmental analysis. Each of these factors will provide information for planning and development of HRD programs. Task analysis is a systematic collection of data about of a specific job or group of jobs to determine what the employee should be taught to achieve optimal performance. Task analysis can be described as a four step process namely: develop job analysis which includes job description and job specification, identify the task (description about how the task should be done and how it is being done), identify the gap between the standards set for each task and how the task is being done), identify the knowledge, skills and competencies that can be improved by training, and identify and prioritize the areas that will be benefited by the program. Person



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analysis is directed at determining the training needs of the individual employee. This can be done using performance appraisal, potential appraisal, and the need assessment tools.

Techniques for data collection may include observation, surveys or questionnaires, one-on-one interviews, phone interviews, focus groups, tests, analysis of existing performance data, job and task analysis, critical incident surveys, and reviews of professional literature, conference reports and other benchmarking sources.



**Figure 1.6 HRD Need Analysis Model**

**1.9.4 The Link to Evaluation**

Needs assessment is the first step of a planned performance improvement cycle. The results of the needs assessment can be used as the basis for evaluating the outcomes of the HRD initiative: Were the needs identified in the needs assessment satisfied as a result of the HRD initiative? Since evaluation frequently uncovers new needs that must be analyzed, the evaluation step often leads back to the beginning of the cycle, and so the cycle continues.



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## 1.9.5 Guidelines

Some of the guidelines for carrying out an effective needs assessment include:

- Use a performance model appropriate to the organization.
- Start as far up in the organization as possible when analyzing performance issues.
- Use a variety of techniques for gathering data.
- Keep the assessment short but complete.
- View needs assessment as an investment, not a cost, and markets it that way to management.
- Be flexible.
- Consider timing.
- Consider the audience when reporting the results.

Finally, when assessing needs, consider not only performance as observed in the past, but also future performance needs.

### Have You Understood?

1. Define the term 'need'?
2. What is the necessity to evaluate the need for HRD?
3. Enumerate the general steps in HRD need assessment
4. Discuss a model of HRD need assessment.
5. What are the guiding points to be followed while doing HRD need assessment?

## 1.10 HRD IMPLEMENTATION AND EVALUATION

### 1.10.1 HRD Implementation

The primary responsibility of implementing the HRD program lies with the trainer. The following are the steps to be followed in the implementation of HRD program.

#### 1. Arranging the Physical Environment

This is the most crucial decision concerning the implementation of HRD program. This includes the training environment, mental and physical preparation of the employees, comfort levels of the employees, choice of change agents and the additional physical factors like training rooms, materials etc.

#### 2. Getting Started

Having all the elements needed to implement and the physical environment ready – the final step is to do it. It is important for the trainer to get the program off to a good start and maintain it. Establishing employees' expectations, determining each employees capacity, and motivating the employees to learn are some of the responsibilities of the trainers.

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## 1.10.2 Evaluation Of HRD Effectiveness

HRD Program evaluation is the final phase in the training and HR'D process. This is where the effectiveness of the HRD intervention is measured. This is an important but often ignored activity. Careful evaluation provides information on participants' reaction to the program, how much they learned, whether they use what they learned back on the job, and whether the program improved the organization's effectiveness. HRD professionals are increasingly being asked to provide evidence of the success of their efforts using a variety of "hard" and "soft" measures, that is, both bottom line impact, as well as employee reaction.<sup>53</sup> This information allows managers to make better decisions about various aspects of the HRD effort, such as:

- Continuing to use a particular technique or vendor in future programs
- Offering a particular program in the future
- Budgeting and resource allocation
- Using some other HR or managerial approach (like employee selection or Changing work rules) to solve the problem

It is important that HRD professionals provide evidence that HRD programs improve individual and organizational effectiveness. Armed with this information, HRD managers can better compete with managers from other areas of the organization when discussing the effectiveness of their actions and competing for resources.

## 1.10.3 Measures Of HRD Performance

Below table outlines some of the available models for HRD Performance evaluation.

**Table 1.3 HRD Evaluation Models**

Model	Evaluation Criteria
Kirkpatrick	Reaction, Learning, Job behavior, and Results
CIPP by Galvin	Context, Input, Process and Product
CIRO by Warr et al.,	Context, Input, Reaction, and Outcome
Brimmerhoff	Goal Setting, Program design, Program Implementation, Immediate Outcomes, Intermediate or Usage Outcomes, and Impacts and Worth
Systems Approach by Bushnell	Inputs, Process, Outputs, and Outcomes
Kraiger, Ford and Salas	Learning Outcomes: Cognitive, Skill-based and Affective
Kaufman and Keller	Enabling and Reaction, Acquisition, Application, Organizational Outputs, and Societal Outcomes
Holton	Secondary influences, Motivational Elements, Environmental Elements, Outcomes, Ability/ Enabling Elements
Phillips	Reaction and Planned Action, Learning, Applied Learning on the job, Business results, Return on Investment
Balance Score card approach by Kaplan and Norton	Financial, Internal, customer, Innovation and Learning
Strategic HR Approach by Ulrich and Lake	Business Strategy, Organizational capabilities, Human Resource Practices

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Model	Evaluation Criteria
Integrative Model by Yeung and Berman	Internal Operation, Internal Strategy, External Strategy
Human Capital Approach by Arthur Anderson	Clarification, Assessment, Design, Implementation, Monitoring
HRD Score Card by T.V. Rao	HRD Maturity Level: System Maturity, HRD Competencies, HRD Culture, Business Linkages to HRD

Few of these models have been explained below for your understanding.

## 1. Kaplan and Norton's Balanced Scorecard Approach

The balance scorecard approach assumes that for a business to succeed in the long run, the expectations of three stakeholders – employees, customers and shareholders must be satisfied. The model also assumes that all these three stakeholders are interrelated. This approach attempts to measure organizational performance from four distinct perspectives;

- i. **Financial:** The financial measures of performance indicate whether a company's strategy, implementation and execution contribute to improvements in the bottom line. Financial measures relate to profitably, ROCE, ROI etc.
- ii. **Internal:** The internal business process measures focus on the internal processes that will have the greatest impact on customer satisfaction and achieve an organization's financial objectives. Ex. Response time, quality cost, new product
- iii. **Customer:** The measures include customer satisfaction, customer retention, new customer acquisition, customer profitability, market share etc
- iv. **Innovation and Learning:** This focuses on the infrastructure the organization should build to create long-term growth and improvement – People, systems and organization procedures

Employee based measures include employee satisfaction, intention, training and skills. Information system capabilities are measured by the real time availability of accurate and critical customer and internal process information to employee who are on the frontline making decisions and taking action. Organizational procedures examine alignment of employee incentives with overall organizational success factors and measured rates of improvement in critical customer-based and internal processes.

## 2. Strategic HR Framework

- i Business Strategy:** What is the business strategy of our company? How do we win in the market place with regard to customer buying criteria, competition, government regulations, supplier situation and etc?
- ii Organizational Capacity:** In order to implement the business strategy, what are the critical organizational capabilities we need to develop?
- iii Human resource practices:** How should HR practices to be designed and delivered to build these organizational capabilities?

## 3. Human capacity approach – Arthur Anderson

Friedman et al (1998) outline this approach to access the human capital in any organization. The approach is based on the belief that there are 5 stages in the management. These 5 stages and 5 areas contributes a 5 x 5 matrix, and an assessment of how well the human capacity is managed can be made by asking a number of questions that fall into 5 areas

The 5 stages are as follows:

- 1. Clarification Stage:** The firm identifies and confirms the overall business direction. An appraisal of this stage focuses on the business goals of the company, its culture and values, and its management philosophy and its impact on human capital.
- 2. Assessment Stage:** the firm calculates the cost of investment on the human capital, and the value placed by employees on this investment.
- 3. Design Stage:** the firm creates the programs that can yield better returns on human capital
- 4. Implementation Stage:** the firm puts the proposed change into practice.
- 5. Monitoring Stage:** The firm checks the new system against the strategy.

The five areas of human capital are

- i. Recruitment, retention and retirement
- ii. Reward and performance management
- iii. Career development, success planning and training
- iv. Organizational structure
- v. Human capital enablers

## 4. HRD Score Card Model

T.V Rao has contributed this model of HRD evaluation. The HRD Score card assigns a four letter rating for each organization on the extent of maturity level of HRD in it. The letters represent the four critical dimensions of HRD that contribute to business performance or organizational performance (for non-profit organizations). These four dimensions include.

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### i. HRD Systems Maturity

The HRD systems maturity assesses the extent to which various HRD subsystems and tools are well designed and are being implemented. The following subsystems are assessed on the above criteria and depending upon the extent to which they meet the requirements a score is assigned.

- \* Manpower planning and recruitment
- \* Performance Management Systems
- \* Feedback and Coaching Mechanisms
- \* Training
- \* Career development and Succession planning
- \* Job-rotation
- \* OD Interventions
- \* HR Information Systems
- \* Worker Development methods and systems
- \* HR Information System
- \* Potential Appraisal and Development
- \* Other subsystems if any

Each of them is assessed on a ten point rating scale where a score of 10 represents an extremely high level of maturity, 5 represents a moderate level of maturity and 1 represents an extremely low level of maturity.

### ii. HRD Competencies in the HRD Systems Maturity

This dimension indicates the extent to which HRD competencies are well developed in the organization. The competencies include knowledge, attitudes, values and skills. The nature of competencies required for each category of employees are listed and assessed on the basis of the HRD audit. The employee categories that need to be assessed for arriving at a rating on this include:

- \* The HRD Staff
- \* The Top Management
- \* Line Managers and Supervisory Staff
- \* Union and Association leaders
- \* Workmen, Operators and Grass root level employees

### iii. HRD Styles, Culture and Values

The extent to which the leadership and managerial styles are empowering and competence building is assessed by studying the leadership and supervisory styles of top, senior and middle level managers. Specialized questionnaires have been developed for those purposes.

The extent to which the HRD culture and values are practiced and stabilized in the corporation are measured and represented by the third letter. The HRD culture is a culture

that promotes Human potential development. It is also a culture that promotes a learning organization. The culture is assessed on a questionnaire and the HRD Climate part of the HRD Audit questionnaire gives an idea of the culture. These need to be supplemented by the observations of the Auditor.

#### iv. Business Relevance of HRD

This score indicates the extent to which HRD efforts (tools, processes, culture etc.) are driven to achieve business goals or goals of the organization. The business goals include:

- ❖ Business Excellence including profitability, and other outcomes the organization is expected to achieve;
- ❖ Internal operational efficiencies;
- ❖ Internal operational efficiencies;
- ❖ Internal Customer satisfaction;
- ❖ External Customer satisfaction;
- ❖ Employee motivation and Commitment;
- ❖ Cost effectiveness and cost consciousness among employees;
- ❖ Quality orientation;
- ❖ Technology adoption

#### Have You Understood?

1. Explain the process of HRD implementation.
2. Discuss some models which measure the performance of HRD programs in an organization.
3. Explain HRD Score Card model.
4. Compare and contrast integrative framework and Human Capacity framework.

#### 1.11 HRD Practices

In India, we have a whole spectrum of HRD experiences with traditional Indian approaches to people at one end and a growing body of modern system approaches at the other. The traditional HRD approaches in India are older than in Japan. They are nearly old in a giant company like the TISCO or in a much smaller organisation like Malayala Manorama. The two approaches are not mutually exclusive. There are problems with the traditional as well as the modern categories. But both have contributed a whole lot of experiences which are positive and which constitute the building blocks for a composite HRD culture in this country. To name a few organizations where HRD practices are successful, Hindustan Lever Limited, TISCO, Steel Tubes of India (STI), Taj group of hotels.

#### Steel Tubes of India Ltd. (STI)

Steel Tubes of India Ltd. (STI), Dewas in Madhya Pradesh is a company turned around by an academic turned entrepreneur, whose attitudes and policies present a happy combination of innovation, openness, discipline, result- orientation and above all, a respect



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for people who have made the company a success. The HRD policy at STI operates within a truly democratic framework, which offers different forums for workers to put across their demands and their point of view. This has helped to make workers more responsible, and the management more responsive. Discipline and justice running on parallel tracks have promoted mutual trust and confidence. The Lok Manch and the Jan Sabha are two participative institutions, which have facilitated a free-flow of information and engendered a greater degree of involvement. The HRD Department itself partakes of the democratic process. The Manager-HRD at STI is chosen by the elected representatives of the workers (the Jan Sabha) from among managers with more than three years service in the Company. Such a nomination from the Jan Sabha is binding on the management and the person gets a three year turn as Manager (Human Resources). The HRD Department is thus oriented towards a supportive role for the democratic systems in the Company. The Lok Manch meets on the 28th of every month (a day earlier

if 28th happens to be a holiday). Labor demands, problems of technology, innovations-in fact every aspect of work is discussed. The institution of Jan Sabha is more broad-based and can be likened to a house of representatives. Its membership embraces all- the elected members of the Lok Manch; nominated members of the six Joint Departmental Councils of the company; workers who have been declared 'Best Worker of the Year' over the last eight years since the award was instituted; people who have put in 20 years of service in the company. The President and Secretary of the Worker's Cooperative Society and Canteen Committee; senior managers; departmental heads and directors of the company. The Jan Sabha meets twice in a year. The Chairman gives an assessment of the company's internal situation and external environment and the Jan Sabha members put across their views and thrash out problems. Jan Sabha decisions are binding on both workers and management. Every ordinary worker can take on the Chairman and his criticism is taken in good faith. CMD STI recalls a Jan Sabha meeting when he made an impassioned appeal for keeping down the rising costs of production. A worker responded by suggesting that the Chairman first stop the sculptures he had commissioned to be put together from scrap at a cost of Rs.15,000 each .

This is only one side of the coin. The other side is astonishing. Today in India and in other Asian countries, there are plenty of HR or HRD managers. They inhabit every corner of an organization. Even a small-scale industry nowadays thinks of HR manager. Organizational life without them seems incomplete. In the IT sector, it is almost a norm to have one HR manager for every 50 IT professionals In one of the audits of an IT company, it was found that there were 11 HR managers to handle 300 IT staff. They were all assigned to 30 IT professionals each. Their job descriptions have indicated that they should socialize every new recruit, mentor them, explain to them the detailed process of their work, performance appraisal, reward system and keep in touch with them so as to enable them to contribute their best. Fresh graduates from the schools of social work were recruited



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and placed as HR managers. The study revealed that they are hated most by the IT professionals of the company. They were considered inaccessible, unsympathetic, putting hurdles all the time, lacking an understanding of IT basics, insensitive to trends in the changing pattern of compensation and excessively concerned with monitoring the performance of new recruits.

While the number of HR managers has grown disproportionately in the last few years, their knowledge base has remained very poor. Their credibility has shrunk, along with their roles and in some cases they have become power brokers. Some of the relatively good HR managers have saved their image by restricting themselves to training and organization development. Those in charge of performance appraisals have also suffered a great deal of image bashing, as they could not satisfy most line managers who thought they are excellent performers. In the last decade with globalization and economic liberalization, Industrial Relations (IR) jobs have become redundant. As a result, most organizations have diverted a large number of their IR managers to the HR side as HR managers. Thus, there is a new breed of HR managers in some organizations trying to find out how they can do an HRD-oriented IR. Competence mapping, job evaluation and classification, reward systems management and performance appraisal and training have become the preoccupation of many of them. They were ill prepared for this jump. Outsourcing came to their rescue and they kept themselves busy, trying to find out agencies to which they can outsource compensation surveys, employee satisfaction surveys, organizational climate surveys, etc.

In another study of a professionally managed company, a total of 11 staff manned the corporate personnel function. They included four senior managers at general manager/deputy general manager level. The chief of personnel was estimated to spend less than 29 percent of his total time on HRD activities. Only two of them had professional qualifications in HR. The only area where they had a reasonable degree of proficiency was found to be in performance management. This is a clear indication of the gross neglect of the HRD function.

Studies by the T.V Rao at TVRLS using 360-degree feedback and HRD audit have indicated the following could be the general weak areas.

- Short-term goal orientation.
- Too much time spent on administration and neglect of learning and developing activities.
- Poor time management.
- Inability to balance systems and spirit (tendency to be highly systems-driven and bureaucratic, forgetting the spirit behind the systems)
- Lack of business orientation (too much role-bounded).
- Status consciousness.
- Lack of independent thinking.

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The way HRD roles are structured, creates many issues and has led to the neglect of development roles. The administrative part of the role has taken precedence over a period of time and has resulted in the imbalance. The consequence of administration-heavy roles is that they are unable to meet the needs of some or several employees. Every employee has a unique need. India as a country is less systems-driven and more relationship-driven. Every employee has high expectations from the HR department.

### Have You Understood?

1. Discuss some of the HRD practices which have contributed to organizational success.
2. What are the drawbacks of HRD managers in many organizations?
3. Name some weak areas of HRD managers.
4. How can the roles of HRD managers be restructured to make their role a development oriented?
5. What are the issues of HRD managers in IT sector?

### 1.12 STRATEGIC CAPABILITY

With the emergence of the knowledge era, it has become widely recognized that the intangible assets of an enterprise will be key to both its ability to create competitive advantage, and to grow at an accelerated pace. As a result, more and more organizations are showing increased attention to the creation of value through leveraging knowledge. Increased competition, changing workforce demographics and a shift toward knowledge-based work are requiring companies to place an increasingly higher priority on improving workforce productivity. Organizations are now looking to the Human Resources function to go beyond the delivery of cost-effective administrative services and provide expertise on how to leverage human capital to create true marketplace differentiation. Facing these challenges, many HR organizations have been actively revamping to more effectively deliver the strategic insights the business requires. Improving the strategic capability of the HR organization is not, by itself, a new idea. Spurred on by leading academics such as David Ulrich and Edward Lawler, organizations have worked for the better part of the last decade to build more strategic capability into their HR departments. Competing in today's environment requires companies to focus on building a more responsive, flexible and resilient workforce. To do so, organizations must do a more effective job of sourcing talent, allocating resources across competing initiatives, measuring performance and building key capabilities and skills. HR organizations that provide strategic guidance on these issues can become proactive drivers of organizational effectiveness, rather than simply a supporter of these efforts. The key to the performance and growth of today's enterprises resides in the capabilities of the organization, which in turn depend on the capabilities of its people. The industrial era was a time when people were easily recruited and retained to fill an established, unvarying set of roles. The knowledge era brings with it a much more competitive marketplace for talent.

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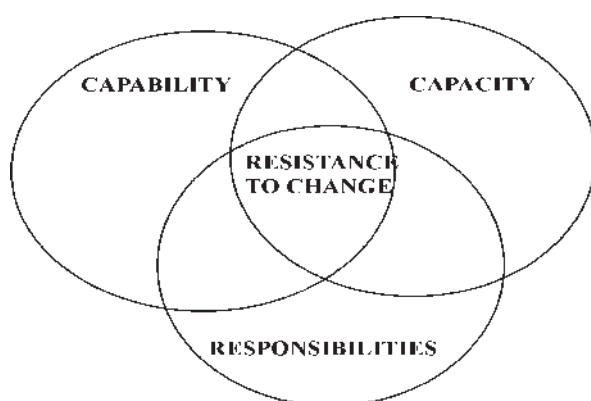
As they experience unprecedented employment volatility around them, people are placing a great deal of value on working in an environment where they can actively develop their capabilities. In a way, customers are also putting a high value on learning and acquiring capability, with regards to solutions that are important to the realization of their aspirations.

In current and emerging business contexts, our understanding of what creates value for organizations has changed radically. Intangible assets now represent the most important source of value creation. This is a radical change from the industrial era when tangible assets played a much more prominent role. However, the overall blueprint of today’s organization has, in large part, been inherited from the industrial era. As a result, our enterprises are ill equipped to manage their intangible assets. This is why rethinking on how to best approach Human Resources management in the knowledge era must be based on an understanding of intangible assets.

### 1.12.1 Building Strategic Capability: The roles of the HR manager or HR Business Partner and Centers of Expertise (CoE)

At the heart of the strategic reinvention of the HR organization are the roles of the HR Business partner and the Centers of Expertise (CoE). Organizations continue to struggle with a number of factors (see Figure 1.7), including:

- Defining the new job responsibilities and performance measures for HR Business Partners and CoE members
- Identifying the capabilities necessary to meet the new role expectations
- Defining the number of individuals needed to fill each of these roles
- Identifying and addressing sources of resistance when HR personnel are asked to focus on more strategic activities.



**Figure 1.7: Areas of focus when transforming strategic HR positions**

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### *1.12.1.1 New HR Responsibilities*

In recent years, companies have often retitled their HR generalists as “Business Partners” in an attempt to connote a closer and more strategic working relationship between the HR department and the operating units. For many companies the very nature of the work of a Business Partner has been redefined. At the same time, a significant amount of the front-line employee relations work was also transferred to a combination of line managers and dedicated shared services personnel. For some organizations, these changes eliminated up to 70 percent or more of the workload of the traditional HR generalist role. In its place, HR Business Partners were generally asked to take greater accountability for more strategic tasks that need to be accomplished over a longer time horizon. These could include activities such as: consulting with business unit leadership on a new productivity initiative; rolling out a new competency framework; developing a talent capacity plan for a new product or service launch; and developing a three-year labor outlook for an emerging set of skills and capabilities. These activities are designed to look beyond employee transactions at how the business unit can make the best use of its current and future human capital resources. For individuals working in CoE, the focus shifts toward playing two roles: thought leader and integration manager. As thought leaders, CoE personnel need to be responsible for designing HR programs and processes, identifying and applying good practices from outside the organization, monitoring program effectiveness, and providing subject matter assistance to Business Partners and shared services personnel. In addition, CoE personnel need to manage the relationships with outsourcing vendors for their particular discipline; including the monitoring of service level agreements and conducting root cause analysis to address ongoing issues.

### *1.12.1.2 New capabilities*

Based on the new tasks of the HR Business Partner, study participants identified five key capabilities that are needed to make a strategic contribution to the organization: analytical skills; business acumen; consulting skills; change leadership skills; and the ability to share knowledge across the HR organization.

HR Business Partners need analytical skills to develop evidence-based recommendations and effective business cases. They must understand how data flows through various HR and financial systems, and how to obtain and analyze human capital data that supports their recommendations. HR Business Partners also need to be proficient in developing models and scenarios that determine the cost and impact of changes in HR policies and procedures. Participants in our study found that they were unlikely to have sufficient depth in these skills within their own HR organizations and considered them among the most difficult to develop.

HR Business Partners also need business acumen in the form of understanding their business unit’s strategies and operations. To serve as true advisors to the business, they

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must understand the dynamics of their industry, as well as the day-to-day activities performed by different functional units and how individuals within the units are evaluated. They also have to understand the needs of customers and partners to better see how their human capital decisions impact stakeholders beyond the organizational boundaries

HR Business Partners will have to serve as lead advisors to their business units on human capital issues. To do so, a number of consulting skills are essential, including the abilities to build trusting relationships with senior executives, diagnose organizational problems and determine root causes, develop recommendations and business cases, and create action plans. Further, they must have the strength and conviction to deliver difficult messages to senior leaders, even if those messages may prove to be unpopular.

HR Business Partners also need to be effective at driving change through the organization. This includes soliciting and initiating participation from individuals within the business unit to support change efforts, aligning recognition and performance measurement systems to support desired activities, and effectively communicating with multiple stakeholders.

HR Business Partners not only need to provide expertise to the business units they support, they also should share knowledge across the HR organization. One way to do this is to regularly connect with peers in other business units to share relevant practices, while another is to work with individuals in the CoE to pass along new learning. For individuals residing in the CoE, different set of required capabilities: deep functional expertise; the ability to partner with internal stakeholders; process design and stewardship; and large scale project management are necessary.

CoE personnel must possess deep functional knowledge and an understanding of leading practices within their particular disciplines. Because the CoE serves as both the developer and arbiter of HR policy, individuals working in this area must apply technical knowledge of their discipline and understand its application to the overall business.

In the more collaborative environment that characterizes transformed HR organizations, individuals working in CoEs need to partner with others across the organization to design and implement effective policies. CoE personnel might be called to work with Business Partners to design programs addressing business unit needs, to work with shared services to implement cost-effective HR programs that reduce employee confusion, or to connect with line managers and employees to periodically assess the value of CoE programs and services. As leading corporations become larger and increasingly global in scope – often through merger and acquisition activity that brings together disparate processes for similar activities overnight – the ability to create common, institutionalized process activities and metrics is vital. At the same time, CoE personnel must have the flexibility to identify appropriate regional or business unit variations and determine how those modifications need to occur. As the HR organization becomes increasingly strategic and vital to overall



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business operations, CoE personnel must be capable of managing larger projects that involve stakeholders from various parts of the business. Finally, they must communicate progress to key stakeholders on an ongoing basis.

**Table 1.4 Summary of HR Business Partner and Center of Expertise capabilities.**

Key Capabilities of an HR Business Partner	Key capabilities for individuals working in a center for expertise
<ul style="list-style-type: none"> <li>• Analyze human capital data to solve business problems.</li> <li>• Understand the business and determine human capital requirements.</li> <li>• Act as a consultant to senior management.</li> <li>• Drive change through the organization.</li> <li>• Share and leverage good Practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Deep functional expertise.</li> <li>• Ability to partner with internal stakeholders.</li> <li>• Process and program design and stewardship.</li> <li>• Large-scale project management.</li> </ul>

## 1.12.2 Sources of Resistance from HR Personnel

Any time a large organization attempts to alter existing social contracts that have taken root, there will be stakeholders who resist that change. The three specific sources of resistance are: codependency; a lack of analytic skills; and lack of a “burning platform” to insight action. Many so-called HR Business Partners remain comfortable providing short-term answers to line managers, who in turn, appreciate this individualized service. Indeed, the need to “provide service to the business unit” has historically been defined as providing rapid answers to routine queries. This often leads to an unhealthy codependency as business unit executives become reluctant to go to the shared services centers for assistance, and the HR professionals continue to spend significant amounts of time addressing administrative questions. Simply reorienting existing work arrangements and relationships takes a significant amount of effort. A Study has highlighted the importance of not only explaining to people the rationale and benefits of change, but also the consequences of not changing. As companies moved much of their administrative work to shared services centers and outsourcers, the need for larger, dedicated teams within Centers of Expertise often diminished. In many cases, the remaining individuals within the CoE found themselves hesitant to fully accept the new strategic HR model for a number of reasons. These included having less direct

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access to internal customers and having fewer staff to accomplish their work. In the past, the CoE often worked directly with business unit executives to design and deliver HR policies and procedures. Also, they tended to work directly with line managers and employees to gauge reactions and respond to inquiries about HR programs. In the new HR model, CoEs are now being asked to work through HR Business Partners to determine business unit needs and collaborate with shared services to determine the effectiveness of HR policies and procedures. These changes, which represent somewhat significant departures from past practice, often caused resentment among CoE personnel.

### 1.12.3 Recommendations

Companies should focus on three areas as they work to upgrade the HR function's strategic capability:

- Enable HR professionals to apply human capital data and information – on par with what the CFO would expect in Finance – to drive business decisions
- Develop a talent model for HR that encompasses the need for new skills and capabilities and is built upon improved selection, employee development and performance management
- Build a roadmap for HR transformation that builds momentum and embeds strategic changes into the DNA of the business.

Human capital data and information are the lifeblood of the strategic HR organization.

Organizations looking to use data and information to build fact-based decisions need to do the following:

- Verify that the data sources used by strategic HR personnel are of high quality and consistent with other reporting systems.
- Teach Business Partners and CoE personnel how to translate human capital data and information into compelling recommendations to the business. HR Business Partners need to use basic analytic tools and statistics, both to develop hypotheses, as well as to incorporate data into compelling presentations. Work toward achieving high adoption of employee and managerial self-service tools to build consistency in employee data and reduce the volume of questions Business Partners face. To do this, increase marketing and educational efforts on rollouts of applications that receive high volumes of employee traffic.
- Leverage employee contact center case management data to evaluate HR program clarity and effectiveness.
- Develop a talent model that can deliver higher value services



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ring in HR professionals from outside the company - The organizations need to hire outside HR professionals to attain the next level of strategic capability. While recruiting experienced talent from the outside can bring instant skills and capability, there is typically a lag time between finding talent in the outside market and getting them up to speed in their new positions and environment.

- Attract employees from within the company, but outside the HR function – Many firms discovered that the talent they need exists within the organization, but outside the HR function. For example, given their knowledge of the business and their comfort with analytics, finance and audit personnel were identified as potential candidates for HR advisory positions.
- Provide education to existing HR professionals – Continuing education was also viewed as critical to building the capabilities of strategic HR staff. In one organization, a structured set of distance learning modules was developed, addressing business skills, global resourcing strategies, Industrial relations and analytic decision making. It required that all HR staff at a certain level complete each of these modules and pass certification exams. Outside training courses can also be used to improve the ability of the HR staff to think strategically and provide consulting services to their internal business unit clients.
- Support individuals as they perform their new jobs – Providing mentoring to individuals as part of their day-to-day activities was also considered essential. For example, HR personnel can be encouraged to come together and present analyses to one another before presenting them to their business unit clients. Consistent coaching and mentoring allows individuals to receive feedback on their newly directed capabilities – quickly addressing questions and reinforcing positive actions. However, this ongoing support needs to be combined with clear performance goals and targets that focus strategic HR professionals on new achievements and away from their former administrative activities.
- Foster participation in outside development activities – Identifying opportunities beyond the classroom for HR professionals to broaden their skill bases was also seen as an important development step. For example, sitting on the boards of not-for-profit and community organizations was seen as a valuable way of obtaining business experience. Not only were individuals able to develop new skills, these opportunities were recognized as a way for individuals to bring new ideas and practices into the organization. Regardless of which combination of these skill-building options is followed, project leaders must provide ongoing communication and mentoring of HR staff to build them for the changes underway. This process cannot be overlooked, as consistent reinforcement and support can reduce the risk of individuals slipping back into old, undesirable work habits. Ongoing communication is vital – both with senior leadership to maintain buy-in and key stakeholders to avoid political maneuvering.

**Have You Understood?**

1. What is strategic capability?
2. What is the role of HR manager in building strategic capability?
3. What is center of expertise?
4. What are the areas of focus of HR managers in developing strategic capability?
5. What are the resistance areas of HR managers?

**1.13 BENCHMARKING AND HRD AUDIT****1.13.1 Benchmarking of Human Resource Performance**

Benchmarking compares specific measures of performance against data on those measures in other “best practices” organizations. When information on HR performance has been gathered, it must be compared to a standard, which is a model or measure against which something is compared to determine its performance level. For example, it is meaningless to know that organizational turnover rate is 75% if the turnover rates at comparable organizations are not known. HR professionals interested in benchmarking try to locate organizations that do certain activities particularly well and thus become the benchmarks. The common benchmarked performance measures in HR management are:

1. Total compensation as a percentage of net income before taxes.
2. Percent of management positions filled internally.
3. Sale (in terms of monetary unit) per employee.
4. Benefits as a percentage of payroll cost.

**1.13.1 How to do Benchmarking Analysis**

A useful way to analyze HR involves calculating ratios that can be compared from year to year, thus providing information about changes in HR operations. Effectiveness is best determined by comparing ratio measuring with benchmarked national statistics. The comparison should be tracked internally over time. For example, Society for Human Resource Management (SHRM) has developed benchmarks based on data from more than 500 companies, presented by industry and organization size.

**1.13.2 HRD Audit**

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

**1.13.3 Concepts of HRD Audit**

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

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- a. Where does the company want to be in ten years from now, three years from now, and one year from now?

Top management provides answer to this. Strategy and plan documents can be reviewed.

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

This is assessed through an examination of employees, job description, training programs attended and so on. Skill gap can be identified using interviews.

- c. C What are the HRD sub-systems available today to help the organization build its competency base for the present, immediate future and long term goals?

HRD subsystems and tools can be studied. Answer to this question contributes to the HRD systems maturity score of the HRD Score Card.

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

The appraisal forms, the extent to which coaching components are utilized, induction training are included in this.

- e. Does the HRD structure exist in the company adequate enough to manage the HRD in the company?

The consultants analyze whether the HRD structure can handle the pressing and future HRD needs of the company.

- f. Are the top management and senior manager styles of managing people in tune with the learning culture?

The consultants examine the leadership styles, human relations skills, and so on. Answer to these questions contributes to the HRD culture score of the HRD Score card.

### 1.13.4 Why do companies want HRD Audit?

1. To make the HR function business-driven
2. To take stock of things and to improve HRD for expanding, diversifying, and entering into a fast growth phase
3. For promoting professionalism among employees and to switch over to professional management.
4. Multinationals want to know the reason for lower labor productivity and for improving their HRD strategies in the Indian context.
5. Multinational organizations have problems with cultural diversity and hence these companies relied on the HR department for changing the situation. As a result they decided to take HRD audit

6. For growth and diversification
7. Dissatisfaction with a particular component
8. Change of leadership

### **1.13.5 Methodology of HRD Audit**

The following are some of the techniques that are followed during the conduct of HRD audit in an organization. These techniques can be used alone or as a combination of techniques.

#### **1. Individual Interview**

This technique is used for collecting information from top level management and senior managers. Such individual interviews are must for capturing their thoughts about the future plans and opportunities available for the company. A good HRD audit begins with individual. Individual interviews are also helpful in obtaining sensitive information like organization culture, leadership styles.

#### **2 Group Interview**

In large size companies it is not feasible to interview everyone individually. Group interviews are normally for groups of 4-8 individuals. It is preferable to have employees drawn from same or similar levels for free expression of views. However, it is quite common to give cross-functional representation of employees in the same group. If the organization is large, an attempt is made to conduct group interviews for each function separately to keep the levels homogeneous.

#### **3. Workshop**

In some cases Large Scale Interactive Process (LSIP) workshops are conducted. In such workshops, a large number of participants ranging from 30-300 can be gathered in a room and asked to do the HRD audit. Normally the participants work in small groups either around various subsystems or around different dimensions of HRD, do a SWOT analysis and make a presentation. The workshops can also be used to focus specifically on individual HRD systems like performance appraisal. The workshop outcomes have been found to be very good. Participatory methods of HRD audit may initiate the change process and it can also provide a lot of information to the top management on employee related processes and help them plan further intervention.

#### **4 Questionnaire Method**

Questionnaire can be used to assess various dimensions of HRD including the competency of HRD staff, and the HRD systems. The questionnaire can be administered individually or in group. It is better to call groups of respondents, selected randomly to a room and explain the objectives and the process of HRD audit and administer the

## NOTES

questionnaire. Care should be taken to get more credible data and not to disclose the personal explanation given by the respondents.

### 5 Observation

The HRD Audit consultants visit the work place including the plant, the machinery, room, canteen, toilets, training room, hostels, hospitals, living colony,, etc to assess the extent to which a congenial and supportive human welfare-oriented climate exists in the company. This is essential because employees are not likely to give their best if they don't live in good surroundings, their health and education are not taken care of, they don't have good communication and other facilities and their work conditions se poor.

### 6 Analysis of Secondary Data

This can give a lot of insights into the HRD assets and liabilities of the company. Such an analysis should pay attention to the costs incurred by the company in terms of maintaining the HRD infrastructure. For example the training program attended by the members and the result of it on performance can be analyzed through the employee productivity chart and performance appraisal reports.

### 7 Analysis of Reports, Records, Manuals, and other Published literature

Published literature of the company, such as annual reports, marked handouts, training calendar, personnel manual, and various circulars issued from time to time are also likely to help in assessing the strength and weaknesses of HRD.

#### Have You Understood?

1. What is benchmarking?
2. What are the methods to benchmark human resources?
3. What is HRD audit?
4. What are the techniques used in HRD audit?
5. Why do companies want HRD audit?
6. What are the basic questions that have to be asked when the companies go for HRD audit?

### 1.14 RECENT TRENDS

Currently HRD has started gaining importance in the Indian context. Many organizations have started practicing HRD strategies to remain competitive, to retain human resource in the organization and for implementing cost cutting strategies.

The American Society for Training and Development (ASTD) has established a benchmarking forum for the purpose of identifying and learning the best practices. It helps the HRD professionals to keep current by examining the practices of leading organizations.

## NOTES

Some organizations create a change committee whose role is to work with both the change manager and the change agent in the design and implementation of the intervention strategy. Committees or task forces are important for helping to collect data, develop team skills, and define the emerging tasks and roles within the system. Ideally, these individuals will be energized by their involvement, motivating them to put forth the extra effort needed for committee work. Organizations need to do more to prepare executives and other managers to assume the change management role. Some organizations have begun to address this need. For example, Corning, Inc., developed a program (referred to as a tool kit), called Exercises for Managing Change, that provides information, activities, handouts, and other resources that help managers and executives to prepare for change, move through the change process, and live with change.<sup>36</sup> Programs like this help change managers to understand their role and encourage them to call on others to assist them in developing and implementing planned change strategy.

Team-based approaches that emphasize empowerment (e.g., TQM, semi-autonomous or self-managing team) have come under the scrutiny of unions and the National Labor Relations Board (NLRB). For example, the NLRB cited two companies for engaging in unfair labor practices by dominating or interfering with the formation of a labor organization. The NLRB ruled that if an organization establishes employee committees that have authorization to set wages, hours, and conditions, this can be construed as a labor organization under the law, even if no labor union was present in the organization. The implications of this ruling for a given employer will depend largely on the existing relationship between employees and management (or union and management). If relationships are poor, this could essentially halt any efforts to involve employees (including union members) in most types of employee involvement processes and team-based approaches currently existing in organizations.

Many researches have been carried out in testing the intervention techniques and in finding new techniques for training. For example outbound training is an outcome of such an effort.

### Have You Understood?

1. What are the recent developments in the field of HRD?
2. What the current practices used by organizations to cope with change?
3. Name some of the current training techniques.
4. Name some team based HRD practices.

### Summary

- Human resource is tied to the broader process of strategy development in the organization, beginning with identifying the philosophy, vision, mission and value system of the organization.



## NOTES

- Current changes in the macro and micro levels of the organization have necessitated the developmental practices in the organization.
- HRD department carries out different functions in the organization depending on the nature and strategy of the organization.
- HRD department set goals and measure the effectiveness.
- HRD audits can be used to gather comprehensive information on how well HRD activities in an organization are being performed.
- Benchmarking allows an organization to compare its practices against best practices in different organizations.
- Organizations build their own models to attain strategic capability with respect to their human resource depending on their need.
- The current scenario of HRD managers have certain issues which need to be addressed.

### Questions

1. How can HRD professionals impact the likely success or failure of a merger or acquisition?
2. Assume that you are in-charge of an orientation program for the line managers. What activities can be conducted to increase the motivation levels of the new recruits so that they will exert high levels of effort toward achieving work related goals?
3. Identify and describe three potential problems with using questionnaires in HRD audit.
4. Identify and describe at least three ethical considerations in conducting evaluation research. How do these factors affect the evaluation effort?
5. Why is needs assessment information critical to the development and delivery of an effective HRD program?
6. Should HRD professionals use performance appraisal to enhance the value of the information obtained from person analysis?
7. Can human resource be benchmarked?
8. Why need assessment not so often is performed in many organizations?
9. How could an HRD professional encourage a reluctant manager or executive to approve the time and resources necessary for a needs assessment before selecting and implementing an HRD program?
10. Can an HRD manager of a manufacturing organization contribute to the workflow, production, scheduling and other manufacturing decisions?. If yes, how?
11. Identify how the challenges discussed in the chapter are evident in your current or past employer.
12. Why is it important for HR management to evolve from the administrative and operational roles to the strategic one?
13. Describe some examples in your work experience of the human resources in an organization creating a competitive advantage and core competency.

### CASE

XYZ organization has been in the business for more than 25 years. It has been rated as the best place to work for by many of the top rated magazines and consultancy groups.



## NOTES

The main base for the success of XYZ is taking time to educate the employees, paying them well and treat them as equals.

XYZ takes considerable time and effort to hire employees who fit the company's values and culture. Additional time is spent by the HR managers in selecting the right employee. The organization also pays higher than its competitors and offers a competitive benefits package. The organization also spends considerable time in training its employees. The training time in XYZ is also more than its competitors. The managers of XYZ maintain constant communication with the employees and help out in various jobs. HR and line managers takes the responsibility of motivating the work force and there by inculcating the sense of loyalty and commitment in the work force.

All these activities take considerable time, effort and money. Sales of the company increases every year by a considerable margin and the loyal customer base has been on the increase very year. Obviously, XYZ has the right employee base.

**Read the above case and answer the following questions:**

1. Discuss how the culture of XYZ is nurtured by the HR activities and practices used.
2. Compare the culture at your present employer to the culture given in the above case. What recommendations will you make to the executives where you work?

## UNIT II

## NOTES

### E-HRM

#### 2.1 INTRODUCTION

E-HRM is a way of implementing HR strategies, policies, and practices in organizations through a conscious and directed support of and/or with the full use of web-technology-based channels. The word ‘implementing’ in this context has a broad meaning, such as making something work, putting something into practice, or having something realized. E-HRM, therefore, is a concept - a way of ‘doing’ HRM.

Computers have simplified the task of HR managers in all the functions like recruitment, selection, training, performance appraisal, compensation plans, and conducting employee surveys. With computer hardware, software, and databases, organizations can keep records and information better, as well as retrieve them with greater ease.

#### Learning Objectives

- What is E-HRM?
- How to analyze E-HRM theoretically?
- To what extent is it already ‘visible’ in organizations?
- What types of E-HRM can be distinguished?
- What are the goals?
- What are the consequences for HR departments?

#### 2.2 DEFINING E-HRM

E-HRM is a way of implementing HR strategies, policies, and practices in organizations through a conscious and directed support of and/or with the full use of web-technology-based channels. The word ‘implementing’ in this context has a broad meaning, such as making something work, putting something into practice, or having something realized. E-HRM, therefore, is a concept - a way of ‘doing’ HRM.

Organizations do not start with nothing when they step out onto the E-HRM road. For a start there will be certain implicit or explicit HRM policy assumptions and practices already in use. Further, every management decision contains some HRM component. From the existing state of the HRM in an organization (the frame of reference), the individuals

## NOTES

and groups involved (the stakeholders) make choices with regard to E-HRM. As these are made within a certain context, the choices are purpose-driven.

### 2.2.1 E-HRM goals

What goals drive stakeholders when deciding about E-HRM? Based upon a scan of professionally-oriented and academic journals, we can draw conclusions about the reasons or goals of organizations making steps towards E-HRM. The four ‘pressures’ from Lepak and Snell (1998) are a good start, but we think that they can be reduced to three types of goals, namely:

1. Improving the strategic orientation of HRM
2. Cost reduction/efficiency gains
3. Client service improvement/facilitating management and employees

### 2.2.2 E-HRM outcomes

According to Beer et al. (1984) all E-HRM activities, will implicitly or explicitly be directed towards distinguish four possibilities: high commitment, high competence, cost effectiveness, and higher congruence. These outcomes, in turn, may change the state of HRM in an organization, in to a new HRM state. E-HRM will change the nature of the HR department by making less administrative tasks for the HR department and therefore less administrative positions, more focus on the strategic goals of the organization and therefore an HRM staff consisting mainly of ‘thinkers’; this is, in essence, what HR departments can expect or are already facing and experiencing.

### 2.2.3 Types of E-HRM

E-HRM is not a specific stage in the development of HRM, but a choice for an approach to HRM. Wright and Dyer (2000) distinguish three areas of HRM where organizations can choose to ‘offer’ HR services face-to-face or through an electronic means: transactional HRM, traditional HRM, and transformational HRM. Lepak and Snell (1998) make a similar distinction, namely operational HRM, relational HRM and transformational HRM

### 2.2.4 A model of E-HRM

Huub Ruël, Tanya Bondarouk, Jan Kees Looise have proposed a model of E-HRM which is given in figure 2.1

**NOTES**

Parent-country nationals hold the key positions  
 Strategic decisions are made at headquarters  
 Exporting home country practices and policies to foreign countries  
 Headquarters management personnel hold key jobs in either domestic or foreign operations  
 Expatriates manage the business

- Regional staff are utilized and developed for positions anywhere within the region
- Regional managers may not be promoted to headquarters positions
- Regional managers enjoy a degree of regional autonomy in decision making
- Standardized practices within a geographic region

**ETHNOCENTRIC APPROACH**

Uses host-country nationals to staff the subsidiary  
 Parent country nationals hold positions at headquarters  
 Each subsidiary is a distinct national entity with some decision making autonomy  
 Local nationals are seldom promoted to positions at headquarters  
 Developing practices and policies according to local culture and workforce characteristics

**GEOCENTRIC APPROACH**

- Best people anywhere in the world are developed for key positions anywhere in the world
- Ignores nationality in favor of ability
- Cuts across the nations and thus talent is brought across the borders
- Attempts to develop practices and policies that transcend cultural differences

**Figure 2.1 E-HRM Model**

E-HRM will assume an active role for line management and employees in implementing HRM strategies, policies, and practices. In terms of the more operational and information processing work, such as administration, registration and information distribution, there will be less demand for HR people. This seems most logical for organizations with an operational E-HRM approach. However, also with a relational E-HRM approach dominating, a smaller HR staff will be necessary if line management and employees pick up and use the HRM instruments provided by the HR intranet. There will still be HR experience necessary for the renewal of instruments and to prepare them for easy intranet-based use. Finally, with a more transformational E-HRM approach, strategic HRM expertise will be necessary in order to formulate adequate strategic HRM plans.

The scarce empirical studies on this topic suggest that an investment in E-HRM seems to result in companies reducing the number of HRM employees. Based on the earlier arguments, it is likely that this concerns primarily the operational/administrative HRM workers. At the tactical and strategic levels, HRM staff will remain necessary, but will see a shift in their expertise from face-to-face skills towards intranet and internet activities. In other words, the web-dimension will be added to the toolkit of HRM professionals.

Once implemented E-HRM covers all aspects of human resource management:

- corporate organization
- job descriptions
- personnel administration
- career development
- education and training
- annual interviews with employees
- hiring process

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- absence planning
- labour/personnel costs
- employee's personal pages

The ability to disseminate information in connection with different relevant activities and to generate overviews, reports and analyses could very well position eHRM as the most important link in the corporate management chain. Corporate management can easily obtain up-to-date and reliable information forming the basis for strategic decision-making.

### 2.2.5 Features of E-HRM

The E-HRM business solution excels in:

- Modularity
- The solution can be accessed and used in a web browser
- Security of data, protected levels of access to individual modules, records, documents and their component parts
- Parametricity and customisability
- Access to archived records and documents
- User-friendly interface
- Connectivity with the client's existing information system (payroll accounting, ERP, attendance registration, document systems...)
- Multi-language support

### 2.2.6 Implementation of E-HRM

There are five main phases in the implementation of the E-HRM business solution.

#### A. Analysis (Infrastructure)

Analyzing the existing infrastructure with regard to quantity of data and classification of business activities.

#### B. Business processes in the company

After the existing processes have been analyzed, the options for automating these processes in the client's environment are proposed. Finally a project plan is developed based on the model of the processes identified.

#### C. Implementation

After a fundamental analysis of the processes in the work team, individual modules are deployed in the client's environment. With modular design a gradual implementation is possible. Company-specific functionalities are discussed with the client and built upon request.

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### D. Implementation and training

A complete knowledge of the components of the solution is a key factor for successful implementation. The entire team of project managers, information technology professionals and human resources specialist are thus involved in user training and implementation.

### E. Maintenance

Fast technological development and development of new modules make cooperation after the implementation indispensable. A maintenance contract typically includes:

- Technical support experts available by phone, through e-mail or on-site
- Adaptation of existing modules or development of new ones
- Application software adjustment to changes in the system environment or operating system
- Functionality improvement and software upgrades in the form of new versions
- Consultation about further development of the system

#### 2.2.7 Advantages of E-HRM

The E- HRM business models are designed for human resources professionals and executive managers who need support to manage the work force, monitor changes and gather the information needed in decision-making. At the same time it enables all employees to participate in the process and keep track of relevant information.

- Collection and store of information regarding the work force, which will act as the basis for strategic decision-making
- Integral support for the management of human resources and all other basic and support processes within the company
- Prompt insight into reporting and analysis
- A more dynamic workflow in the business process, productivity and employee satisfaction
- A decisive step towards a paperless office
- Makes the work to get over fast

#### 2.2.8 Disadvantages of E-HRM

1. Employees and line managers' mindsets need to be changed: they have to realize and accept the usefulness of web-based HR tools.
2. They generally feel that they lack the time and space needed to work quietly and thoughtfully with web-based HR tools and so, if there is no real need, they will not do it.
3. Guaranteeing the security and confidentiality of input data is an important issue

for employees in order that they should feel 'safe' when using web-based HR tools.



# NOTES

## Have you understood?

1. What is E-HRM?
2. What are the goals of E-HRM?
3. What are the advantages and disadvantages of E-HRM?
4. Explain the process of E-HRM implementation in an organization.
5. Discuss a model of E-HRM.
6. What are the basic characteristics of E-HRM models?

## 2.3 E-EMPLOYEE PROFILE

The employee work profile is the principle source document for evaluating and allocating the position to the appropriate role. The employee work profile is the official state form that lists the core responsibilities, duties and any special assignments assigned to a specific position and incorporates the employee performance plan. The E-Employee Profile web application provides a central point of access to the employee contact information and provides a comprehensive employee database solution, simplifying HR management and team building by providing an employee skills, organization chart and even pictures. E-Employee profile maintenance lies with the individual employee, the manager and the database manager. E-Employee profile comprise of the following:

- **Certification.** To enter details about certifications an employee has received, the institution attended, and date of certification.
- **Honor/Award.** To enter details about honors and awards an employee has received, the institution that presented the honor or award, date received, and additional comments.
- **Membership.** To enter information about professional memberships the employee holds, active status, starting and ending dates, and whether the membership is company related.
- **Education.** To enter details about an employee's education, including type of education, years of study, degree received, graduation date, and the institution where the employee studied.
- **Past Work Experience.** To record the employee's previous job experience, such as title, company name, industry, business unit, and starting and ending dates.
- **Assignment Skills.** To enter the skills required to complete an assignment and any additional comments.
- **Competency.** To enter information on competencies the employee has achieved or needs to achieve, including the required level of competency, skill gap, parent skill, and root category for the skill. Can also be used to enter the date the competency requirement was fulfilled, description, and critical degree of the competency.
- **Employee Assignment Rules.** To record assignment rules and filters that apply to an employee, along with the activation date, expiration date, and a description of the rule.



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- **Employee Availability.** To enter an employee's availability for assignment and the project and account the employee is assigned to with starting and ending dates and estimated hours required.
- **Employee Exception Hours.** To enter any exception hours an employee works, the dates worked, type of exception, and reason for exception.
- **Employee Utilization.** To display Utilization or Time Sheet Details and to select the type of chart display for this information—two-dimensional or three-dimensional line, bar, or stacked bar charts.
- **Employee Tools.** To enter information about the tools issued to the employee, such as the serial numbers, asset numbers, and quantity.
- **Job Information.** To view and enter information about the employee's employment status, compensation eligibility, and performance statistics.
- **Sensitive Job Information.** This form can provide compensation details for the employee, including salary, salary plan, bonus target percent, and so on. This form can be kept as read only protected file which allows only the employee, his superior to view.
- **Service Details.** This view includes information on the employee's service requirements, such as the cost per hour, shift schedule, and whether the employee is compensated for overtime hours.
- **Calendar.** This shows the employee's calendar.
- **Calendar Administration.** This is used to grant access to the employee's calendar to other employees.
- **Employee Locator.** This typically used by end users to find employees based on the employee's profile data.

The information stored in the employee profile repository is used by other applications and modules. For example, the skills in an employee's profile are used by Competency Management to calculate skills gaps, which helps to identify areas in which an employee needs to update his or her skills. We can restrict visibility of an employee profile view based on the responsibilities of the employee.

### Have you understood?

1. What is E-Employee profile?
2. What are the components of E-Employee profile?
3. With an example explain how the information stored in E-Profile can be used by other applications?

## 2.4 E-RECRUITMENT AND E-SELECTION

The Human Resources Management (HRM) function includes a variety of activities. The key among them is deciding what staffing needs you have and whether to use independent contractors or hire employees to fill these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues, without omitting to ensure personnel and management practices conform to various regulations. E-HR refers to the broad contact with human resources data, tools and connections available directly

## NOTES

on the web in most workplaces today. Nowadays technological change is a key driver for HR improvement.

Many firms are exploring the opportunities presented by advancements in technology, particularly where it could reduce costs and time, complement and improve existing recruitment methods, prove a candidate's ability to use technology and enhance the image of the firm. Indeed, advancements in technology present benefits to both employer and candidate, with graduates enjoying "...the freedom of being able to 'window shop' on-line as part of their job search process". The most widespread use of new technology in recruitment at present, aside from marketing, is the use of online application forms and CVs, with over half of employers using their corporate website in electronic recruitment.

### 2.4.1 E-Recruitment

Organizations first started using computers as a recruiting tool by advertising jobs on a bulletin board service from which prospective applicants would contact employers. Then some companies began to take e-mail applications. Today the internet has become a primary means for employers to search for job candidates and for applicants to look for jobs. The explosive growth in internet use is a key reason. Estimates are that there are more than 1.2 billion users worldwide. Various surveys found that 80% to 90% of employers use the internet for recruiting. As many as 100,000 recruiting web sites are available to employers and job candidates and which to post jobs and review resumes of various types. But the explosive growth of internet recruiting also means that HR professionals can be overwhelmed by the breadth and scope of internet recruiting.

#### 2.4.1.1 E-Recruiting Methods

Several different methods are used for internet recruiting (See figure 2.2). these methods are explained in detail below.

#### Job boards

Numerous job boards like [www.monster.com](http://www.monster.com), [www.naukri.com](http://www.naukri.com), provides places for the employers to post jobs or search for candidates. Another prevalent one is American job bank, operated in conjunction with US department of Labour and state job services.

Even though job boards provides access to numerous candidates, many individuals accessing the sites are job lookers who are not serious about changing the job, but checking out the compensation levels and what job availabilities are available in the area of interest. One estimate that about one third one the visitor are just browsing and not serious about job change. Despite these concern, hr recruiters finds job board useful for generating applicant response. Also, a recruiter for the firm can pretend to be an applicant in order to

check out what other applicants are looking for in similar job candidates and competitors compensation information in order to maintain recruiting competitiveness.

### **Professional / Career web sites**

Many professional association have employment section at their web sites. As illustration, for HR jobs see [www.shrm.org](http://www.shrm.org) or [www.astd.org](http://www.astd.org) a number of companies has maintain specialized career or industry web sites in order to focus on IT, telecommunication, engineering, physician or other areas. Using these more specialized web sites limits somewhat the recruiters search time and efforts. Also posting jobs on such websites is likely to target applicant especially interested in the job fields and reduces the number of less-qualified applicants who actually apply for the job.

### **Employer Web sites**

Aside from the popularity of the job boards and other job sites, many employers found their web site to be more effective and efficient when recruiting candidates. Numerous employers have included employment and career information as a part of their web site. On many of these sites, job seekers are encouraged to email their resumes or complete online applications.

It is important that the recruiting and employment portions of employer web sites be seen as part of the employer's marketing efforts. Therefore employment sections of the organizational web sites must be shaped to market the jobs and careers effectively. Also the website should market the employer by outlining the information on organization, its products and services, organizational and industrial potential, and organizational operations. Unfortunately many organizational web sites don't incorporate career and employment information effectively. For example study on fortune 500 company web sites found that only 21% of the career web sites were difficult to navigate, and another 40% of them had inconsistent use of icons and links.

#### **2.4.1.2 Advantages of internet recruiting**

Employers has found number of advantages in using internet recruiting. A primary one is that many employers has realized cost savings using internet recruiting compared to other sources such as newspaper advertising, employment agencies and search firms, and other external sources. Some employer experiences saving from several hundred dollars per hire as high as 2 lakhs to 3 lakhs for senior professionals and management jobs.

Internet recruiting also can save some considerable time. Applicant can respond quickly to job posting by sending emails, rather than using 'snail mails'. Recruiters can respond quickly to the qualified candidates and establish time for interviews or request additional candidate's information.

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As expanded pool of applicants can be created using internet recruitment, in fact large number of candidates can view any given job listing, although exposure depends on which internet sources are used. One side benefit of the internet is that jobs literally are posted globally, so potential applicants in other geographical area can view job openings posted on the web.

### *2.4.1.3 Disadvantages of internet recruiting*

The positives associated with internet recruitment come with a number of disadvantages also. By getting broader exposure, employer also may get more unqualified applicants. A survey of HR recruiters found that one third of the felt that internet recruitment has created additional work for HR staff. More resume must be reviewed, more emails dealt with, and specialized applicant tracking software may be required to handle the increase in applicants caused in many internet recruitment efforts. A related concern is that many individuals who access job sites are just browsers who may submit resumes just to see what happens, but who are not seriously looking for jobs.

Another issue with internet recruitment is that applicant may have limited internet access, especially from lower socio-economic back grounds and certain racial / ethnic minority groups. Data from the department of labor study identified a 'digital divide' whereby a high number of village job seekers have no internet at home or even not at all. Consequently, employer using internet recruitment may not be reaching as diverse a recruitment pool as desired. Even in the fact of these disadvantages, it is likely that internet recruiting will continue to grow in usage. Employers and job seekers alike are seeing e-recruiting as a major part of external recruiting.

### **2.4.2 E-Selection**

The Internet is frequently described as the powerful new force that will bring an end to traditional recruitment. Web usage has without doubt increased in recent years and advances in on-line technology mean it is now certainly possible to perform a wide range of conventional recruitment tasks, such as the assessment of prospective candidates, over the Internet. The extent to which companies have been able to harness this technology to facilitate quicker and better recruitment decisions has however been far from clear.

Whilst most employers seem to be embracing Internet recruitment with enthusiasm, the penetration of on-line assessment tools such as personality assessments or ability tests, has so far been limited. A survey has showed that although more than half (55%) of all respondent organizations already use either psychometric or other assessment during the recruitment process, only 6% of these companies use on-line assessments prior to interview. Fewer still (3%) include a core-fit questionnaire in the recruitment pages of their Web site. Despite these figures, the future for on-line assessment looks very bright indeed. More than three-quarters of all respondents believed that they would use such products if they

reduced the time involved in the recruitment process. As many participants said they would use these tools if they could save money and were user-friendly. With 87% of respondents believing that their organization would benefit from greater use of Internet recruitment and more than three-quarters of participating companies stating that they intend to exploit developments in Web technology in the coming year, the use of on-line assessment products should certainly become more common.

#### **2.4.2.1 E-Selection Process**

There are misconceptions that Web based tests mean that the examinee conveniently sits at his or her home computer, orders up and takes a particular test, and gets the results immediately. But it is not like that. The process is explained below.

1. The Examinee connects to web, receives authentication, and logs on to Examination web server.
2. Examination web server authenticates the Examinee's work station or PC and establishes secure connection, usually public key encryption
3. Software of the Examination Web server selects question(s) and publishes the examination web page(s) and associated scripts: i.e., generates HTML pages
4. The Examination Web Server pushes the web pages containing examination sections or questions to the Examinee via the Internet connection.
5. The Examinee's web browser renders the examination ( given its capabilities to display various test components and run scripts)
6. The Examinee answers the questions using radio buttons, text boxes, etc.
7. The Examinee submits his or her responses to the Examination Server.
8. The Examination Web Server scores the information received up to that time and select additional items or sections to administer or stop, signifying the completion of the test.
9. Upon receiving the complete record of the examination, The Examination Web Servers scores the examination, publishes a score report and pushes the report back to the Examinee and to others who are entitled to see the scores (e.g, HR manager, Functional managers etc).

#### **2.4.2.2 Advantages of Web Based Selection**

1. Increased efficiency and productivity
2. Quick process
3. Many participants can be tested within a short span of time
4. Standardized testing and evaluation
5. Cost saving
6. Comprehensive reports
7. Can be intimate to the concerned people within a short duration of time
8. Remotely located candidate can be tested
9. Time simulated testing environment is helpful to maintain uniformity
10. Assessment content can be updated easily
11. Simulations can be used
12. Randomized tests are possible



## NOTES

13. This type of selection eliminates visual cues and screens off information which may be irrelevant such as sex, age, style of dressing etc., thus the focus is on interview content and fosters the selection of a more diversified workforce.

### 2.4.2.3 E-Tests

Many employers use employment tests and other selection procedures in making employment decisions. Examples of these tools, which can be administered online, include the following:

1. Cognitive tests assess reasoning, memory, perceptual speed and accuracy, and skills in arithmetic and reading comprehension, as well as knowledge of a particular function or job;
2. Sample job tasks (e.g., performance tests, simulations, work samples, and realistic job previews) assess performance and aptitude on particular tasks;
3. Medical inquiries examinations, including psychological tests, assess mental health
4. Personality tests and integrity tests assess the degree to which a person has certain traits or dispositions (e.g., dependability, cooperativeness, safety) or aim to predict the likelihood that a person will engage in certain conduct (e.g., theft, absenteeism);
5. Logical and Aptitude tests
6. English proficiency tests determine English fluency.

### 2.4.2.4 Challenges

The challenges are

- Security and using test centers for Web-based testing
- Measuring complex skills and problem-solving tasks on the Web
- Integrating modern item selection and test assembly algorithms
- Storing and processing all relevant examinee response data
- The large-scale distribution of “high-bandwidth” tests (e.g., multimedia, high-density audio video, or images); and
- Optimal ergonomic design of Web-based testing interfaces
- Not useful for certain types of tests like psychometric tests
- Certain skill sets like body language, mannerisms cannot be tested.

### Have you understood?

1. What are the popular E-Recruitment methods?
2. What are the advantages of E-Recruitment?
3. What are the disadvantages of E-Recruitment?
4. What is E-Selection?
5. Explain E-Selection process
6. Do you think a paper less Recruitment and Selection process is possible?
7. What are the advantages and disadvantages of E-Selection?



## 2.5 E-LEARNING AND E-TRAINING

### 2.5.1 Virtual Learning

E-Learning refers to any program of learning, training or education where electronic devices, applications and processes are used for knowledge creation, management and transfer.

Virtual learning or E-learning is a term covering a wide set of applications and processes, such as Web-based learning, computer-based learning, virtual classrooms, and digital collaboration. It includes the delivery of content via Internet, intranet/extranet (LAN/WAN), audio- and videotape, satellite broadcast, interactive TV, CD-ROM, and more.

In a real “E-Learning” program, the focus is on optimizing the learning processes of individuals within the organization, rather than in just “distributing” existing training. Actual E-Learning programs build the contents as granular and reusable learning objects (Clark, 1998, Thomas, 2001) that the user can combine by actively organizing and customizing its learning process and preferences rather than just following a “pre-programmed” training - like prescribed path. True E-Learning programs and products have a self-directed, self-serve, “pull” approach rather than a prescriptive “push” one that the instructor-led or e-Training program provides.

#### 2.5.1.1 Classical Learning Vs Virtual Learning

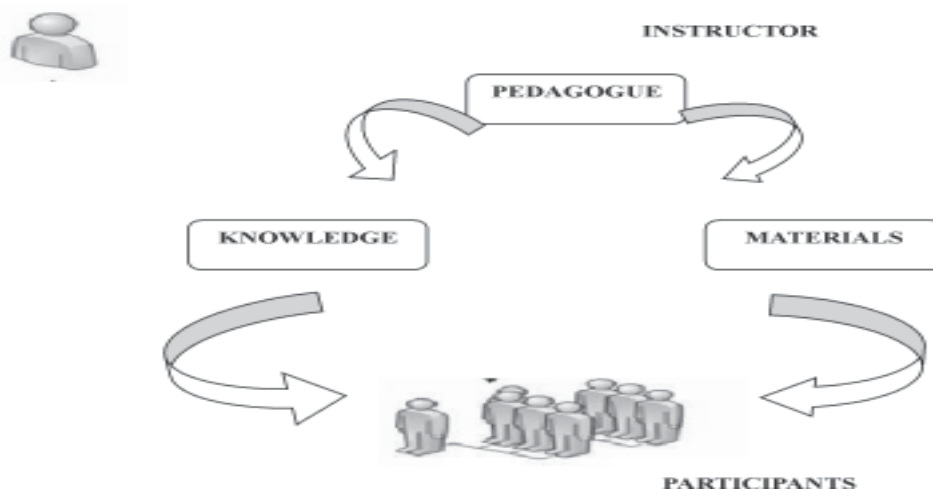
This classical learning model (See figure 2.2) especially from nonreversible flow of information. At the beginning is the pedagogue, which governs the course. For students, pedagogue offers information, knowledge and educational materials mostly in the representation of educational lecture notes for lessons. For the most part the feedback is weak, inconsistent, or even missing. Educational material is not developed or revised frequently and its updating is carried on by the preparation of new lecture notes, so it happens often few years after the last print-out.

By the usage of virtual education environment the classical learning model is modified from nonreversible flow of information to bilateral, because feedback in virtual education is much better used. The instructor still governs the course, but the educational materials subsided to be fundamental. Participants can contribute discussions, and knowledge, and so they can support the lessons by their thoughts and ideas. Another benefit is quality intervention of participants’ communication within the course. If it is needed, pedagogue can take a part in this communication channel too. Lecture notes not have to be major axis of study for given them already. In conjunction with actual materials from laid areas, contributions of participants or discussion forums can also become the source of information for the course. These resources serve to the next cavity of knowledge of participants and the course. Besides instructors and participants, interactive between learners and the environment is also important in learning process. Firstly, environment can be understood

# NOTES

as “institution”, the major roles of institutions are to arrange and to organize learners and learning process. Environment can be seen as the condition and situation of the society, physical location where learning process occurring. Environment can have impacts on input information; this has become obvious in modern society. For examples, beside of information come from instructors and participants, learners can receive huge amount of information from society, community, public media, especially from real life information. The contact between learners and other three entities (namely instructor, other participants, and environment) is referred to as the **interactive triangle** of the learning process. The result of learning, effectively building knowledge for learners heavily depends on this interactive triangle. Therefore, one can argue that the main target of Education Science - Pedagogy - is to continuously improve the interactive triangle in order to achieve the best criteria of instructors, participants, and environment for every specific context of teaching and learning.

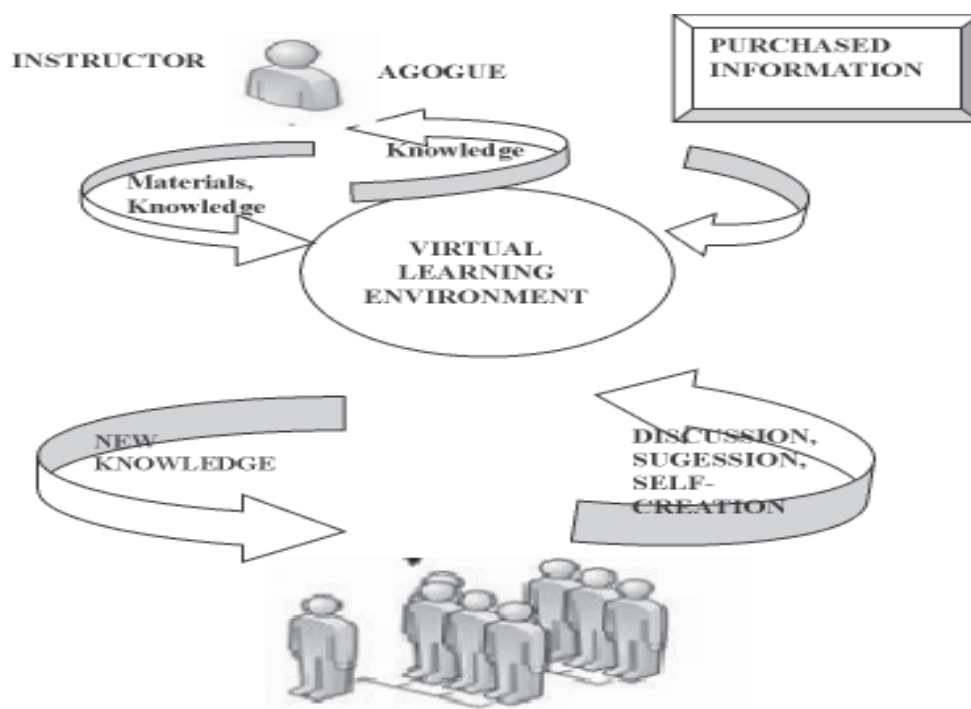
Virtual education environment by its communications links collects the feedback of participants, simplifies teaching and simplifies teamwork of students with pedagogue. The virtual learning system enables horizontal and vertical communication. For required information, participant can often gets much more information than in classical model of education as here the other participants also share which is not a real happening in the classical model. Other purchased information is further spontaneously broadcasted and it can be managed by the pedagogue remotely. Pedagogue can save the time from redundant consultations for many participants on the same theme. In addition, the pedagogue can control remotely for example by means of forums and he can have quality feedback from most of his colleagues at the same time. On following illustration it is possible to evaluate the flow of information. The invention of email or private web pages has made the employees share their views about the material, knowledge shared by the instructor. Any new employee’s piece of knowledge on the studied topic can be made well broadcasted using e-mail and web pages.



**Figure 2.2 Classical Learning Model**

# NOTES

Virtual learning environments (as shown in figure 2.3) are integrated systems of networked online tools and resources that support and facilitate course management, learning, teaching and assessment on the organization or at a distance. Virtual Learning Environments (VLEs) describe those environments that use digital and electronic technology in order to facilitate learning and teaching. They can include not only learning resources on CD or on the web, or both, but more traditional, paper-based resources as well. As Baecker has pointed out, web cast video has generally be seen as a fairly uninteresting element of a learning environment, and ‘typically viewed as an ephemeral one-way broadcast medium’.



**Figure 2.3 Virtual Learning Model**

### 2.5.1.2 Principles of E-Learning

**Principle 1:** E-learning can be defined as learning that involves the acquisition, generation and transfer of knowledge using information and communications technology (ICT).

**Principle 2:** E-learning predictions for content, service and technology market segments lack comparability and reliability as no agreed scientific basis exists for the definitions used.

**Principle 3:** E-learning is an example of a convergent activity where maximizing effective and efficient implementation lies in understanding complex system interactions.

**Principle 4:** E-learning has to move beyond the e-training focus on individual skills to incorporate capabilities which build shared meaning and a culture of collaboration.

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**Principle 5:** E-learning has a strategic value enhancing knowledge capital through the transfer and generation of both codified, explicit knowledge and unmodified, tacit knowledge.

**Principle 6:** E-learning has maximum strategic impact when it deploys pedagogy appropriate to the individual learner while enhancing situated performance and thinking.

**Principle 7:** E-learning occurs most effectively when improved individual learning is the end and technology the means.

**Principle 8:** E-learning is both a process of learning transfer and a means for improving collaboration and knowledge generation.

**Principle 9:** E-learning can cause transformation while also enhancing an organization and community's means to respond to change.

**Principle 10:** E-learning can be implemented to enhance organizational learning and so improve business processes and competitiveness.

**Principle 11:** E-learning is an activity that inherently involves exchanges moderated by technology and therefore can affect service exchanges within and outside an organization.

**Principle 12:** To implement e-learning efficiently and effectively, a quality instructional design process (e.g. Analyze, Build, Implement and Improve) must ensure a continuous cycle based on rigorous evaluation at all levels.

These twelve principles may appear more like critical success factors than the usual statements that underpin learning.

### 2.5.1.3 Characteristics Of E-Learning

#### 1. E-learning outcomes extend beyond learning to strategic outcomes

Human capital links E-learning with technologies, processes and practices that support the drive to expand the overall capital value of the human resources within an organization. This is often represented by the formula:

**Learning + Performance + Knowledge Management + HR = Human Capital Management.**

E-learning intersects all the components in this formula. Fortunately, e-learning can usefully contribute as a strategy for reporting or stimulating outcomes across all dimensions of the human capital management equation. Reporting metrics have to identify not only an individual's precise learning requirements, but also strategic outcomes in terms of organizational learning, knowledge, performance and HR issues such as human capital and overall knowledge capital gains.

# NOTES

## 2 E-learning is much more than e-training for skill outcomes

E-training emphasizes the transfer of information to achieve reduced costs and applied outcomes. E-learning emphasizes to maximize the productive capability by enhancing the value, competencies and identity attributes across all the dimensions where an organisation’s knowledge capital may reside, including human capital, identity capital and structural capital.

## 3 E-learning involves information and communication technology (ICT)

ICT is central to E-learning. Yet it is apparent that e-learning often forces a sub-optimal trade-off between pedagogy and ICT capacity (availability and ability to use the technology). The core of E-learning technologies has come to encompass content creation and management systems (LCMS), learning management systems (LMS) and learning environments or authoring tools. E-learning technology business drivers are designed on five basic principles namely open architecture, scalability, globally applicable, integration, and rapid and timely availability.

## 4. E-learning is about people learning in a given context

For E-learning—and learning generally—to achieve maximum advantage for an individual, organization or community, it must be based on a full appreciation of the individual’s capacity. This applies to all individuals involved, not least of all participants, instructors, and instructional designers. Learning has to accommodate the individual’s needs and preferences before, during and after the e-learning transaction. As depicted in Figure 2.4 , to develop an individual’s e-learning capacity, the learning context needs to be considered and learning processes must leverage how the individual thinks and acts, and their self-efficacy, self-reliance, learning styles and such other aspects.

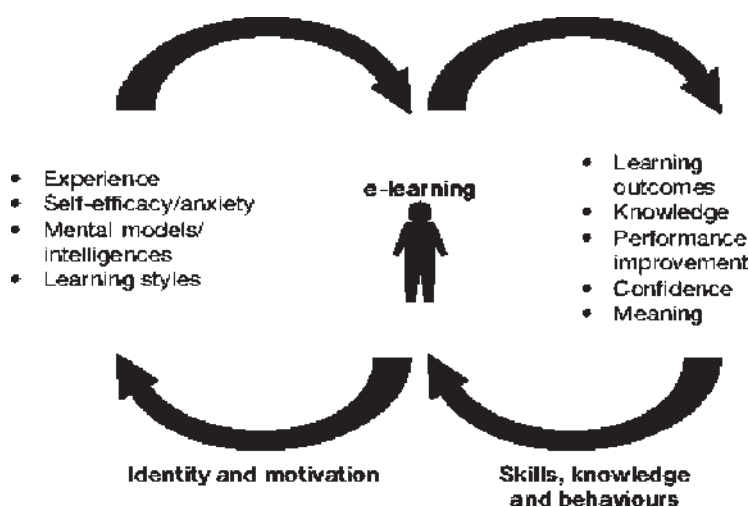


Figure 2.4 Individual E-Learning Model

## NOTES

### 2.5.1.4 Barriers to overcome

In order to be able to effectively use E- Learning, the learner and the organization have to overcome three main barriers in successive stages:

#### 1. Technological barriers

These are the most immediately apparent at the beginning of any online learning project for the organization (hard and soft infrastructure) and for the user-learner (usability, accessibility, tools setup and tuning). One of the critical problems at this stage is to consider technology, not just from the producer's perspective, but from the end user's position, prioritizing field and pilot testing, access and communication issues over technical features. Many critical "technical" barriers for an E-Learning environment can only be detected by advance field-testing with the active participation of the end user and the supervisors on issues such as the way their communication, access, browsers and workstations features (such as speakers, sound, Internet access or Instant Messaging) are configured and the existing policies and restrictions to use them.

#### 2. Learning to learn online

Once the technology "works" in the real world of the workplace, the user not only has to master a set of new skills (such as using a wide variety of new online tools, develop his own learning strategies and plans, effectively communicate and handle conflicts related to virtual environments, etc) but also must develop new competencies and attitudes, specially those involved with his self-directed learning abilities. One of the myths that has created frequent failures in e-Learning experiences is the idea that learning online is basically a "plug-and-play" experience. The bottom line is that the self-directed, autonomous and innovative learner assumed by the E-Learning paradigm represents a small minority of real corporate users.

Learning online requires different and new individual and team skills such as reading and browsing, self organization, time management, computer literacy, research, interpersonal communications in an online environment and dealing with specific procedures such as passwords, permissions, and online operations, not to mention significant multi-tasking abilities to deal with all that and the demands of the work environment.

#### 3. Installing an online culture

In the long run, what makes the difference between success and failure of E-Learning experiences is how much these new resources and practices are included in, and form part of, the overall organizational culture, to the extent that the user can and does move easily in and out of learning objects in his daily work routine and, even more importantly – can deliberately apply all these resources to his own tasks and projects. Successful E-Learning implementations are based on the progressive creation of an "E-Learning culture",



and its assimilation as part of the corporate DNA. The experience of the leaders in this field shows that the consolidation of an E-Learning culture is highly correlated with its usage and integration in a broader concept and goals of online performance.

### 2.5.2 E-Training

Most companies start to think of online learning primarily as a more efficient way to distribute training inside the organization, making it available “any time”, “anywhere”, reducing direct costs (instructors, printed materials, training facilities), and indirect costs (travel time, lodging and travel expenses, workforce downtimes).

Attracted by these significant and measurable advantages, companies start to look for ways to make the most of their existing core training available online, and to manage and measure the utilization of the new capabilities.

Under this approach, both clients and “E-Training” vendors focus on maximizing the amount of “content” that can be transformed into some kind of online training equivalent, basically using a “self-study”, programmed instruction methodology based on the interaction between the participant and the self-paced training materials.

The typical CBT/WBT “E-Training” material replaces the “face to face” interaction with the instructor with programmed interaction between the user and the computer, which operates as a tutor and a “corrective mirror” for the participant. This apparently “instructorless” kind of course is indeed heavily “instructor-centered”, the only difference being that the “instructor” is a “robot” program that guides, evaluates, reinforces and stimulates the participant following various pre-programmed subroutines.

#### 2.5.2.1 Characteristics of E-Training

##### 1. Rich learning interface

Today, the innovations in presentation technology are only as far as the creator’s imagination. E-Training modules are characterized by creative content and even more creative presentation.

##### 2. Personalized training programs

The pace and content of the training program can be in line with the trainee’s schedule. This makes it especially convenient for corporate and industries.

##### 3. Training from work place/home

The E-Training programs are delivered to the trainee’s doorstep, so to speak. There is a considerable saving in time and cost required for the formal training programs.

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## 4.Virtual Classroom

E-Training modules usually simulate the classroom and interaction environment with bulletin boards, chat rooms, electronic black boards etc. These ensure that the trainee does not miss out the viewpoints offered by other participants.

### 2.5.2.2 Tools Needed

Every period in history, people have continuously applied the newest results of scientific technology of recent period to establish tools and systems supporting teaching and learning, trying to create **virtual contact** in order to supplement, replace the role of instructors, participants, and environment in the processes of teaching and learning, for instance, using post office (learning through mails), telephones, radio, TV, radio cassettes, video cassettes, video conferences and modern Information Communication Technology (ICT). The criteria of an ideal system supporting virtual contacts in training are

- Multimedia: information can be communicated in variety of forms such as text, voice and sound, picture and animation, video
- Two way and multi-way synchronous and asynchronous communication: information can be stored and retrieved
- Equipment is small and flexible: easy to use, can be use anywhere at anytime
- Low cost

With the invention of ICT, those ideal systems have been built and more improved in the last few decades. Recently, thousands of “**virtual institutions, virtual classes**” have been developed and the concept of “Lifelong learning, learning anywhere, learning anytime” have become reality in many developed countries. This new method of training with ICT support is called E-Training.

### 2.5.2.3 Condition to develop E-Training

However, in order to develop E-Training in an organization, there are four significant aspects need to be considered:

- Technology infrastructure:** High speed, broadband Internet with low cost compared to average cost incurred on every employee on traditional training method
- Economic infrastructure:** Economic capability of the organization to spend on high technology ICT equipment, initial training of the employees on ICT, and successive training.
- Intellectual capacity infrastructure:** The knowledge of the employees to operate ICT equipment and service with basic comprehension of information technology.
- Rules, Policies:** The rules, policies, strategy of the organization should support the change in training method.

- e. **Law and regulation infrastructure:** There should be a robust regulations and law to ensure the processes of online Teaching and Learning, mainly with respect to employee privacy.

#### 2.5.2.4 Components of E-Training System

##### 1. Database

Database consists of information like e-classroom information, e-laboratory information and E-Library.

**E-Classroom information:** It contains lecture based notes, tutor, question bank and student information, course materials as self explanatory materials using animations, audio/video clips.

**Lecture Notes:** Lecture notes are frequently a list of bullets which provide a guideline for the lecturer to use in presenting the materials. Lecture notes may not contain full details of the topic, but usually contain many references to other electronic materials for more information. The students can follow the lecture on a terminal in front of them or can see the instructor's monitor displayed with a large screen projection system. The lecture notes are so prepared that individuals are capable of self-learning and provided with cleverly and sensitively designed materials of relative subject domain.

**Tutorials:** Tutorials are intended to be short, self-contained instructions on a specific topic (e.g., use of an optimization subroutine library). Each tutorial contains a short description, step-by-step instructions in using the utility, and an example code that can be executed.

**Question Bank:** It contains the set of questions along with answers. All questions in the question bank can be uniquely coded and stored into the question bank as per the categories defined by expert. Categories such as primary, basic and expert categories may be formed. The question bank is updated with frequently asked questions by the participants.

**Teachers and Students Information:** The information on teachers and students consist of their curricula and how they can be reached via telephone, fax, e-mail to ask for clearing up some points and for collaboration with each other. Teachers put their meeting timetable for private-chat and conference on-line. In addition, students' information such as name, identification number, password, marks obtained attendance etc.

**Case studies:** Collection of leading cases and the solutions provided can also be stored. The cases help the employees to have an insight about many problems and the expert advice on those problems. Case studies can also be analyzed by the group of participants and can be posted for comments in the internet. The expert comments can also be updated in the database.

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**Exercises:** Aptitude and other arithmetical problems, puzzles, tricky questions which enhance the employee creativity, behavioral problems can also be stored as an exercise. These exercises can be updated by the participants, instructor and other paid sources. The exercises can be substantiated with possible solutions.

**Information:** Information which is freely available, and also the information which is purchased can be made available to the instructor as well as the participants to enhance their knowledge in any particular subject or topic.

**E-Laboratory information:** It consists of lab exercises using multimedia (such as animations, audio/video clips along with text). These exercises are intended to supplement lectures given at a workshop. The solutions to lab exercises are provided in a separate file to encourage the student to solve the problem instead of following the cookbook instructions found in a tutorial.

**E-Library:** The E-Library option is a set of information and resources about the topic. It is similar to a hypermedia path or to a recommended bibliography. In this area it is also possible for the students to use special retrieval information tools or search engine to navigate among the internet servers.

### 2. Self Learning

The system knowledge base is updated regularly. Experts are appointed to update the knowledge of the system. In this, system will work in learning mode and updated its knowledge automatically by observing actual answers and desired answers from the experts.

### 3. Audio-Visual Equipments

Audio/Visual Equipments such as camera and microphone provides basic user interface that might required for demonstration of the ongoing operations and lectures. In addition, it allow video conferencing, denotes an interactive electronic communication technology among two or more students at two or more sites that are geographically separated from each other. Full scale video conferencing involves two way, full motion, interactive, real time, and multi-user electronic communication at different locations.

**The textbook:** Many courses have a textbook used to guide the direction of the course or for background material. While our on-line materials provide some of this function, these may sometimes not provide all of the details that a users needs.

**Video cassette recorder:** Use of mpeg movies and audio clips can be effective additions to textual materials. By using animated video clips, practical, basic concepts can be easily teach . Audio clips of the instructor might be helpful in some instances to describe a particularly difficult point.

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**The sound system:** An important part of any physical class setting is the personal interaction as questions are asked by the students. Allowing all students to “hear” the questions and answers helps everyone learn and encourages additional questions to clarify a point. Use of a listserv to redistribute e-mail questions or a usenet newsgroup is simple methods for sharing this interaction. A more dynamic question and answer period could be created using a chat session.

**Video teleconferencing:** Body language is one component of physical contact that is difficult to convert to pre-packaged text and still images. Incorporation of these might be accomplished in the future through video teleconferencing technologies over the Internet. The ability to use video teleconferencing could enhance electronic courses not only by transferring these more subtle forms of communication, but also by providing additional visual and audio cues which help the instructor and students to form an informal rapport.

**The pencil/Light pen:** One of the most basic visualization tools used in a classroom is the simple pencil/light pen. The instructor will use the pencil/light pen to jot down suggestions for future presentations.

**E-Mail:** The E-Mail tool is provided to allow students and instructors to send mail. Students or instructors may want to send mail to a group of people, e.g., students may want to send mail to instructors (including tutors) to ask questions, or instructors may want to send mail to teaching assistants or all students. By using CGI and form, the E-Mail tool makes sending mail to a predefined group much easier.

#### 4. Clients

Client may be database developer and learners.

**Database Developer:** The main objective database developer is to develop and maintain database information such as electronic course material, question bank, teacher and students information. Powerful integration development environment provides facility to add, delete and revise database information, testing and debugging database information, and advance procedures allow integrating audio, video, animation and pictures along with text into database information. Strong graphical user interface makes the task of accessing database information easier.

**Learners :** They are the users who acquire the knowledge using this system and trainers or knowledgeable persons are instructor who are responsible to explain the conceptual knowledge with the help of audio/video clips, laboratory experiments, live demonstration, lecture notes., tutors, course material and audio/video instruments like camera and microphone.

# NOTES

## 2.5.2.5 Advantages of E-training

- A complete solution
- Cost Advantage
- Uniformity
- Access is available anytime, anywhere, around the globe
- Per-student equipment costs are affordable
- Student tracking is made easy.
- Possible “learning object” architecture supports on demand, personalized learning
- Content is easily updated
- Economical
- No limit for learners
- Best resource creation
- Open for all and one can take training in any field
- Available to work force without leaving their jobs
- No restriction of time and pace of learning
- Greater variety of information
- Immediate access to different contents
- Facility of repetition
- Online Observation

## 2.5.2.6 Limitations of E- Training

- Lack of human contact
- Differing styles
- Current technology used is not affordable and the affordable ones are not highly suitable
- Most web based training programs are still comprised of text and graphics alone
- Lack of multimedia
- Not suitable in some cases of behavioral training techniques like sensitivity training technique

Using Web-based training, like all other delivery media, has advantages and disadvantages. Trainers and designer must carefully weigh these against the profiles of other options on a case-by-case basis.

### Have you understood?

1. What is E-Learning?
2. What are the advantages of E-Learning?
3. What are the disadvantages of E-Learning?
4. What is E-Training?
5. What are the advantages and disadvantages of E-Training?
6. Explain the components of an E-Training System.
7. What are the principles of E-Learning?
8. Enumerate the characteristics of E-Learning.



## 2.6 E-PERFORMANCE MANAGEMENT AND E-COMPENSATION

### 2.6.1 Traditional Performance Management Vs E-Performance Management

Performance appraisal is the process of evaluating the employee's competencies in terms of how well he is capable of applying his skills and knowledge, how well he has been doing in his current projects and also what kind of potential he has for future projects. In current days performance appraisals have become an inevitable process of organizational life. Appraisals help decide the promotions, rewards and salary rises.

The traditional paper-based appraisal system requires a lot of tedious manual work and is not systematic. The complete evaluation process takes more time to get completed and filed. In case of manual evaluation, sometimes the evaluators do not put high priority to conduct this as it is time consuming. Even in some companies where they use Microsoft Excel sheet for the evaluation process, it takes few hours to complete the evaluation process. Providing feedback to the employees is also very late sometimes taking more than two to three months after the evaluation. Because of the late feedback, sometimes the employee does not get to know which areas he needs to improve on in order to enhance his performance. The criteria for evaluation are very limited since they use the general set of competencies for evaluating all the employees in the organization. This makes the system very limited and subjective. The process is also not secure. There have been cases that one employee's appraisal document was accidentally opened by another employee with other documents. In worse cases, some employees could even modify the scores in the appraisal forms

An ideal performance appraisal system should be fast in evaluation and calculation process as well as for providing feedback. The target speed for the evaluation process should be few seconds to make it high speed process. The computer system should perform the calculation automatically without having to wait for human work to avoid the delay in the process. Similarly, the feedback system should be available to the employees once the evaluation is completed and the evaluator decides to release this feedback information to the employees. The employees should get feedback on time to improve their weaknesses. Moreover, in the traditional methods, manual paper work can be difficult to manage, may not be systematic and causes human errors in calculations. So the system should be fully automatic with least amount of paper work. The system should also be flexible so that it is fair for all employees. Not all job positions are same so the criteria on which employees are being evaluated should be related to their positions. It should also be easily accessible system for both managers and employees. The system should also be secure where confidentiality is guaranteed and that employees do not have to worry about their scores being viewed by anybody else. It should also be easy to use and understand system so that there is no miscommunication between the managers and employees. The employee and the score data should be easily manageable. The employees should feel that the system is

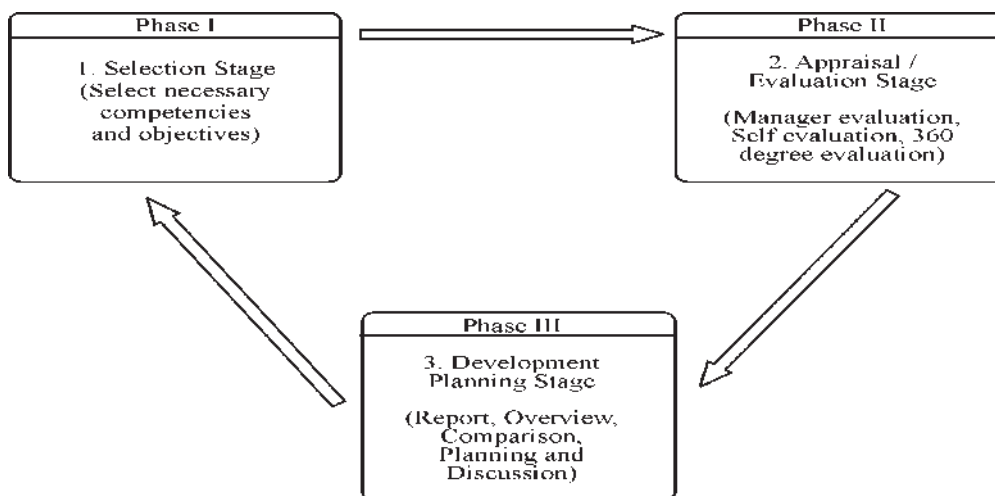
# NOTES

fair and objective and they should be very satisfied with the results calculated from the system. The efficiency of the system should be tested through the level of the user satisfaction. An ideal appraisal system should be such that the users should be satisfied with the overall effectiveness of the system. They should be satisfied with the issues like: the system’s ability to help the employees to recognize and focus on organization’s goals and the system’s ability to evaluate employees according to their job specifications. A good appraisal system should give satisfaction to the users in terms of providing fast and effective feedback as well as a convenient and user-friendly interface. The system should be self-explanatory which makes it easy to understand and use.

Web based appraisal system help in achieving this. Hence E-Performance management system can be defined as the system which uses the web (intranet and internet) to effectively evaluate the skills, knowledge and the performance of the employees.

### 2.6.1.1 Web based performance management system

A web-based appraisal system attempts to resolve the above said problems, improve the appraisal process and aim to include all the properties of an ideal appraisal system. This performance appraisal system has three stages as shown in Fig 2.5



**Figure 2.5 Three stage web based performance management model**

### Stage 1 Selection

Selection Stage’ consists of selecting and determining the main competencies and relevant objectives for the job position. Each job responsibility needs its own special skills and requirements. This includes the creation of a generalized set of competencies for all the employees for all the job positions and also certain competencies which are needed for only specific jobs and positions. It is necessary for the managers and employees to understand those competencies and be evaluated according to them. Hence, it is advisable to define

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separate competencies for different departments along with the general standard competencies which are commonly required by all job positions. Weights or priority can be included for each chosen competency for each job. Whenever the competencies or the weights have to be changed, it can be done easily.

If the manager wants to know more about any particular competency or view the description, he can simply click on any competency and know about the competency. This can help the manager to have clearer picture of what each competency means. From the list, the manager can choose any competency which seems fit for each employee's particular position. Similar to choosing the competencies, a list of objectives can also be provided for the managers to view and choose from. The manager and employee can also discuss the objectives and choose the important ones; decide the deadline within which the objectives have to be completed; and the priority level of each chosen objective similar to that of the competencies. In this stage, when the employers have to choose the competencies for the employees according to the job position, it will help them figure out each employee's abilities and skills. This will make them aware of which employee needs to be evaluated for which criteria, which employee suits better for which position which can play a very essential part in conducting performance management.

### Stage 2 Appraisal / Evaluation

The second stage of the system is named as 'Appraisal/ Evaluation Stage' which is the main stage of evaluating the employees. At this stage the type of evaluation to be used in the organization is specified. Generally 360-degree evaluation of the employees from their colleagues, subordinates and managers can be followed. The 360-degree evaluation can help one person be rated from different sides, different people which can give the wider prospective of the employee's competencies. Using a measurement-based performance appraisal process is the most objective approach to evaluating employees. The rating scales of the appraisal system can be fed into the system and used. . The comment box can be provided beside each competency where the manager can give some comments or suggestions for the employee regarding the particular competencies. It can also be used as a feedback box where the manager can provide suggestion on how to improve certain weaknesses of the employees. All the calculation steps can be explained in a separate file. If the manager or the employee wants to see and understand how the scores are calculated, he can click the related link. A pop-up text file can be used to show how the objective score is calculated. This will make the system more transparent to everybody involved with the appraisal process.

### Stage 3 Development Planning

The third and the final stage is the conclusion stage where one can view the result of the evaluation and see the final appraisal score calculated from Stages 1 and 2. The final appraisal score will be the combination of competency score and objective score after

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converting them into comparable percentile. After the employee performs a self-evaluation on himself on the set of competencies and objectives, he can compare his scores with the scores given by the manager. When the employee views his appraisal score, he can also view the suggestions and comments made by the manager for his competencies and objectives. After the final appraisal score is calculated, the manager and employee can discuss together, see the comparison of scores and talk about the problems, suggestions and opinions for improving the score. After the manager finishes evaluating all the employees in his department, he can view the total appraisal scores of all the employees in one page. This page should be accessed only by the managers. This will help the manager to get some idea of how the department is working as a whole, which employee is performing well in his work and which employee may need some improvement. The employees will be able to view only their own scores and not the scores of his colleagues or anyone else in the department.

The results can be updated in the database. With the proper management of the database, the performance trend of the employees can also be found. When the employee's previous year's appraisal scores can be retrieved easily from the database, the manager can keep track of the employee's performance throughout his career. The manager can see which criteria the employee has improved over the past years and which criteria he needs to focus in coming years. This makes it easier for the manager to perform analysis on the employee's performance. The appraisal scores calculated from this system will help make the employers become aware of the capabilities of the employees. If they find any employee's skills not so suitable for the current position, they can see from his competencies that he could be more suitable for another position. This will help the employers be aware about the importance of matching the right person to the right job.

The instant feedback provided can also help the employers and employees to plan for further training to enhance performance management for each employee.

### ***2.6.1.2 Uses of Web Based Performance Management System***

1. Accuracy of data
2. Easy to use
3. Fast way to conduct the appraisal procedure in organizations
4. Can be done with just few clicks in the computer instead of having to pile up papers and do the manual calculation. Hence dramatically reduces intensive manual paper work
5. Appraisers only need to give the appraisal ratings. They do not have to calculate anything themselves as all the calculations will be done automatically and stored in the database
6. Any information from the database can be retrieved anytime easily
7. Performance trend of the employees can be retrieved from the database. If the manager wants to view any employee's previous year's records about his performance, he can easily retrieve the information from the database. The manager

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- can compare his performance pattern along the years. He can see whether the employee has improved in certain areas over the years.
8. Retrieving information about employees from the database will also be useful when the manager needs to write any references for the employees. It makes it easier to make more analysis on employees if needed. All this would be difficult and time consuming to perform in the paper-based system where it will take long time to retrieve an employee's performance records from previous years.
  9. Simple, clear to understand and very effective
  10. Since it is a web-based system and everybody needs to login with his/her unique login ID and password, it will be a very secure system.
  11. The employees need not worry about their appraisal score being seen by anybody else since the employees' score will be available only to themselves and the appraiser.
  12. All the definitions of the competencies and objectives are stored in the database library which can be viewed and updated anytime conveniently.
  13. Modification of competencies, weights etc can be made easily
  14. The managers can choose the most appropriate competencies related to the employee's job description. This makes it fair and less subjective for all employees as they will be evaluated according to their specific job and not only the generalized competencies. This will help create a better rating system in the organizations.
  15. Focus on goal
  16. Our system does not evaluate only the competencies, but also the objective scores. This will make the employees focus on fulfilling their high-priority objectives on time helping them to be goal orientated.
  17. Can be modified for different countries easily
  18. Multiple forms can be supported and could be designed easily.
  19. Unlimited content and layout choice
  20. Those involved in the appraisal process can be easily tracked at anytime and automated e-mails will be sent out to those who are falling behind schedule.

### 2.6.2 E-Compensation Management

Compensation management is a strategic activity that helps an organization improve the effectiveness of its employee reward processes. Compensation management contributes to the overall success of the organization by identifying compensation policies, practices and guidelines that help determine pay and career development opportunities for all employees. Emphasis is placed on ensuring that all positions are properly classified and that compensation for each position is competitive with comparable positions in the labor market – while recognizing the organization's need to manage payroll costs.



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All companies, whether large or small, must engage in compensation planning. Compensation planning is the process of ensuring that managers allocate salary increases equitably across the organization while staying within budget guidelines. Usually, the company identifies set times during the year (called “focal reviews”) when all the firm’s managers review employees’ performance, and match these with budgetary constraints and formulate pay raise recommendations for the coming year.

As organizations have started expanding their boundaries, usage of intranet and internet has become vital. The usage of intranet and internet for compensation planning is called as E-Compensation Management.

### 2.6.2.1 E-Compensation Management Process

The process of E-Compensation Management involves the following steps:

- Discussion of objectives of the executive benefit program
- Planning the preliminary design
- Exploring funding and security alternatives
- Developing a final plan
- Analyzing and selecting funding vehicles
- Developing Implementation Plans and Executing Effective Plan Administration
- Storing all the plans and the data into the system

### 2.6.2.2 Need for E-Compensation Management

1. To maintain a uniform, error free, accurate compensation system
2. To get past records within seconds.
3. To protect the data and at the same time allowing individuals to view data to a certain extent
4. To manage pay packages of international work force
5. To calculate easily the equity based compensation package
6. To link pay packages with the competency and the job
7. Easy calculation of pay packages
8. To link with the other systems like Performance Appraisal System, Recruitment System, Training System etc.
9. To match the budgeting process, financial planning, work flows and compensation planning.

### 2.6.2.3 Advantages

Today, companies are moving toward intranet based compensation planning programs. Using an intranet-based compensation planning application has many advantages.

1. It lets the company control and distributes its application centrally, so that it can quickly update its compensation programs, without having to modify the software on individual managers’ computers.
2. Automating the system can also produce huge cost savings for even medium-sized businesses. For example one company estimated that it cost them about \$35



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- to complete a single manual compensation transaction such as combining the raise budgets for two departments, but about \$16 if it automated this process.
- Using a centralized application saves money in other ways. For example, employers often assign pay raise budgets to all their managers, only to find that once the various department budgets all come together the accumulated excess raises amount to millions of dollars. This generally doesn't happen with an automated system.
  - Match compensation to the unique job descriptions of employees
  - Establish fair and competitive pay practices based on company size, location, and industry
  - Avoid over or under spending on compensation relative to competitors
  - Negotiate with confidence when hiring new employees
  - Automates and enables complete planning and management of wide range of compensation programs including salary, merit increases, market adjustments, lump sum payments and other discretionary pay components.
  - Allows compensation managers to plan and administer both market-based and performance-based long-term incentive programs, such as company stock plans and multi-year executive reward programs.
  - Allows organizations to build, administer and update simple and complex, policy-based compensation plans, in real-time
  - A web-based system allows compensation managers to implement state-of-the-art pay-for-performance programs that tie employee, group and division goals to company financials
  - Managers have the information any time they need to make informed compensation decisions.
  - Executives and managers can generate customizable templates to generate bonus distribution reports for employees, business managers, senior management and compensation managers.
  - When the compensation plan is based on numerous or unlimited variables, E-Compensation Management help in handling these variables effectively.
  - It provides managers with real-time visibility into how compensation decisions impact overall departmental and corporate budgets.
  - E-compensation system is very helpful for time based compensation system. Time registers can be maintained in the information system of the organization and pay can be computed when required. Similarly sales compensation system can also be computed easily using an information system.
  - Very helpful in calculating profit based, target based, customer satisfaction based compensation plans.
  - Greatly simplify and automate the entire compensation adjustment process
  - Provide all levels of management with secure, simple tools to allocate merit-based compensation including base salary, variable pay, bonus pay, and stock options

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20. Suggesting pay adjustments based on appraisal scores and other criteria
21. Providing convenient access to key background information on every employee
22. Automatically verifying all recommendations against established budgets and pay guidelines and flagging those outside corporate policy
23. Automating workflow and reminders to keep the whole process moving until final approvals are in place

### 2.6.2.4 Checks in E-Compensation Management

In acquiring a web based compensation management system there are several criteria to keep in mind.

First, look for the most intuitive and easiest to use application.

Second, make sure the application includes decision-support tools such as pop-up window with guidelines alerts, calculators, and additional supporting information to make it easy for managers to make intelligent compensation allocation decisions.

Third, the application should be flexible, so that the employer can easily add different pay raise components like merit pay, yearly bonuses, and so on for various departments.

Fourth, the application should be robust, in that it can easily handle all of the business rules and actual calculations that the system aims to support.

Fifth, the compensation planning application has to be compatible with a variety of HRIS (such as payroll systems) so that the employer has no problem integrating systems from several vendors without costly code customization.

Sixth, the compensation tool should help the employee to view his personal records and at the same time should restrict other employees from viewing all the data.

### Have you understood?

1. What is E-Performance Management System?
2. What is E-Compensation Management System?
3. What are the uses of E-Performance Management System ?
4. What are the uses of E-Compensation Management System?
5. Explain in detail how will you design a E-Performance Management System?

## 2.7 HUMAN RESOURCE INFORMATION SYSTEM (HRIS)

For years, human resources were dependent upon paper documentation and administrative record-keeping. Human resources retained their traditional duties with little significant change in how those duties were performed. Recently, a preponderance of new processes and technologies has revolutionized how human resource practitioners perform their jobs. The emergence of information and management systems has been integral to this revolution.

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A human resources information system (HRIS) is a system of software and supporting computer hardware specifically designed to store and process all HR information. HRIS may also be defined as interrelated components working together to collect, process, store, and disseminate information to support decision making, coordination, control analysis and visualization of an organization's human resource management activities.

HRIS is also known as HRMS, human resources management systems or less commonly, HRIMS, these systems are the mainstay of modern HR departments. Traditionally, human resources departments relied on multiple programs in each department. An HRIS integrates all of these programs through a common database and single-user interface. An HRIS combines separate HR systems into a centralized database that performs the majority of HR transactions. HRIS are particularly useful for payroll and benefits administration.

A sophisticated HRIS will simplify transactions, automate administrative tasks, and minimize paperwork. It provides a consolidated database to coordinate self-service technologies. Employee self-services such as intranets, kiosks, and voice response systems (VRUs) are dependent upon an HRIS to be effective. Through system integration, an HRIS will reduce duplication and error while improving access to employee information.

### 2.7.1 Components of HRIS

The HRIS system will have five basic components namely

- Database

This stores all the information about the employee. Whenever new information comes in, it is entered in the database. In simple words, it is the store house of information.

- Data entry

The past as well as the new data is being entered into the database using the data entry tools. Security is being maintained for restricting unauthenticated entry of data into the database.

- Information retrieval

Whenever there is a need for information, it is retrieved from the database. The HRIS helps to retrieve combines information also.

- HRIC - Human Resources Information Center

The staff responsible for day-to-day activities of the HRIS system and who are subject-matter experts.

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- Data quality and integrity.

It is ensured that the data retrieved is error free.

An HRIS system is made up of distinct yet interconnected modules that perform specialized functions. Each module is an “umbrella” term covering a group of related personnel activities. Some modules in a system may include some or all of these:

- Basic module containing basic, vital information.
- Career development module.
- Benefits module.
- Job evaluation module.
- Position control.
- Health and Safety module.
- Recruitment module.
- Payroll module.
- Employee self-service module.
- Training module.
- Labor relations module.

### 2.7.2 Why HRIS?

There are at least three reasons for installing such a system.

First is competitiveness: HRIS can significantly improve the efficiency of the HR operation and therefore company's bottom line. For example, W H Brady Company, a Milwaukee-based manufacturer of identification products such as labels reportedly cut several hundred thousand dollars a year from its HR budget through the use of HRIS. Software producer People-soft reportedly has a ratio of one HR staff to each 110 employees, a savings of millions of dollars a year when compared with the traditional ratio of one HR staff per 50-100 employees, and it credits that to its HRIS. The company expects the HR to employee ratio to shrink to 1:500

The HRIS can also bump the firm up to a new plateau in terms of the number and variety of HR related reports it can produce. Citibank for instance (now part of Citigroup) has a global database of information on all employees including their compensation, a skills inventory bank of more than 10,000 of its managers, and a compensation and benefits practices database for each of the 98 countries in which the company has employees.

Finally, the HRIS can also help shift HR's attention from transactions processing to strategic HR. As the HRIS takes over tasks such as updating employee information and electronically reviewing resumes the types of HR staff needed and their jobs tend to change. There is less need for entry-level HR data processors, for instance, and more for analysts capable of reviewing HR activities in relation to the company's plans and engaging in activities such as management development.

### 2.7.3. Developing HRIS

The development of HRIS can be explained through SDLC model (system Development Life Cycle Model). The model is shown in figure 2.6

#### I. Planning Stage

The development of HRIS starts with the planning stage. The planning stage involves two major steps namely

1. Information Planning
2. Systems Investigation

#### Information Planning

Information planning involves development of long-range strategy, better utilization of HR/IS resources, better performance of HR functions.

This step involves the development of overall objective for the organization regarding the need of HRIS in the organization. The objectives of the various functional units were gathered and then the overall objective of the organization with respect to the HRIS is formulated.

The next step is defining the requirements. The statement of requirements specifies in detail exactly what the HRIS has to do. A large part of the statements normally deals with the details of the reports that have to be produced. Naturally, the statement also describes other specific requirements. This typically includes written descriptions of how users collect and prepare data, obtain approvals, complete forms, retrieve data, and perform other non-technical tasks associated with HRIS use.

This is followed by evaluating the present system and finding the need of the HRIS in the organization. This step not only evaluates the present system but also details the benefits of HRIS. In this step the resource requirements are analyzed.

This is followed by the identifying the HRIS projects available in the market. The priorities of the organization are set and the projects are analyzed against the priorities. The one which meet the expectations will be selected.

The next step in this part is the identification of project team. The project team should consist of representatives from the HR department, the accounting information department, representatives from user side, consultants and the system development department. The project team will be constituted and this team will set the schedules and the deadlines for the implementation of HRIS. They develop a detailed plan for HRIS.

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## System Investigation

The steps in investigation are

### Stage 1 Selection

1. Forming an Investigation Team
2. Strategic Planning/Environmental Assessment by the investigation team
3. Feasibility Analysis which encompasses both economic and technical feasibility
4. Developing goals for System Development/Critical Success Factors
5. Submitting systems investigation report to the top level management on time
6. Getting the approval of the top management.

The investigation team and the project team can be one and the same. But in some cases, the investigation team is formed separately. Usually the investigation team comprises of persons from HR department, users, consultants, top level management.

The most important task in investigation is the feasibility analysis. The feasibility analysis has to answer certain questions like

What problems will automation eliminate or reduce?

How much will automation/HRIS cost?

What benefits can we expect?

What level of computer expertise exists in the HR dept?

What is the level of technical feasibility?

What is the level of economic feasibility?

What is the level of operational feasibility?

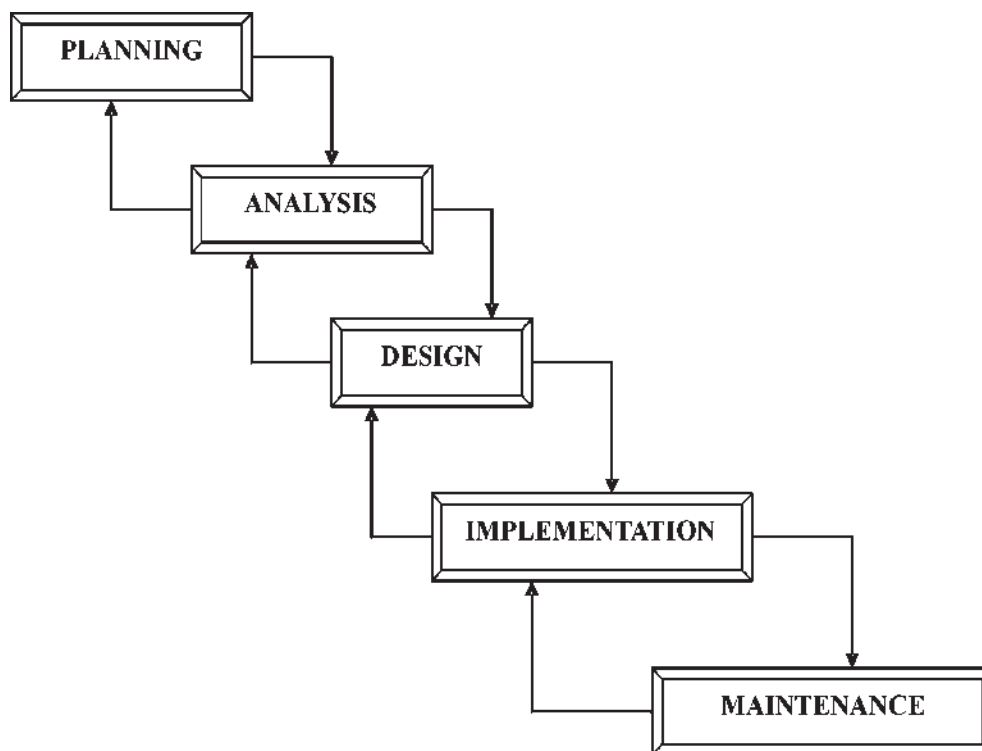
What is the level of schedule feasibility?

What is the level of legal and contractual feasibility?

The economic feasibility uses the cost benefit analysis. The tangible and the intangible costs will be taken into account. Similarly the tangible and the intangible benefits will also be taken into account. The technical and operational feasibility is all about the organization's ability to construct the proposed system. The project risk is assessed using information regarding project size, project structure, development group's experience with the application, user group's experience with development projects and the application area. The operational feasibility assesses how a proposed system solves business problems or takes advantage of opportunities. The schedule feasibility assesses the time frame and project completion dates with respect to organization constraints for affecting change. The



legal and contractual feasibility assesses the legal and contractual ramifications of new system



**Figure 2.6 Stages in Development of HRIS**

**II Analysis**

In the analysis stage the main work to be carried out is the study of existing systems and their ability (or inability) to satisfy user needs/requirements. It involves the following steps

- 1.Assemble an analysis team
  - Form team
  - Develop schedule for meeting objectives
  - List resources required at each stage
  - Establish milestones to monitor progress
- 2.Collect appropriate data and requirements
  - Identify data source
  - Collect data
  - Clarify the data

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### 3. Analyze data and requirements

- Document Current Application Flows and Functionality
- Document Current Technical Architecture (if applicable)
- Conduct Needs Analysis/Business Requirements Definition
- Gap Analysis: Gaps between what we currently do versus what we want to do
- Revisit feasibility based on what is known about existing and desired system and potential solutions

### 4. Prepare a systems analysis report of the existing system and requirements

The inventory of the current systems like Payroll, Applicant Tracking, Performance Monitoring/Evaluation, Employee Maintenance, Compensation, Succession Planning, HR Planning, Training etc have to be analyzed and a report is prepared.

### III Design

The design stage includes two stages namely the preliminary stage and the final stage. The final stage overlaps with the implementation stage.

The preliminary steps include

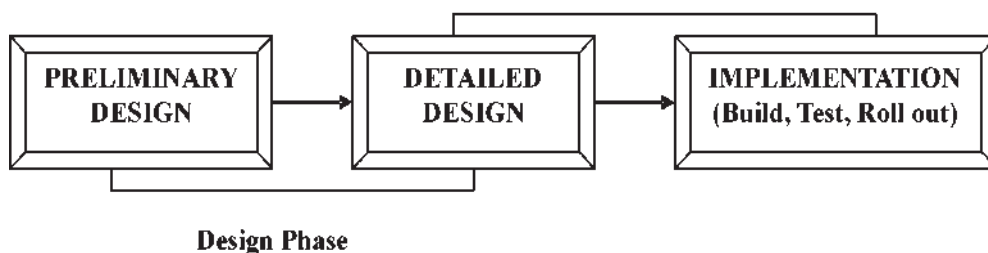
1. Finalizing Functional Requirements like which functions will be adopted for new systems
2. Finalizing Technical Requirements/Architecture which includes the selection of hardware and System Software, evaluating the available software and selecting the appropriate software. After analyzing the technical requirements, the organization will take the decision of whether to make the HRIS by itself or it can look for the vendor to purchase HRIS.
3. Acquire Hardware/Software
4. Technical Design

It includes the type of databases to be used, the screen shots, the flow of information, data security, data retrieval details.

5. Reengineer Business Processes
  - Work flow analysis
  - Combining tasks
  - Fewer controls at necessary points

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## Implementation Stage



### IV. Implementation

In case of make decision, the final design is detailed and the system is built by the organizational personnel. In case of buy decision, the signs up the contract with the vendor and purchases the system from the vendor.

The implementation includes certain pre-requisites

#### 1. Training

Training usually begins as soon as possible after the contract has been signed. First the HR members of the project team are trained to use the HRIS. Towards the end of the implementation, the HR representative will train manager from other departments in how to submit information to the HRIS and how to request information from it.

#### 2. Tailoring the system

This step involves making changes to system to best fit the needs of the organization. A general rule of thumb is not to modify the vendor’s package, because modifications frequently cause problems. An alternative approach is to develop programs that augment the vendor’s program rather altering it.

#### 3. Data Entry to the system

Prior to start-up of the system, data must be collected and entered into the system. The past data can also be entered into the system with the help of the system developers.

#### 4. Testing the system

Once the system has been tailored to the organization’s need and the data entered, a period of testing follows. The purpose of the testing phase is to verify the output of the HRIS and to make sure that it is doing what it is supposed to do.

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### 5. Roll out

Start up begins when all the current actions are put into the system and reports are produced. If possible, maximum possible time can be devoted to check the working of HRIS. Even though the system has been tested, some additional errors often surface during start-up.

#### V Maintenance

Even after the new HRIS has been tested, it is desirable to run the new system in parallel with the old system for a period of time. This allows for the comparison of outputs of both the system and examination of any inaccuracies.

It normally takes several weeks or even months for HR people to feel comfortable with the new system. During this stabilization period, any remaining errors and adjustments should be handled.

#### Have you understood?

1. What is HRIS?
2. What are the components of HRIS?
3. What is the need of HRIS in an organization?
4. Explain the process of HRIS design and implementation.
5. Enumerate the feasibility analysis an organization has to do while implementing HRIS.

### 2.8 HR PORTALS

HR portals provide access to a complete range of human resource functionality through a single point of contact. It offers organizations the ability to manage their entire human resource function easily and effectively. It allows both managers and employees to conveniently access information about their compensation and benefits, as well as information on healthcare, benefits and financial planning. By empowering employees with the ability to control benefits and financial decisions, the HR Portal helps organizations support their employees' needs to balance work and life. The HR Portal provides real-time transactional functionality for enrollment, benefits, compensation, and HR processes 24 hours a day, 365 days a year. It is unique in its ability to provide seamless integration between world-class technology and an organization's existing applications.

#### 2.8.1 Designing HR Portals

The HR portal should allow clients to combine the best technology and also to leverage the client's current investment in technology and third-party relationships. Organizations can choose the exact features that fit their employees' need, and receive bundled or unbundled services and highly customize their portal web site to reflect their corporate identity. The HR Portal technology should provide the users with the ability to

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manage their entire HR and benefits functions easily and effectively. It should also help employees to balance work and life activities. The HR portal should deliver a complete range of applications using a single technology platform - employee benefits, recruitment and resume tracking, health care information and elective benefit products are among the choices that can be delivered.

The HR Portal should allow the HR manager and other managers to get a new hire into the system quickly, easily and accurately. It should prevent the differences between HR information and payroll data because the portal feeds both sources at the same time. The HR Portal should allow the employees to login to the system to manage compensation transactions, such as approving life event changes. This allows employees to change their data online when pre-approved by HR.

It should also have options to pre-defined Standard Reports as well as allow the HR managers to configure and produce ad hoc reports. It can have Email functionality to make quick communication with any group in the organization efficient and effortless. It should help to access the internal and external contact list which makes it quicker for HR managers to create new or locate existing resources. Modeling tools, informational content about benefits and HR issues, and benefit and HR transactions should also be the part of the suite. Personal information including pay and benefits should also be accessible. The portal should be designed in such a way that appropriate data updating, such as adding or deleting dependents or changing beneficiaries, can be done quickly and easily.

The company news can also be the part of the portal. The company reports can also be made available to the employees through the portals. Feed back forms can be attached to all the subsystem of the portal, so that the employee feed back can be collected, which helps in enhancing the system. Data is entered in real-time, which allows managers and employees to view their changes immediately.

HR portal should help the employee to view and manage their personal information including dependents, beneficiaries and development courses. They can also gain quick employment verification when conducting personal business.

### Example

The below table shows the advantage of having an HR portal in the organization while the basic function are carried out in the organization.

DBA 1744

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Function	Paper Based Environment	Portal Based Environment
1. Submission of Forms and Requests E.g. <ul style="list-style-type: none"> <li>• Address Change</li> <li>• Vacation Cash Out</li> <li>• Vacation Request</li> <li>• Personnel Action Form</li> <li>• Etc.</li> </ul>	<p>Preprinted forms that are available for pickup at HR or downloaded must be filled out and submitted in person to HR. Multiple visits or phone calls are usually needed to complete the requests. Employee is not notified when the request is processed. System is prone to errors and requests can be misplaced.</p> <p>Policies and Procedures are printed and distributed to all employees. Any change in the policies and procedures requires re-printing of all documents. Employees usually do not have direct access to past policies and procedures</p>	<p>Employee fills-out the form on-line</p> <ul style="list-style-type: none"> <li>• Because the majority of employee information (such as name, address, payroll status etc.) can be made available at the time of form submission, forms can be automatically pre-filled and the information can be validated for correctness even before it is submitted to HR</li> <li>• Designated HR personnel receive electronic reminders in the form of an email or task for each request. With a single mouse click the form is available for viewing by HR</li> <li>• Once the request is processed, employee is automatically notified about the status of the request</li> <li>• All active employees can access the history of past requests</li> </ul>
2. Policies and Procedures	<p>Templates for each job code are available in a shared network location. Each manager is responsible for locating the proper template for each of his or her subordinates at the time of the review. Completed reviews are delivered to HR for archival.</p>	<p>Designated HR personnel posts Policies, Procedures or other documents on a secure website available to all users</p> <ul style="list-style-type: none"> <li>• All documents are automatically fully searchable (e.g. employee can search for all documents containing word 'vacation')</li> <li>• The previous version of documents are preserved and accessible to employees</li> </ul>
3. Employee Reviews	<p>Employees or managers must contact HR to view past reviews.</p>	



## NOTES

<p>4. Job Posting and Application Processing</p>	<p>A listing of openings is posted along with application instructions. Applicant submits the resume via email or fax. The applications and resumes are not stored for future reference</p>	<p>An electronic library of review templates is maintained for each job code or department</p> <ul style="list-style-type: none"> <li>• Manager is automatically reminded about upcoming reviews and the template is pre-selected for each employee based on the job code.</li> <li>• Manager fills-out the review on-line and can make the review viewable by the employee</li> <li>• Goals can be set up for each employee for the upcoming review period with automatic reminders</li> <li>• Manager can electronically store employee notes that can be imported to the review</li> <li>• Once completed, reviews can be made accessible to employee and the manager in a secure, password-protected environment.</li> </ul> <p>A designated manager or HR personnel fills-out the job profile on-line.</p> <ul style="list-style-type: none"> <li>• The job opening is automatically viewable and fully searchable on the internal Intranet site or on the organization's corporate website.</li> <li>• Applicants can respond to job posting on-line by attaching the resume and cover letter.</li> <li>• Applications are automatically routed to designated personnel (manager of a department, HR person, hiring manager, etc) based on job profile preferences.</li> <li>• The resume is stored in a searchable electronic resume bank for future references.</li> </ul>
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# NOTES

## Have you understood?

1. What is HR portal?
2. Why does an organization need HR portal?
3. What are the functions an effective HR portal should do?
4. Differentiate paper based environment and Portal based environment.

## 2.9 EMPLOYEE PRIVACY

A group of Michigan employees recently broke new legal ground when a jury awarded them \$275,000 for the disasters that befell their lives when their union neglected to safeguard their Social Security and driver's license numbers. The verdict against Michigan Council 25 of the American Federation of State, County, and Municipal Employees (AFSCME) is the first in the world to find that a custodian of employee information has a duty to guard the data with scrupulous care.

Right now, someone within your company may be accessing confidential corporate and employee information either dishonestly or by accident. Given that, Human Resource departments often hold the key to valuable corporate and employee information, the risk of data breaches presents unique challenges for HR. Fortunately, through simple and effective internal threat management procedures, HR can help prevent employee information leaks from happening to their company. These procedures will protect employees' most confidential and valuable information from being exposed to unauthorized parties.

The term employee privacy can be analyzed from three aspects namely,

1. Monitoring of employees by their employers
2. Employee identity theft
3. Data Breach

### Monitoring of employers

New technologies make it possible for employers to monitor many aspects of their employees' jobs, especially on telephones, computer terminals, through electronic and voice mail, and when employees are using the internet. Such monitoring is virtually unregulated. Therefore, unless company policy specifically states otherwise (and even this is not assured), the employer may listen, watch and read most of the workplace communications.

Recent surveys have found that a majority of employers monitor their employees. They are motivated by concern over litigation and the increasing role that electronic evidence plays in lawsuits and government agency investigations. A 2005 survey by the American Management Association found that three-fourths of employers monitor their employees' web site visits in order to prevent inappropriate surfing. And 65% use software to block connections to web sites deemed off limits for employees. About a third track keystrokes

and time spent at the keyboard. Just over half of employers review and retain electronic mail messages.

### **Identity theft**

Identity theft is a catch-all term for crimes involving illegal usage of another individual's identity. In most cases, a criminal needs to obtain personal information or documents about an individual in order to impersonate them. If the employees get hit by the biggest white-collar crime, identity theft, it can wreak havoc with them and the business. The organization's potential liability is especially high if it doesn't manage employee personal information in a reasonable way. A written privacy policy and background screening programs for new employees are two good initial steps.

### **Data Breach**

Data breach is all about the unauthenticated person getting hold of an employees' data. Stolen laptops, compromised databases, lost backup tapes, or mismanaged email—all can result in the loss of valuable employee information. Organizations that experience a data breach can suffer the loss of existing employee confidence, damage to their brand, and loss of future revenue from new potential employees Equally damaging are the actual costs associated with legal requirements to notify employee that their private, sensitive, and confidential information has been mishandled.

### **Protection Procedure**

1. Be aware of where critical employee information and corporate data are located and who has access to them.
2. Develop an acceptable use policy for all employees that outline appropriate use of corporate assets and employee information.
3. The policy should also outline the company procedures when a violation takes place.
4. Consistently enforce policies and procedures.
5. Regularly review and revise existing policies to ensure all necessary policy changes and additions have been addressed.
6. Ensure that the company has an internal incident response plan and the appropriate resources in-house to handle an incident of employee information or corporate data loss or access by unauthorized employees or outsiders.
7. Educate employees about the appropriate handling and protection of sensitive employee data.

# NOTES

## Have you understood?

1. What is employee privacy?
2. What are the ways in which the employee privacy can be disturbed?
3. What is Identity theft?
4. What is data breach?

## 2.10 EMPLOYEE SURVEYS ONLINE

### 2.10.1 Employee Surveys

Employee surveys are conducted to measure employee perceptions about factors related to organizational effectiveness, and the degree to which employees are satisfied, engaged and committed. Presented with statistics about those perceptions and affective responses, managers and HR professionals need to understand which areas are positive and should be leveraged, and which areas are negative and should be improved. Employee surveys can be conducted by direct surveys (distributing questionnaires directly to the employee), mail surveys, and web based surveys. Direct surveys are tedious, time consuming process but the clarifications can be done when and where required.

### 2.10.2 Mail Surveys

Surveying by mail is a recommended option when the desired sample consists of respondents with higher educational and literacy levels, and people with an interest in the subject being surveyed. In addition, special mailing lists are also available to assist in reaching the employees. Advantages of this method include: it is easy and relatively low-cost to let the postal service do the leg work of delivering the surveys; mailing costs are geographically uniform; respondents can answer at their leisure; and any potential interviewer bias may be reduced due to lack of contact with the interviewer, for larger, geographically distributed organizations mail survey helps in time reduction.

### 2.10.3 Web Surveys

Surveying via the Web is rapidly gaining popularity for data collection efforts focusing on employees having access to the internet. Web surveys will go to Internet users and sometimes intranet users only. Web surveys helps in getting responses at a faster speed at a reduced cost. It also helps in increased respondent flexibility. A survey posted on the organization's web site can collect thousands of responses in just a few hours. Further, once setup is completed, there is virtually no cost associated with a web survey; therefore, data from both large and small samples cost the same to process. In addition, Web surveys are a great tool if you want to target a specific population, such as particular functional employees.

Web surveys should be developed without password protected system to help the employees feel secured about their identity. For employees who do not have access to the

computers, laptops and computers can be placed at their work place to help them in completing the surveys.

### **2.10.3.1 Advantages of Web surveys**

- Very low cost
- Extremely fast
- Complex questioning assures better data
- Anonymity of respondents results in more honest answers to sensitive topics
- Respondents provide more detail to open-ended question
- Eliminates the need for postage, shipping and printing
- Results can be tabulated quickly
- Open-ended questions are keyed in by respondents, and results can be tailored toward specific departments and benchmarked both within and outside of the company
- Some newer survey technology allows managers to view results online, run their own ad hoc queries and format the data in ways that are most helpful to them.
- Through the same system, the results of the survey can be shared, making the employee feel satisfied about his role in surveys.
- Using the latest web-based technology to survey is relatively easy when employees are Internet-savvy and work at computers.
- Survey software simplifies compilation and analysis of data collected
- Past data can be retrieved when required
- Voluminous data can be handled with ease

### **2.10.3.2 Disadvantages of Web Based Surveys**

- Useful only for organizations using computers and other high technologies
- Useful only highly literate employees
- Can be used only if employees are trained in using web based technologies
- A research has showed that still employees feel that web based surveys reveals their identity
- For first time users training is required
- Completion of survey may be less
- In case of clarifications regarding the questions, it poses a big problem

### **Have you understood?**

1. Why do organizations conduct employee surveys?
2. What are the ways to conduct employee surveys?
3. Differentiate mail and web surveys.
4. List the advantages of Web surveys.
5. List the disadvantages of web surveys.

### **Summary**

Internet recruitment has grown in use through job boards and various web sites.

## NOTES

Internet recruiting can save costs and time.

Virtual Learning can help the employees around the world to assess the material and study at their own pace and their own time.

E-training is training conducted using the internet and intranet, and its development must consider both advantages and disadvantages

Performance Appraisal can be conducted via internet and intranet. Certain appraisal techniques like 360 degree appraisal can be conducted via net within a short duration of time period.

Human Resource Information System (HRIS) is the usage of information technology to do all HR functions. In developing HRIS, care should be taken that it is tailored according to the organizational needs.

Using SDLC model HRIS can be developed.

Employee surveys can be conducted through mail as well as through web. Both these methods have their own advantages and disadvantages. As the advantages of web based surveys overcome the disadvantages, bigger organizations can have web based surveys.

Employee privacy is an important concept in the organization, which has to be handled with care, as any mishappening may result in employee losing confidence over the employer.

### Questions for Discussion

1. As a System Administrator, you have identified data theft in your organization by one of your employees. What are the suggestions you give for the Computer Maintenance Person to do with the particular employee's computer?
2. Suggest some innovative ways of how sensitivity training can be imparted through web.
3. Why were the conventional recruitment and selection strategies less effective in compared to the E-Recruitment and E-selection techniques?
4. Suggest some ideas for the firms to make internet recruitment effective.
5. What are the key advantages of E-learning for learners and trainers?
6. List the factors in the compensation system of an employee which has to be prevented from other employees.
7. In case of information theft, what are the steps that have to be followed with respect to the particular computers (from the computer or server where the data is stored and from the computer where the data is stolen).
8. Discuss the relevance of Information Technology Act, 2000 of India from the E-HRM purview.



**CASE****NOTES**

Layton Ltd is a leading chain of hotels in France. Layton has been in the hotel business for the past fifty years. Layton has been doing very good business for the past several years. With its present total employee strength of 30000, it has earned a very good name in the hotel industry.

When they started of their business they were using papers to maintain employee records. Meantime many of the records were missed and some destroyed by the passage of time. During 80s the company started using Microsoft Excel for HR functions like recruitment, selection, compensation, etc. The system was helpful to the HR managers, as they could finish their job easily in a lesser time and they can save their data, which they could retrieve at any time.

But still, they could not convert their old data into a system format. The HR managers felt the need of some system which could help them in all the HR functions and in the conversion of all past data into the system. Hence they outsourced an IT firm for designing them a HRIS (Human Resource Information System). The HRIS delivered is of great help to the HR managers. But, still the employees are not satisfied with the system and the HR managers also feel that the present HRIS has to be enhanced.

The main troubles they felt are, the system is not connected to the web site of the company. The HRIS and the company website are standalone. The HRIS is not attractive as all the forms and other screen displays are plain and less attractive. The HRIS is not connected to the Office Mail System, which is functioning separately.

**Questions**

1. As a HR manager specify your needs for enhancing the present HRIS.
2. As a HR manager, do you think that the Office mail system has to be connected to the HRIS?. If yes, Why?
3. What are the advantages of a using a HRIS when compared to Microsoft-Excel sheets?
4. Suggest some innovative ways of getting employee feedback about the system.

## UNIT III

## NOTES

### CROSS CULTURAL HRM

#### 3.1 INTRODUCTION

In today's global economy, managers must be able to identify and work with the many types of cultures that exist simultaneously within an organization or a business network.

Successful managers in the new global business reality will be able to deal with multiple cultural differences. Those who are truly effective will also understand that these multiple cultures exist simultaneously. Not only are there national cultures, there are ethnic, religious, and professional cultures – to name just a few. However, rather than considering cultural differences as a problem with which one must cope, practitioners can take this new understanding of reality as a challenge to develop special skills that will help them deal with this multicultural context and handle the differences in sensitive and synergistic ways. If they can do this, they have a chance to be a step – or more – ahead of the competition.

It must be admitted that this new reality has challenged conventional thinking in a number of areas. For example, if an organization is doing business globally, it obviously must be concerned about cross-cultural management, but what – exactly – does that mean? And, is it only those businesses that have international divisions that need to be concerned? What about those that sell to customers in another part of the globe – or buy from companies located in another part of the world?

To understand this phenomenon and what it means for management, there must be a broader, more flexible conceptualization of culture and cultural identity developed — a multiple cultures perspective in an organization.

#### LEARNING OBJECTIVES

1. To understand what is International Human Resource Management (IHRM).
2. To understand what is Strategic IHRM.
3. To know how IHRM differs from HRM.
4. To discuss the HR issues in outsourcing, mergers and acquisitions.
5. To identify the troubles in International training and compensation.
6. To understand the problems in expatriation.
7. To evolve strategies for building international organizations.

## NOTES

### 3.2 DOMESTIC VS INTERNATIONAL HRM

The globalization of business is making it more important than ever to understand how multinational enterprises (MNEs) can operate more effectively. A major component of this understanding appears to be the field of human resource management, and in particular, the field of international human resource management (Brewster, 1991; Hendry, 1992; Desatnick & Bennett, 1978; Dowling, 1986; Dowling & Schuler, 1990; Evans, 1986; Laurent, 1986; Tung, 1984). The trend over the past few years has been to identify the linkage of human resource management with strategy and offer an understanding of how single country or domestic human resource management can facilitate organizational understanding and effectiveness (Wright and McMhan, 1992).

The field of international human resource management (IHRM) as a specialist stream has enjoyed a massive increase in popularity in the last few years, as European integration draws ever closer and the internationalization/ globalization debate gains momentum. The market place is global and the key players are the multinational organizations. Modern human resource managers cannot confine themselves to an understanding of people management in their own countries. Everyone must develop an awareness of international HRM. Managing people in international arena requires human resource managers address certain broader functional areas which include expatriation and repatriation, compensation plans, taxation, currency exchanges, employee health and safety in the new countries, etc. HR staff should be globally oriented and a global perspective of HR function through a broader view of issues enables the development of more effective corporate policies.

The main perspectives of international HRM are:

- The global approach - using analytic frameworks or broad thematic interpretations to understand HR issues on a global scale.
- The comparative approach - comparing and contrasting the different ways in which HRM is practiced in the light of culture, history and other factors.

Torrington (1994) concluded that international HRM is not simply human resource management on a grander scale. He considered that several familiar aspects of HRM, such as recruitment, selection and employee relations are actually outside the scope of international HRM because of the different (primarily national) legislative frameworks to which they must adhere. For example, he stated that:

“Employees are selected in one country or another, and wherever the selection is undertaken there are a range of conventions and legal requirements that have to be met. The person appointed will usually have a contract of employment that will fit within the legal framework of one country but probably not another”.

## NOTES

For example, the cultural aspects of the particular country affects the recruitment practices. In Japan the HR managers try to identify employees who will contribute to the organization in the long run, where as in US organizations the focus is on the short run.

Indeed for many organizations and commentators, IHRM and expatriate management are virtually synonymous. This is understandable. Expatriates are the most expensive human resource in any organization and they are the most crucially placed employees. They have, and their management involves issues and problems which go beyond those of most other employees. However IHRM covers a far broader spectrum than the management of expatriates. It involves the worldwide management of people. There are several models of how IHRM fits into the overall globalization strategy of organizations. Adler and Chandler suggest that organizations will need to follow very different IHRM policies and practices according to the relevant stage of international corporate evolution, which they identify as domestic, international, multinational, and global. Linking this with the organizations approach towards business strategy, the HRM approaches and practices can be formulated to fit the external environment in which the firm operates.

When organizations operate in more than one country, employees may come from the parent country, host country, or a third country. The parent country is the country in which the organization's headquarters is located. For example, South Korea is the parent country for Hyundai Motors, as the headquarters of Hyundai Motors is located there. A host country is a country (other than the parent country) in which an organization operates a facility. India is a host country for Hyundai Motors. A third country is a country which is neither a parent country nor a host country. If Hyundai Motors hires a person from Russia to work in South Korea, then Russia is the third country.

The HR policies of the organizations should change according to the business strategy of the organization. Heenan and Perlmutter have identified four approaches in which an organization can frame its policies. The framework is given in the figure 3.1

### **ETHNOCENTRIC APPROACH**

- Parent-country nationals hold the key positions
- Strategic decisions are made at headquarters
- Exporting home country practices and policies to foreign countries
- Headquarters management personnel hold key jobs in either domestic or foreign operations
- Expatriates manage the business

### **POLYCENTRIC APPROACH**

- Uses host-country nationals to staff the subsidiary
- Parent country nationals hold positions at headquarters
- Each subsidiary is a distinct national entity with some decision making autonomy
- Local nationals are seldom promoted to positions at headquarters

# NOTES

- Developing practices and policies according to local culture and workforce characteristics

## REGIOCENTRIC APPROACH

- Regional staff are utilized and developed for positions anywhere within the region
- Regional managers may not be promoted to headquarters positions
- Regional managers enjoy a degree of regional autonomy in decision making
- Standardized practices within a geographic region

## GEOCENTRIC APPROACH

- Best people anywhere in the world are developed for key positions anywhere in the world
- Ignores nationality in favor of ability
- Cuts across the nations and thus talent is brought across the borders
- Attempts to develop practices and policies that transcend cultural differences

<p><b>ETHNOCENTRIC APPROACH</b></p> <ul style="list-style-type: none"> <li>• Parent-country nationals hold the key positions</li> <li>• Strategic decisions are made at headquarters</li> <li>• Exporting home country practices and policies to foreign countries</li> <li>• Headquarters management personnel hold key jobs in either domestic or foreign operations</li> <li>• Expatriates manage the business</li> </ul>	<p><b>REGIOCENTRIC APPROACH</b></p> <ul style="list-style-type: none"> <li>• Regional staff are utilized and developed for positions anywhere within the region</li> <li>• Regional managers may not be promoted to headquarters positions</li> <li>• Regional managers enjoy a degree of regional autonomy in decision making</li> <li>• Standardized practices within a geographic region</li> </ul>
<p><b>POLYCENTRIC APPROACH</b></p> <ul style="list-style-type: none"> <li>• Uses host-country nationals to staff the subsidiary</li> <li>• Parent country nationals hold positions at headquarters</li> <li>• Each subsidiary is a distinct national entity with some decision making autonomy</li> <li>• Local nationals are seldom promoted to positions at headquarters</li> <li>• Developing practices and policies according to local culture and workforce characteristics</li> </ul>	<p><b>GEOCENTRIC APPROACH</b></p> <ul style="list-style-type: none"> <li>• Best people anywhere in the world are developed for key positions anywhere in the world</li> <li>• Ignores nationality in favor of ability</li> <li>• Cuts across the nations and thus talent is brought across the borders</li> <li>• Attempts to develop practices and policies that transcend cultural differences</li> </ul>

**Figure 3.1 Approaches to organizational setting and policy making**

## NOTES

Evans and Lorange (1989) asked the question: “How can a corporation operating in different product markets and diverse socio-cultural environments effectively establish human resource policies? They developed two logics for shaping HRM policy, product-market logic and social-cultural logic. Under the product-market logic, different types of managers are seen to be needed for the various phases of the product life cycle. Categories of managers are also split in to ‘corporate’, ‘divisional’ and ‘business unit’ levels, with different duties attributed to each category. Under the social-cultural logic, Evans and Lorange take Perlmutter’s categories and propose two strategies for dealing with cultural and social diversity. The first strategy is labeled the global approach and relates to Perlmutter’s ethnocentrism or geocentrism. In this, the company’s own specific culture predominates and human resource management is relatively centralized and standardized. Under the second strategy, the polycentric approach, responsibility for human resource management is decentralized and developed to the subsidiaries.

International HRM can be broken down into three major categories: HRM practices and expatriate employees in multinational corporations (MNCs), HRM practices and host-country nationals as employees of MNCs, and comparative employment systems. A crucial issue in HRM and host-country nationals (HCNs) is the extent to which an MNC elects to transfer its national or global HRM system to a particular subsidiary or allow the subsidiary to develop (or maintain existing) employment practices rooted in indigenous practices. This seems to depend upon a range of factors, including the structure of the MNCs market (is it a globally unified or diverse?), the significance of a given subsidiary to the MNC’s overall operations, the importance of specific employee behaviors as the MNC’s source of competitive advantage, the degree to which the MNC controls the subsidiary (in joint-venture situations) and the extent to which host-country culture and employment laws differ from those of the MNC’s home country. According to Taylor and Napier the greater the differences, the less likely the transfer of home-country practices.

### 3.2.1 Issues in IHRM

The issues in IHRM have been depicted in figure 3.2 The main issues are cultural, ethical, Industrial Relations, Legal, and Social and Economic issues. For better understanding these issues are discussed in detail below.

#### 1. Cultural Issues

It includes a wide range of issues from understanding the other cultures, taking the culture as a practice and changing the HRM practices according to the culture. Another difficulty for managers operating in diverse cultural to identify moral norms, which transcend cultural boundaries, and then, without compromising those norms, recognize and respect diversity where it is morally appropriate to do so. The best IHRM practices ought to be the ones *best* adapted to cultural and national differences.



## NOTES

For example, the extent to which a culture is individualistic or collectivistic affects the success of a compensation program. Job design aimed at employee empowerment can be problematic in cultures with high power distance. Cultural differences can affect how people communicate and coordinate their activities. People from collectivist culture and individualistic culture have to work together, it will create coordination problems. The differences in the usage of language, space and distance have made great impact on the business. For example, the Arabs have the way of reading from right to left, and the Chinese read from top to bottom.. Translating country's ethical principles and core values into practice in the international business domain is an enormous task.

### 2. Ethical Issues

When business is conducted across borders, the ethics program takes on added layers of complexity. Understanding the code of ethics is a complex issue. Ethical problems pose a great threat when multinationals operate in host countries that have:

- Different standards of business practice
- Economically impoverished
- Inadequate legal infrastructure
- Governments are corrupt, and
- Human rights are habitually violated

The question arises not only in the context of different home- and host-country employment practices but also in the central operations and policies of multinationals.

There are three main approaches in following ethics which are listed below:

- The *ethical relativism* believes that there are no universal or international rights and wrongs, it all depends on a particular culture's values and beliefs - when in Rome, do as the Romans do.
- The *ethical absolutism* believes that when in Rome, one should do what one would do at home, regardless of what the Romans do. This view of ethics gives primacy to one's own cultural values.
- In contrast, the *ethical universalism* believes that there are fundamental principles of right and wrong which transcend cultural boundaries and multinationals must adhere to these fundamental principles or global values.

Payne et al suggest that international standards of ethics should address six major issues:

1. **Organizational relations:** including competition, strategic alliances and local sourcing
2. **Economic relations:** including financing, taxation, transfer prices, local reinvestment, equity participation, and fiscal policies
3. **Employee relations:** including compensation, safety, human rights, nondiscrimination, collective bargaining, whistle blowing, training and sexual harassment
4. **Customer relations:** including pricing, quality and advertising

5. **Industrial relations:** including technology transfer, research and development, infrastructure development, and organizational stability/longevity
6. **Political relations:** including legal compliance, bribery and other corrupt activities, subsidies, tax incentives, environmental protection and political involvement.

### 3. Industrial Relations (IR) Issues

The pattern of industrial relations is different among several countries. Several factors may underlie the historical differences among nations namely,

- Mode of technology and industrial organization at critical stages of union development
- Methods of union regulation by government
- Ideological divisions within the trade union movement
- Influence of religious organizations on trade union development
- Managerial strategies for labor relations in large corporations.

The trade union structures also differ considerably among countries (See Table 3.1), e.g.

- Industrial unions – Represent all grades of employees in an industry;
- Craft unions – Based on skilled occupational groupings across industries;
- Conglomerate unions – Represent members in more than one industry;
- General unions – open to almost all employees in a given country.

**Table 3.1 Types of trade unions in different countries**

<b>Australia</b>	General, craft, industrial, white-collar
<b>Belgium</b>	Industrial, professional, religious, public sector
<b>Canada</b>	Industrial, craft, conglomerate
<b>Denmark</b>	General, craft, white-collar
<b>Finland</b>	General, white-collar, professional and technical enterprise
<b>Japan</b>	Enterprise
<b>Norway</b>	Industrial, craft
<b>Sweden</b>	Industrial, craft, white-collar and professional
<b>Switzerland</b>	Industrial, craft, religious, white-collar
<b>Netherlands</b>	Religious, conglomerate, white-collar
<b>UK</b>	General, craft, industrial, white-collar, public sector
<b>US</b>	Industrial, craft, conglomerate, white-collar
<b>West Germany</b>	Industrial, white-collar

## NOTES

National differences in economic, political and legal systems produce markedly different IR systems across countries. Multinationals generally delegate the management of IR to their foreign subsidiaries. However, a policy of decentralization should not keep corporate headquarters from exercising some coordination over IR strategy. Generally, corporate headquarters will become involved in or oversee labor agreements made by foreign subsidiaries because these agreements may affect the international plans of the firm and/or create precedents for negotiations in other countries.

### 4. Legal and Issues

In the absence of international legislative authority, it is very difficult to handle people working across borders, and also to have a standard HRM practice for an MNE. Trade union and the industrial relations take different shapes in different countries. Understanding the judicial and legislative system of a place is not a easy task. Some countries have hidden policies and practices which poses a great threat on the international business. The area of international compensation is complex, primarily because multinationals must cater to many categories of employees and the laws relating to the countries are different In Western Europe, where many countries have had a strong socialistic pattern, laws have been aimed at protecting the rights and benefits of work force. Until recently, France and Germany had 35-hour workweeks, although workers have recently begun to accept contracts with more flexibility.

### 5. Social Issues

Countries also differ in terms of their social make up. For example, education, skills of the work force are few factors that have to be considered. Education opportunities also vary from one country to another. In general, spending on education is greater per pupil in high-income countries than in poorer countries. The extent of poverty, political turmoil also affects the HRM practices. For the companies to operate in country with suitable employees, the education and the skill levels of country's labor force affect the extent to which the company wants to operate. India's large pool of English speaking and technically sound work force has attracted many outsourcing companies to India.

### 6 Economic Issue

The economic system of the country affects the human resource management practices. The nature of the economic system whether socialistic or capitalistic, as well as government's involvement in the economy through taxes or compensation, price controls, and other activities, influences human resource practices. Taxation differences create unfavorable tax circumstances for employees working outside their home countries and contributing to pension plans in their host countries.

The health of an economic system also affects the human resource management. In developed countries with great wealth, labor costs are relatively high. Such differences

show up in compensation systems and in recruiting and selection decisions. Pay structures across national boundaries can affect recruiting candidates from more than one country.



**Figure 3.2 Issues in IHRM**

**Have You Understood?**

1. How does international human resource management differ from domestic human resource management?
2. Explain the different issues in international human resource management.
3. Explain the different approaches in setting up an organization internationally.
4. What is strategic international human resource management?
5. Compare and contrast the industrial relations practices of different countries.

**3.3 CULTURE**

To be successful in today’s world, the organization must be more flexible in conceptualizing culture and cultural identity i.e., an organization should be multiple cultural perspectives.

It has long been recognized that multiple cultures exist within larger societies and organizations. However, by borrowing the term “culture” from the field of anthropology, researchers who studied organization culture often incorporated what they assumed was an anthropological presupposition of “one culture to a society.” But an organization is not a simple, primitive society, as was the traditional field site of anthropological research. Rather, it is a heterogeneous, pluralistic system whose members live within a larger complex society. Therefore, while members of an organization may develop shared sets of assumptions within the organization setting that are special to that organization and that become that organization’s culture in some sense, they also bring with them the various

## NOTES

sets of assumptions that they acquire outside of the organization. Thus, the organization – the workplace – potentially has a multiplicity of separate, overlapping, superimposed, or nested cultures within it. The organization’s participants maintain simultaneous membership in any number of these cultural groups. These are not limited to national cultures.

For the manager, then, identifying the existence of a cultural grouping of any sort should be an empirical question, not an a priori assumption. One certainly cannot assume that national culture is the most relevant cultural identity to the individual or the organization, or that national cultural identity impacts all areas of interpersonal interaction. At the individual level, people may identify with, and hold membership in, several cultural groups simultaneously.

At the heart of “cross cultural” or “multiple cultures” is the concept of “culture.” To fully understand the implications of multiple cultures within an organization, it is important to understand the basic concept of culture.

Cultural anthropologists define culture as a set of beliefs that govern behavior. In other words, each of us has a set of cultural “lenses” that influence how we see and interpret certain behaviors. Other cultures interpret the same behaviors completely differently.

Culture can be defined as, “the core of culture is composed of explicit and tacit assumptions or understandings commonly held by a group of people; a particular configuration of assumptions/understandings is distinctive to the group; these assumptions/understandings serve as guides to acceptable and unacceptable perceptions, thoughts, feelings and behaviors; they are learned and passed on to new members of the group through social interaction; culture is dynamic — it changes over time.”

This definition implies that culture is a collective social phenomenon – that it can be created, rather than just inherited, by group members. Once in existence, it subtly influences perception, thought, action, and feeling of group members in ways that are consistent with the cultural reality of that group. It guides the selection, interpretation, and communication of information in ways that are meaningful to the group. To understand a culture, one must understand the basic assumptions of that particular group. Furthermore, this approach assumes that a culture may exist or emerge whenever a set of basic assumptions are held in common by a group of people. It may even be possible to anticipate the emergence of a cultural subgroup if you recognize that there are emerging shared assumptions. Since individuals are seen as simultaneous carriers of several cultural identities, depending on the issue at hand, a different cultural identity may become salient at a given moment. For instance, in a study of a strike at Scandinavian Airlines, SAS, the researcher found that the salience of flight attendants’ various cultural identities (profession, organization, nationality) could change depending on the issue at hand and identities being threatened.

## NOTES

### 3.3.1 Cultural Dynamics

The contemporary definition of organizational culture (OC) includes what is valued, the dominant leadership style, the language and symbols, the procedures and routines, and the definitions of success that characterizes an organization. OC represents the values, underlying assumptions, expectations, collective memories, and definitions present in an organization (Schein, 1992; Cameron & Quinn, 1999).

Cultures change, but they also stay the same. Cultural anthropologists are of the idea that it is important to study concrete cultural change and define its underlying processes. There are mechanisms through which cultures change. One example is diffusion. When people from different cultures start working together, these different cultures merge and a new culture starts emerging out in an organization.

For example the change in the culture and values of Japanese managers. A study has proved that there is a significant difference in values between Japanese managers who have attained responsible managerial positions in their organization and the management trainees who have held lower positions and been employed for less time with the organization. Recently there is increasing evidence that individualism in Japan is on the rise. Instead of denouncing individualism as a threat to the society, they are proposing as a necessary solution to many of the economic evils.

Cultural dynamics or cultural change can be of two types: change from within and change from outside. The sources of change can be attributed either to innovation, discovery and invention (“internal change” or “independent origin”), or diffusion and cultural borrowing (“change from outside”). In today's world most of the change happens from outside. The ultimate reality in culture change hinges on the fact that corresponding institutions in two cultures satisfy both their needs in different ways and with different techniques; but in the process they have to use the same human and natural resources and also the standardized emotions, values, and loyalties specific to each culture.

Cultural contact and change are not a simple fusion or mixing together of two cultures. Malinowski (1945) has proposed a dynamic of complex modification in which “the two impinge on each other” and thereby create “the phenomenon of autonomous change resulting from the reaction between two cultures.” He describes diffusion as dependent on prior cultures but with no precedent in either of them. The result, he claims, is “new cultural realities” that must be understood, not by direct reference to either parent culture, but as processes “running on their own specific lines”.

#### 3.3.1.1 Processes of Cultural Change

Changing the organizational culture is the toughest task one can ever take. As the organizational culture had been formed over years of interaction between the participants in the organization, one can feel like rolling rocks uphill. Organizational cultures form for a



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reason. Perhaps the current organizational culture matches the style and comfort zone of the company founder. Culture frequently echoes the prevailing management style. Since managers tend to hire people just like themselves, the established organizational culture is reinforced by new hires. Organizational culture grows over time. People are comfortable with the current organizational culture. For people to consider culture change, usually a significant event must occur.

To recognize that the organizational culture is the culprit for the organization's failure and to take steps to change it, is a tough journey. When people in an organization realize and recognize that their current organizational culture needs to transform to support the organization's success and progress, change can occur. But change is not pretty and change is not easy. Culture change requires understanding, commitment, and tools.

### 3.3.2 Steps in Organizational Culture Change

There are three major steps involved in changing an organization's culture.

#### 1 Understand the current culture

Before an organization can change its culture, it must first understand the current culture, or the way things are now. Take time to pursue the activities in understanding the mission, vision, beliefs, values and shared meanings that prevail in the organization. Mission, vision, and values provide a framework for the assessment and evaluation of the current organizational culture, the organization needs to develop a picture of its desired future and what does the organization want to create for the future?

#### 2 Decide on new culture

Understanding the current organizational culture, the organization must then , and decide what the organizational culture should look like to support success. What vision does the organization have for its future and how must the culture change to support the accomplishment of that vision?

#### 3 Make individuals understand

Finally, the individuals in the organization must decide to change their behavior to create the desired organizational culture. This is the hardest step in culture change.

### 3.3.3 Culture Assessment

Organizational culture is the workplace environment formulated from the interaction of the employees in the workplace. Organizational culture is defined by all of the life experiences, strengths, weaknesses, education, upbringing, and so forth of the employees. While executive leaders play a large role in defining organizational culture by their actions and leadership, all employees contribute to the organizational culture.

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### 3.3.3.1 The Purposes and Benefits of Cultural Assessment

The term “Organizational Culture” might best be defined as a company’s personality. Why would a company be interested in evaluating its organizational personality? A clear understanding of organizational culture is critical to long-term success. Unfortunately, in many companies it will remain undervalued until management can properly measure it and understand its role in corporate success. While often seen as intangible, culture is quite real, and powerful. Organizational culture is not a vision or value statement developed by a senior management group. Often there is a discrepancy between what an organization strives to achieve, and the beliefs and values actually displayed. An organization must discover “who” it is before it can work on who it wants or needs to be to succeed. **While an organization strives to attain its business objectives and meet its corporate goals, it must assess whether its culture is appropriate to take the actions necessary to achieve these goals.** A well-designed cultural study, using rigorously collected data (focus groups, interviews, surveys, etc.) will enable a company to determine the gap between its current culture and the culture it needs to succeed. This gap analysis can be used to design tools, interventions, and processes to create and guide cultural change (i.e., leadership and employee development, large-scale system changes, reorganizations, etc.). Studies have repeatedly found that high-performing organizations are aware of, and leverage the strengths of their corporate cultures.

### 3.3.3.2 Models of Culture Assessment

There are many models to assess the organizational culture, which are given in Table 3.1

Model	Factors Considered
<b>Hofstede</b>	Power Distance, Individualism versus Collectivism, Masculinity versus Femininity, Uncertainty Avoidance, Confucian Dynamism.
<b>Cameron &amp; Quinn</b>	Six key dimensions of organizational culture: Dominant Characteristics, Organizational Leadership, Management of Employees, Organizational Glue Strategic Emphasis, and Criteria for (judging) Success and Four models of culture: Hierarchy Culture, Market Culture, Clan Culture, Advocacy Culture
<b>R. A. Cooke &amp; J. C. Lafferty</b>	12 Norms and Expectations (Humanistic-Encouraging, Affiliative, Approval, Conventional, Dependent, Avoidant, Oppositional, Power, competitive, Perfectionistic, Achievement, Self-Actualizing) and three cultures (Contrusive, Passive-Defensive, Aggressive-Defensive)
<b>W. T. van de Post, Y. J. de Coning</b>	Fifteen dimensions: Culture management, Customer orientation, Disposition towards change, Employee participation, Goal clarity, Human Resource Orientation, Identification with the organization, Locus of Authority, Management Style, Organization focus, Organization Integration, Performance orientation, Reward Orientation, Task Structure.
<b>S. R. Glaser, S. Zamanou, &amp; K. Hacker</b>	Six components: Teamwork-Conflict, Climate-Morale, Information flow, Involvement, Supervision and Meetings.

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## 1. Kim S. Cameron & Robert E. Quinn Model

Cameron and Quinn (1999) have developed an organizational culture framework built upon a theoretical model called the “Competing Values Framework.” This framework refers to whether an organization has a predominant internal or external focus and whether it strives for **flexibility and individuality or stability and control**. The framework is also based on six organizational culture dimensions and four dominant culture types (i.e., clan, adhocracy, market, and hierarchy). In this respect the overall culture profile of an organization can be identified as:

- **Clan:** an organization that concentrates on internal maintenance with flexibility, concern for people, and sensitivity for customers. It focuses on internal issues and values flexibility and discretion rather than seeking stability and control. Its goal is to manage the environment through teamwork, participation, and consensus.
- **Hierarchy:** An organization that focuses on internal maintenance with a need for stability and control. It is based on Weber’s theory of bureaucracy and values tradition, consistency, cooperation, and conformity. The Hierarchy model focuses more on internal than external issues and values stability and control over flexibility and discretion. This is the traditional “command and control” model of organizations, which works well if the goal is efficiency and the organizational environment is stable and simple—if there are very few changes in customers, customer preferences, competition, technology, etc.
- **Adhocracy:** An organization that concentrates on external positioning with a high degree of flexibility and individuality. The focus is on external issues and values flexibility and discretion rather than seeking stability and control; its key values are creativity and risk taking
- **Market:** An organization that focuses on external maintenance with a need for stability and control. It values stability and control but focuses more on external (market) rather than internal issues. This culture tends to view the external environment as threatening, and seeks to identify threats and opportunities as it seeks competitive advantage and profits.

*The six key dimensions of organizational culture, according to Cameron and Quinn, are Dominant Characteristics, Organizational Leadership, Management of Employees, Organizational Glue Strategic Emphasis, and Criteria for (judging) Success.*

## 2. A. Cooke & J. C. Lafferty Model

The Organizational Culture Inventory (OCI) by Cooke & Lafferty is an instrument designed to evaluate the culture of organizations in terms of behavioral norms and expectations related to the shared beliefs and values held by organizational members. The OCI measures what individuals and groups within a company regard as expected of them and will be reinforced and rewarded. It also allows organizational members to consider a culture that, for them, would be ideal for maximizing business performance, and what

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types of behaviors would be expected of them in that ideal culture. Therefore, differences between the current and ideal cultures of an organization can be measured by the OCI. They take in to considerations the normative beliefs and shared behavioral expectations. Normative beliefs are defined as “cognitions held by an individual regarding others’ expectations for his behavior as a member of a particular group or organization.” Shared behavioral expectations are “those normative beliefs that are held in common by members of a group or organization”. The 12 sets of normative beliefs and shared behavioral expectations identified by them refer to 12 different cultural styles. They are

**Humanistic-Encouraging:** Members are expected to be supportive, constructive, and open to influence in their dealings with one another.

**Affiliative:** Members are expected to be friendly, cooperative, and sensitive to the satisfaction of their work group

**Approval:** Members are expected to be friendly, cooperative, and sensitive to the satisfaction of their work group.

**Conventional:** Members are expected to conform, follow the rules and make a good impression.

**Dependent:** Members are expected to do what they’re told and clear all decisions with superiors

**Avoidance:** Members are expected to shift responsibilities to others and avoid any possibility of being blamed for a problem.

**Oppositional:** Members are expected to be critical, oppose the ideas of others, and make safe (but ineffectual) decisions.

**Power:** Members are expected to take charge, control subordinates, and yield to the demands of superiors.

**Competitive:** Members are expected to operate in a “win-lose” framework, out-perform others, and work against (rather than with) their peers.

**Perfectionistic:** Members are expected to appear competent, keep track of everything, and work long hours to attain narrowly-defined objectives.

**Achievement:** Members are expected to set challenging but realistic goals, establish plans to reach those goals, and pursue them with enthusiasm.

**Self-Actualizing:** Members are expected to enjoy their work, develop themselves, and take on new and interesting tasks.

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The 12 types of norms and expectations are associated with and organized into three general types of cultures (Acumen International, 2000). They are:

**Constructive** - members are encouraged to interact with people and approach tasks in ways that will help them to meet their higher order satisfaction needs

**Passive-Defensive** - members believe that they must interact with people in ways that will not threaten their own security

**Aggressive-Defensive** - members are expected to approach tasks in forceful ways to protect their status and security

### *3 Hofstede's Cultural Dimensions*

In a study of IBM employees in 64 countries, Hofstede determined four value dimensions along which countries varied: Power Distance (PDI), Individualism versus Collectivism (IDV), Masculinity versus Femininity (MAS), and Uncertainty Avoidance (UAI). Subsequent research on 23 countries yielded a fifth dimension: Confucian Dynamism (LTO). In both studies, countries were scored on a scale ranging from zero to just over 100.

#### *Power Distance*

*Power Distance (PDI) measures how comfortable individuals in a culture are with inequality in the power structure. It also measures how much less powerful organizational members accept the unequal distribution of power. The U.S. values of freedom and social mobility indicate a relatively low power distance. Predictably, the U.S. scored lower (52) than the global average (56.5) on this dimension. In India, however, power distance was the highest scoring dimension, far above the global average.*

#### *Individualism versus Collectivism*

Individualism versus Collectivism (IDV) measures group cohesiveness. A culture is individualistic if there is low cohesiveness between individuals; a culture is collectivist if there are tight bonds between individuals. In collectivist societies people are integrated from birth into strong cohesive in-groups which provide a lifetime of protection in exchange for unconditional loyalty. According to Hofstede's research, individualism was the highest dimension scored for U.S. culture (91), which more than tripled the global average (24). India scored much lower (48), indicating that fewer but closer ties exist between members of that society compared to a larger number of distant ties in the U.S.



## **Masculinity versus Femininity**

Masculinity versus Femininity (MAS) measures how much assertiveness and competition are highly valued. In feminine cultures values of caring and modesty are more highly valued. In the U.S. masculinity was the second highest scoring cultural dimension (62), above the global average (51); individualism was first. While India (56) was also above the global average. Both India and the U.S. have masculine values, meaning they value assertiveness, competitiveness, and different roles for men and women. Denmark and Sweden were strikingly more “feminine” cultures than the U.S. India was marginally more feminine than the U.S. This dimension becomes relevant when considering the reasons why companies may choose not to disclose the value of human assets. Specifically, some companies chose not to disclose for fear of losing their competitive advantage. Since competition is highly correlated with masculine cultures, the authors posit that increased value on competitiveness may predispose a company not to disclose their non-financial metrics.

## **Uncertainty Avoidance**

Uncertainty Avoidance (UAI) measures how much individuals feel threatened by uncertain situations. Countries with low uncertainty avoidance have a high tolerance for ambiguity and expect their members to feel comfortable in unstructured situations. Societies such as this have fewer rules. While the U.S., known for being highly litigious, ranked low (46) on uncertainty avoidance, two of the remaining three countries ranked even lower. India’s score was 52. This leads us to conjecture that highly valuing and disclosing human assets (which is, admittedly, a “slippery” construct) and non-financial metrics may require an increased comfort level with uncertainty. India, still less avoidant of uncertainty than the U.S., scores relatively high, similar to our argument regarding power distance. The author suspect that the high level of off-shoring and outsourcing may lessen the impact of the wider culture’s uncertainty avoidance upon organizations.

## **Confucian Dynamism/Long-Term Orientation**

Confucian Dynamism (LTO) measures long-term or short-term orientation. The U.S. (29) scored far below the global average (48), meaning that U.S. society values short-term values (i.e., meeting its obligations and appreciating cultural traditions) more than it values long-term ones (i.e., thrift and perseverance). U.S. strategists distinguish tactical goals (one-to-two-year window) from strategic goals (three-to-five-year window). The strategic planning window is shorter-term than comparative windows for long-term-oriented cultures that focus on virtue and ancestry. Encouraging an organizational culture that expands this short-sightedness and focuses on the long-term contributions of the organization seems more likely outside of the U.S.



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### 3.3.3.3 Implications for Organizational Culture

Certain cultural values are conducive to organizational learning and growth. These values are low power distance, low masculinity, low uncertainty avoidance and high long-term orientation. By impacting organizational symbols, jargon, stories, rituals, values, and practices, leaders can maximize learning and growth potential by:

- **Decreasing Power Distance.** Encouraging vertical and horizontal collaboration and communication creates human-centered organizational cultures, thus improving efficiency and effectiveness. Though many view power as positional, senior managers give power to individuals upon whom they depend, effectively decreasing power distance. By disclosing their non-financial metrics, the organizations above demonstrated their value of human assets.
- **Decreasing Uncertainty Avoidance.** By developing employees' critical thinking skills, managers can provide employees opportunities to impose their own problem frames, thus increasing learning. Consider Infosys's unconventional practice of "re-exporting" labor back to its origin. Growth leaders have been found to adapt quickly to changing circumstances, which not only indicates low uncertainty avoidance, but the ability to thrive in the midst of chaos.
- **Decreasing Masculinity.** While competitiveness and assertiveness are valuable traits, in excess they can harm the organization. Encourage "win-win" over "zero-sum-game" thinking, wherever appropriate. Companies that disclosed human assets viewed innovation as an abundant resource, not a scarce one.
- **Increasing Long-Term Orientation.** By articulating a broader reason for organizational success. Most of the companies above embraced socially beneficial goals such as industrialization, modernization, and regional commitment.

#### Have You Understood?

1. What is meant by the term culture?
2. Are cultural values same worldwide, or are there any marked differences?
3. Are the values change over time or are they fairly constant?
4. What is the major problem in culture change in an organization?
5. Differentiate culture assessment survey and employee satisfaction survey.
6. Discuss some models of culture assessment.
7. Explain how can the culture of an organization be changed?

### 3.4 CROSS CULTURAL EDUCATION AND TRAINING

#### 3.4.1 International Workforce

Subsidiary staffing composition in subsidiaries of MNCs is defined as the distribution of expatriates also referred to as parent-country nationals (PCNs), host country nationals (HCNs) and third country nationals (TCNs), and the composition varies along the dimension of nationality heterogeneity. Many American and European organizations choose PCNs to international assignments. The reason for their choice may be to better equip career climbing managers for more responsible job positions, unavailability of managerial talent in the host

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country, facilitation of organization of control or the fact that the home country believes that the most appropriate person must be a home-country manager. When compared to locally hired counterparts expatriates have better understanding of overall corporate priorities and better recognition of headquarters – determined rules, as well as being more motivated by a commitment to overall corporate goals. The transfer of managers from headquarters would facilitate the creation of an information network consistent with the corporate culture.

The globalization and aggressive foreign direct investment combined with domestic restructuring have resulted in dramatic changes in the work force of MNCs. As the world becomes smaller, more and more people are spending time living and working away from their home country, which increase face-to-face contact among people from different cultural backgrounds. This forces the companies to have a cross cultural perspective in order to successfully accomplish goals in the context of global economy resulting in higher needs and new standards of selection, training, and motivation their future expatriates. Cross cultural training is rapidly becoming a recognizable important component in the world of international business. Cultural differences exist at home and abroad and international interaction crates problems caused by people's differences in values, beliefs, perceptions, background, and the sources of frustration created by differing expectations and different definitions of success or failure. Expatriates have to develop their intercultural communication competence in order to love meaningfully and productively in the global village and as the workforce within nations becomes more culturally diverse, it is necessary to train people to deal effectively with the complexities of new and different environments.

According to Hogan and Goodson, 86% of Japanese multinationals report a failure rate of less than 10% for their expatriates who have received training. Benefits which can be achieved by providing expatriates with cross-cultural training are listed below.

1. A means for conscious switching from an automatic, home-culture international management mode to a culturally appropriate, adaptable and acceptable one.
2. An aid to improve coping with unexpected events or culture shock in a new culture
3. A means of reducing the uncertainty of interactions with foreign nationals
4. A means of enhancing expatriates' coping ability by reducing stress and disorientation

To teach managers how to lead, motivate and develop employees in their own countries is one of the focal aims of managerial training for HCNs and TCNs. Since HCN and TCN managers often need to change their way of operating as well as be more involved, managers need good people management skills.

A main objective of international training is to develop an understanding of cultural differences and an ability to work with HCNs to facilitate management knowledge and know-how transfer from home country and with the same objective training for HCNs should be provided. International training is largely focused on expatriates, but HCNs and TCNs also need to be considered for training and development in order to succeed as a global organization. The training of HCN and TCN employees will enhance the development

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of managerial abilities and introduction to the MNC's corporate culture. The headquarters does not generally provide training for level employees, which is usually provided by the country's subsidiary. Polycentric MNCs usually have large amount of offshore operations, hence the firm has to make a choice between continued usages of expatriate managers or invest in the development of HCNs. Regarding the usage of managerial personnel from the subsidiaries, companies must learn to orient local managers into the culture at headquarters in order to provide a local system of management compatible with headquarters management.

Dowling and Schuler say that the training programs developed for expatriates from the home country can not be used in other countries for local employees with a different culture, but rather training should be adapted to local conditions. Occasionally HCNs and TCNs are brought to MNC's headquarters offices for training which also exposes them to the corporate culture.

### 3.4.2 Types of International Training

There are three different types of training for MNCs.

#### 1. Pre-field or Preparatory Training for Expatriates

This type of training deals with pre-departure training that is carried out to ensure that the expatriate has the essential skills and knowledge for the assignment

#### 2. Post-Arrival Training for Expatriates

This involves the training conducted after the expatriate has gone abroad, on-site, and is used to make the expatriate feel comfortable with the local environment.

#### 3. Training for HCNs and TCNs

This type of training is provided to smoothen the understanding of corporate strategy, culture and socialization.

Of these types of training the most attention is given to preparatory training, focusing on the area of expatriate failure. The pre-departure training can be divided into two parts: cultural awareness training, which broadens the sensitivity to other cultures and regional or country specific training which informs the expatriate about the historical, religious, and economic factors affecting the people in the region.

##### 3.4.2.1 Pre-field Training

The purpose of pre-field training is to ensure that the expatriates and their families are prepared for the new culture and environment and also to be certain that the expatriate have the needed skills and knowledge. Further, the pre-field orientation should be seen as an extension of the selection process. During this phase there is a chance to identify those expatriates who feel insecure about continuing on with the assignment and think about

withdrawing, thereby the cost of failure to the organization is reduced. To make the pre-field training successful there are recommendations to expatriates and to the firms.

Recommendations to the expatriates are

1. Visit the foreign location with the spouse and family beforehand to gain realistic perspectives on what to expect when they eventually go there to work,
2. Make clear of what is expected of the expatriate manager
3. Provide a domestic mentor, who serves as the chief liaison and a proponent during the employee's absence.

Companies feel that pre-field training is enough to equip expatriates with the necessary knowledge and skills they will need in order to do well overseas. Expatriation process must be viewed from different perspectives. Stressing the significance of continuous learning and continuous cross-cultural training is one of the important works of IHR manager. Pre-field training includes the following steps:

1. During the selection process itself care should be taken to identify the readiness and motivation of the employee and his family for the expatriation. The willingness and the ability of the employee to learn new things can also be checked.
2. Then comes the general orientation process where the expatriate is informed about the purpose, value and beliefs of the assignment, basic language skills, technical skills and the procedures to be followed in the expatriation process in the home country as well as in the host country.
3. In the next step, the cultural awareness training and the culture shock training is given through many techniques which are explained below.
4. The preliminary visits to the countries of the employee with his family are arranged.
5. Practical assistance is provided for the expatriates for making his/her stay in the foreign soil pleasant and trouble free.

#### ***3.4.2.1.1. Components of Effective Pre-field Training***

Studies indicate that the essential components of pre-field training programs that contribute to a smooth transition to foreign post include cultural awareness training, culture shock prevention training, pre visits, language instruction, and assistance with day today matters.

##### **a. Cultural Awareness Programs**

Intercultural communication competence can no longer be neglected. In both domestic and international context new work related behaviors must be learned, but in cross-cultural situations non-work behaviors must be learned as well.

It is generally accepted that to be effective, the expatriate employee must adapt and not feel isolated from the host country. A well-designed cultural awareness training program can be extremely beneficial, as it seeks to foster an appreciation of the host-country's culture so that expatriates can behave accordingly, or at least develop appropriate coping patterns. The components of cultural awareness programs vary according to country of assignment, duration, purpose of the transfer, and the provider of such programs. As part

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of her study of expatriate management, Tung identified five categories of pre-departure training, based on different learning processes, type of job, country of assignment, and the time available:

### b. Language Training

Language training is a seemingly obvious, desirable component of a pre-field program. However, there are three interrelated aspects related to language ability that need to be recognized.

- a. The Role of English as the Language of World
- b. Host-Country Language Skills and Adjustment
- c. Knowledge of the Corporate Language

### 3. Training for culture shock prevention

Expatriates going abroad will encounter a variety of difficulties due to different social-economic systems, language and social customs, etc. Moreover symptoms of culture shock, anxiety, frustration and disappointment can further complicate adaptation for the expatriate as well as his/her family. When the expatriate develops irritation and hostility and at last comes to the stage of biculturalism, he or she has completely come to terms with operating and functioning in two different cultures. Hence culture shock prevention training is vital for the expatriate and his/her family.

#### 1. Preliminary Visits

One useful technique in orienting international employees is to send them on a preliminary trip to the host country. A well planned overseas trip for the candidate and spouse provides a preview that allows them to assess their suitability for an interest in the assignment. Such a trip also serves to introduce expatriate candidates to the business context in the host location and helps encourage more informed pre-field preparation.

#### 2. Practical Assistance

Another component of pre-field training program is that of providing information that assists in relocation. Practical assistance makes an important contribution toward the adaptation of the expatriate and his or her family to their new environment. Being left to defend them may result in a negative response toward the host-country's culture, and or contribute to a perceived violation of the psychological contract. Many multinationals now take advantage of relocation specialists to provide this practical assistance. Further language training for the expatriate and family could be provided, particularly if such training was not possible before departure.



### 3.4.2.2 *Post-arrival training*

After the arrival of expatriates the host country should take care of the expatriate and his/her family. The training process should be continued in the host country also. Especially culture awareness program, culture shock prevention program have to be extended in the host country. Apart from that, orientation of the new environment should also be given the expatriates. The management should never think that expatriate training is a usual process, but it should take the responsibility of making the expatriation process a success and it should be committed in training the expatriates.

### 3.4.2.3 *Training for HCNs and TCNs*

The provision of HCN training can help in retaining qualified HCN employees, thereby assisting the multinational to recoup its training costs. When it comes to HCN training programs, given our understanding of cultural differences, it could be assumed that this is an area that the multinational would automatically delegate to the local operation. To a certain extent, training programs are localized, but there are many cases where multinationals have successfully replicated work practices in their foreign subsidiaries through intensive training programs designed and implemented by headquarters. This is particularly true regarding technical training for operating employees in areas where certain skills and work practices are regarded as strategically essential. Japanese multinationals such as Nissan and Honda have been able to train substantial numbers of HCNs in their U.S., U.K., and European subsidiaries with reasonable success.

To save on costs, some multinationals are now using satellite technology to deliver custom-designed training courses from home-country locations. For HCNs and TCNs to be more successful in the transfers a specific firm-based training is more important. While technical and managerial training may be the primary goal, there is often a secondary, yet equally important, objective of building a sense of corporate identity. Particular skills may be required in the subsidiary and the most cost-effective way is to bring certain HCN staff into the parent operations. For example, in the late 1980s when Ford Australia began manufacturing the Capri model – a sports car aimed at the U.S. market – Australian production and engineering employees spent time in Ford's U.S. factories to quickly gain the necessary knowledge required to meet U.S. safety regulations. A related aspect is that HCNs require adequate language skills in order to gain the maximum benefit from parent-based training. Lack of language competence may be a major barrier in terms of access to corporate training programs since these are conducted in the parent/corporate language.

## 3.4.3 **Why Diversity Training Fails?**

### **1. The Training is considered the Moral Thing to Do.**

Perhaps the company President or the Human Resource Director believes that valuing diversity and making an effort not to pre-judge people based on their external characteristics



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are the “right” things to do. That’s great, but I don’t recommend pulling together a training initiative to try to convince every participant that they should hold these same values. Diversity training should be provided, rather, to help employees understand that certain behaviors, competencies, and skills are valued and rewarded - regardless of age, race, ethnicity, or gender - because they ensure the organization’s success.

### **2. Training is the Only Activity**

A successful diversity initiative results from ongoing efforts of many kinds, rather than a one-time training activity. Diversity initiatives typically start with a cultural assessment to discover what employees think about the organization’s recruiting, training, performance management, communication, and human resource development practices. Results are compiled and broken out by characteristics such as gender, age, race, and perhaps tenure and type of position. Following the culture audit, appropriate interventions can be designed. These interventions may include development of a mentor program; training in areas such as conflict resolution and sexual harassment; and redesign of the performance management system.

### **3. There is Management Support, But Not Management Commitment**

I’ve had managers in my career who’ve said, “I’m behind you all the way.” This is not what I want! I want managers who are leaders, who are showing the way. In order for diversity training to show long-term results, management must do more than foot the bill for the internal or external consultant who is developing and facilitating the training. Specific objectives should be set prior to the training; that is, what does success look like after three months? six months? a year? Management must serve as a role model for the behaviors identified in the training and be available to address questions or concerns about the topics covered.

### **4. Training is “Off the Shelf”**

While some concepts within the realm of managing a diverse workforce exist regardless of the type of organization, “canned” training cannot address every organization’s unique challenges and culture. If a training program covers race and gender issues, but your company has conflict and misunderstanding related to age differences within the workforce, the training is not going to be effective or appreciated. Target your money and your time where the need exists (which you can determine in part from the culture audit).

### **5. Only External Consultants Are Used**

An external consultant can definitely bring expertise and an objective point of view to your diversity efforts. An external consultant does not, however, live in your culture on a day-to-day basis and can’t understand all the organizational nuances and personalities of employees. For this reason, I’ve found that a partnership between a Diversity Council and

an external consultant work best for training efforts. This partnership can take many forms, such as “Train the Trainer” sessions that enable internal staff to facilitate future training. Another option is joint design of ongoing training efforts.

### **6. Training is Conducted Without a Needs Assessment**

This is like using a shotgun instead of a rifle. Instead of focusing on specific needs and concerns, several areas are covered during training in the hope that something will strike a chord. A needs assessment, in the form of a culture audit, can help identify what kind of training and what format for training is most appropriate. The Diversity Council and external consultant are then in a position to establish training objectives, design a program that will address participants’ real-world needs, and develop criteria for both short-term and long-term evaluation of the training.

### **7. Training is Awareness-Based Only**

There is certainly a need in many organizations to heighten awareness about the value and business necessity for engaging different perspectives. There is a need in many organizations to demonstrate how stereotypes and biases can limit individual effectiveness and put a distance between co-workers. Once these concepts are raised, however, people need to know what to do with them. Follow-on training such as Teambuilding with Myers-Briggs, Resolving Conflicts and Getting to Win-Win, and Coaching for Success are concrete, specific skill building sessions that build on awareness training. If this ongoing training doesn’t occur, people feel that their expectations have been raised and no real change happens.

### **8. There are No Internal Resources After Training**

Does your organization have a diversity library? Is there an inclusive mentor program in place? Is ongoing training such as **Conflict Resolution** offered to people who’ve attended diversity training? Are policies in place and communicated widely dealing with sexual and racial harassment? If these resources are not in place BEFORE the diversity training begins, I don’t have much hope for the long-term success of the endeavor.

### **9. There is No Follow-Up Plan to Training**

The biggest question most participants ask at the end of diversity training (or soon afterwards) is, “what’s next?” Participants want to understand the changes that will occur within the organization and their role in making those changes a reality. Participants want to understand what policies and procedures are in place, or will be in place, to ensure that recruiting, performance management, and career development are inclusive. In short, participants will want to know what to expect....and the leadership of the organization must have an answer to that question.

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### 10. The Training is driven by Affirmative Action

Some companies find themselves developing an Affirmative Action Plan, and consequently, the company decides to provide “diversity training” to instruct its managers and staff about the technical points in the Affirmative Action Plan.

Though Affirmative Action Plan is a key component of a diversity initiative, training which covers the numerical calculations employed to develop the Plan will not heighten awareness about dimensions of diversity nor help people understand their individual biases that limit personal and organizational effectiveness. In other words, if there is an Affirmative Action Plan and the organization want people to understand it, it is better to call the training “Affirmative Action Plan Training,” and not diversity training.

#### Have You Understood?

1. Explain the training of HCNs and TCNS.
2. Why does diversity training fail many times?
3. What is the training that can be provided for employees who return from foreign assignments?
4. What are the components of pre-field training?
5. What is the need for cultural intelligence?

### 3.5 Leadership in International Assignments

Leadership is a complex and controversial process that can be defined as influencing people to direct their efforts toward the achievement of some particular goal or goals. Leadership is widely recognized as being very important in the study of international management, but relatively little effort has been made to systematically study and compare leadership approaches throughout the world. Most international research efforts on leadership have been directed toward a specific country or geographic area. Two comparative areas provide a foundation for understanding leadership in the international arena:

1. The philosophical grounding of how leaders view their subordinates and
2. Leadership approaches as reflected through use of autocratic – participative characteristics and behaviors of leaders.

One primary reason that leaders behave as they do is their philosophy or beliefs regarding how to direct their subordinates most effectively. The philosophical foundation is grounded in theory x, and theory y. The reasoning for theory X and theory Y will vary by culture. US managers believe that to motivate workers, it is necessary to satisfy their higher order needs. This is done best through a Theory Y leadership approach. In China, managers skilled in the management of people and possessing political and ideological expertise were theory Y advocates. They believe that the philosophy of Chairman Mao supported their thinking. Hence both Chinese and US managers support theory Y for different reasons.

### 3.5.1 Attitude of European managers

British managers tend to use a highly participative leadership approach. This is true for two reasons:

1. The political background on the country favors such an approach
2. Because most top British managers are not highly involved in the day-to-day affairs of the business, they prefer to delegate authority and let much of the decision making be handled by middle and lower level employees.

This preference contrasts sharply with that of the French and the Germans who prefer a more work-centered, authoritarian approach. Scandinavian countries make wide use of participative leadership approaches, with worker representation on the boards of directors and high management – worker interaction regarding workplace design and changes.

A study could trace some similarity between the leaders across the boundaries. In all the countries taken together there is relatively low opinion of the capabilities of the average person, coupled with a relatively positive belief in the necessity for democratic type supervisory practices. These leaders have much faith in the external rewards for motivating the work force.

### 3.5.2 Japanese Leadership Approach

Japan is well known for its paternalistic approach to leadership. Japanese culture promotes a high safety need, which is present among home country – based employees as well as MNC expatriates. Japanese managers have much greater belief in the capacity of subordinates for leadership and initiative than do managers in most other countries. The leadership process used by Japanese managers places a strong emphasis on ambiguous goals. As a result, they spend a great deal of time over preparing their assignments.

### 3.5.3 Japanese Vs US leadership styles

In a number of ways Japanese leadership style differs from United States. One of the most common is that Japanese and US managers have a basically different philosophy of managing people. Table 3.2 provides a comparison of some key aspects of US and Japanese leadership styles. Another reason for differing leadership styles is that Japanese tend to be more ethnocentric than their US counterparts.

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**Table 3.2 Japanese Vs US Leadership Styles**

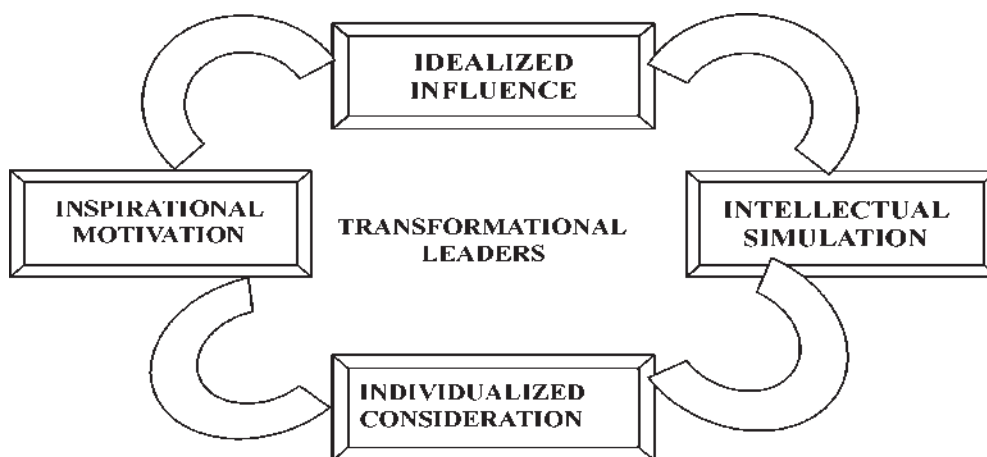
<b>Dimension</b>	<b>Japanese Approach</b>	<b>US Approach</b>
<b>Employment</b>	Life time, Very less lay offs	Short- term or Contractual, Layoffs are common
<b>Evaluation</b>	Slow and not very often even for the new entrant	Fast, new entrants will get report even with in a quarter
<b>Promotion</b>	Very slow	Very fast
<b>Entrant Learning</b>	New entrant will be given more time.	New entrant will be given some time( to the maximum of a year).
<b>Job Specialization</b>	Very general	Very specialized
<b>Career</b>	Job rotation and become familiar with all areas of operations	Stays in only one area for the entire career
<b>Decision Making</b>	Consensus and Group approach	Individual Approach
<b>Control</b>	Implicit	Explicit
<b>Basic belief</b>	Trust and Goodwill	Managers understand control area and how to control
<b>Responsibility</b>	Shared collectively	Assigned to individuals
<b>Concern for Employees</b>	Concern for whole life, business and social life of the worker	Only work life only
<b>Decision Making</b>	Variety amplification – Creation of uncertainty and analysis of many alternatives regarding future action	Variety Reduction – Limiting of uncertainty and the focusing of action of a limited number of alternatives
<b>Focus</b>	Heavy focus on problems	Focus on opportunities

**3.5.4 Leadership Style in India**

As a growing economy, India has attracted many researchers by its side. Because of India’s long affiliation with Great Britain, leadership style seems to be more participative than many developing nations. A study has also found some degree of similarity between leadership styles in India and Anglo-American countries, but it is not significant.

**3.5.5 Recent Researches in International Leadership**

Bass has discovered that there was far more universalism in leadership than had been believed previously. Additionally, after studying thousands of international cases, he found that the most effective managers were transformational leaders and they were characterized by four inter-related factors as given in Figure 3.3



**Figure 3.3 Transformational Leadership**

**Idealized Influence:** Transformational leaders are a source of charisma and enjoy the admiration of their followers. They enhance pride, loyalty, and confidence in their people, and they align these followers by providing a common purpose or vision that the latter willingly accept.

**Inspirational Motivation:** these leaders are extremely effective in articulating their vision, mission, and beliefs in clear cut ways, thus providing an easy to understand sense of purpose regarding what needs to be done.

**Intellectual Simulation:** These leaders are able to get their followers to question old paradigms and to accept new views of the world regarding how things now need to be done.

**Individualized Consideration:** These leaders are able to diagnose and elevate the needs of each of their followers through individualized consideration, thus furthering the development of these people.



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Generally there seems to be great differences between the European countries regarding their leadership requirements. Different characteristics are stressed in the various countries. There are also differences concerning how frequently various characteristics are demanded in each country. Some kind of personal or social quality is mentioned much more in Scandinavian countries than in the European countries.

Culture is also important in helping to explain how leaders ought to be effective. A good example is provided by the difference in effective behaviors in Trompenaars's study of affective and neutral cultures. In affective cultures, such as United States, leaders tend to exhibit their emotions, and in neutral cultures such as Japan and China, leaders do not tend to show their emotions. Researchers have also found that the way in which managers speak to their people can influence the outcome. For example, in Anglo-Saxon cultures it is common for managers to raise their voice in order to emphasize their point. In Asian cultures managers generally speak at the same level through out their communication, using a form of self-control that shows respect for the other person. Latin managers, meanwhile vary their tone of voice continually, and this form of exaggeration is viewed by them as showing that they are very interested in what they are saying and committed to their point of view.

### Have You Understood?

1. Is effective leadership behavior universal or does it varies from culture to culture? Explain.
2. What is the effective leadership style that many researches have proved?
3. What are the two basic areas that have to be understood in international leadership?
4. Compare and contrast US and Japanese leadership styles.

## 3.6 CURRENT CHALLENGES

### 3.6.1 Outsourcing

Outsourcing is defined as hiring another firm or service provider to perform a business process. Organizations have been outsourcing IT for many years. With the advent of remote access, reduced telecommunications cost and significant IT savvy resource pools at reduced rates, IT outsourcing was one of the first-movers in the outsourcing market. IT outsourcing continues to dominate in the industry; however, today's global marketplace is seeing an increasing number of companies, both multi-nationals and service providers, heading into the BPO arena. Many business processes are being outsourced such as transaction processing, accounting, corporate identity design, promotional material, human resources, help desk support, call centers, multimedia and customer support. Strategic Outsourcing has become one of the premier tools that upper-level management uses to shape and streamline its businesses to meet the growing competitive pressures of recent years.

### 3.6.2 Challenges in outsourcing

Both large and small firms agree that there are many benefits to outsourcing. Companies are able to realize such benefits as reduced costs, improved business focus and access to resources not available internally. With these benefits, however, there are also challenges. It is interesting to see that almost the very same benefits (e.g. On-going management, Selecting the right vendor and properly structured contract) that the respondents identified as success factors are also the challenges identified. From the HR perspective the other challenges include

#### 1. Managing relationship

In the outsourcing business, as the employees' have to deal with people from other cultures, the communication, language, etc poses a great threat to the employees. Understanding the culture and managing the relationship with the vendor as well as the end customer is a big challenge. Training on these aspects is necessary. Cross cultural understanding with emphasis on language is one of the main areas of training that has to be imparted.

#### 2. Managing process

The process that is being outsourced may be a complicated process which has to be understood by the vendor as well as by the service provider. As the information flow is through many channels, it poses a challenge to the service provider. Understanding the new process and accustoming the new process is essential for a successful outsourcing.

#### 3. Self Identity

As in some cases the client needs the service in his native touch, the service provider has to change his or her language, accent, mannerism, and some times name to serve the customer. This leads to the situation of self-identify confusions. After the service, the employee is in confusion whether to be in the native culture or to be in the other culture. In recent days this has become a social issue.

#### 4. Vendor Selection

The business is being selected taking many criteria in to account. Even after doing many analysis some times the vendor selection proves to be a costly fault. Hence caution should be taken in the choice of vendors.

#### 5. Change management

There is a lot of change that has happened in the field of outsourcing. The working rules are being changed on daily basis. No more restrictions on work timings. Outsourcing has made the work timings so flexible in such a way that according to the client need the

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work hours are being fixed. As the client changes the work hours of the employee is being changed. Similarly, the wage component has also changed because of outsourcing. The average age of the employees in the organizations where outsourcing is the main business, keeps on coming down. Managing the young workers is also a problem.

### 6. Structuring of Contract

International contracts are bound by many legal restrictions. The contract between the vendor and the service provider must be drafted in such a way that it takes care of even the unexpected occurrences, otherwise one or both the parties have to incur losses. As many of the vendors are US based, the unexpected fall or rise in the dollar value can be dealt with care while structuring the contract.

#### 3.6.2 Mergers and Acquisitions (M and A)

A merger or an acquisition has a profound affect on the people of both companies, and managing this impact is an important part of managing a successful transition to a unified leadership, business model, and organization. By recognizing and responding appropriately to the impact of the deal on each employee, HR managers can set the tone for long-term success or failure of the new company.

According to the survey participants, the top seven obstacles to achieving success with a merger or acquisition are:

- An inability to sustain financial performance
- Loss of productivity
- Incompatible cultures
- Loss of key talent
- A clash of management styles/egos
- An inability to manage/implement change
- Objectives/synergies not being well understood

All these obstacles are either directly or indirectly related to the strategic management of people and Schmidt believes that, of these, cultural differences between companies may be the single highest barrier to success. HR professionals usually have little involvement at the pre-deal stage, which goes a long way to explaining why people, organization and culture issues tend to get overlooked, the usual members of the deal team not being trained to identify or assess such issues.

##### 3.6.2.1 Challenges in M&A

Merger and acquisition (M&A) activity in Asia Pacific has increased dramatically in recent years. In 1998, Asian M&A transactions accounted for only eight percent of worldwide deals, however today that figure is closer to 25 percent. During this time, M&A deals have also grown in sophistication and complexity, and issues such as

cultural adaptability and an understanding of local HR policies are fast emerging as having a strong impact on the long-term success of many deals.

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The following are the challenges of HR manager during mergers and acquisitions.

### 1. Restructuring

We are all aware of both the opportunities and obstacles inherent in the strategic restructuring process in Mergers and acquisitions. Any significant structural transition will impact the people at all levels of the organization. As a result, a particular area of consideration that holds both promise and peril is that of human resources, or HR. A highly integrative restructuring - anything from a joint venture to a merger - is all about transitions, and the needs, perceptions, concerns, fears and possibilities of people all become magnified during transitions. Thus while these concepts are applicable to all forms of strategic restructuring, it is more important for the HR managers.

### 2. Change Agent

An effective HR function with developed expertise should provide the guidance and the process skills necessary to maneuver the challenges of a merger. The biggest challenge is that the HR function tends to be underdeveloped in relation to the programmatic and finance functions in many organizations. HR has typically evolved out of the finance office, and is given the mandate of keeping things legal, keeping the records, and meeting the increasing external demands. HR in order to have real impact must be able to take the lead in proposing, creating, and integrating best practices with regard to people, culture, rewards and performance.

### 3. Creating Culture

Overlooking the differences between organizational culture of the partners, and spending insufficient time on creating a new, integrated culture is the biggest challenge for the HR managers in international mergers and acquisitions. Cultural integration is critical for the success of merger and acquisition. Aspects of cultural integration include: respect what was, keep the best, create what you want, address fears; deal with neutral-zone issues etc. Replicating in the new organizations the processes and functions that existed in the previous entities by the employees is a main issue that has to be addressed while working on a cultural integration.

### 4. Communication

Many mergers and acquisition fail because of the lack of communication. During M&A the biggest challenge is fear of, and resistance to change from the part of employees. Accurate communications exacerbates this fear and the associated resistance. Not knowing the role to be played in the newer organization, not sure of compensation benefits. If the

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communication process takes time the organization will loose competent employees. Multiple communication approach would be the most effective and lowest risk strategy during M & A. Plans and processes are to be communicated to the employees. Also it is important to make the employees know how they could help themselves, and what help they could expect from the company. Workshops for managers and a program of people management workshops can be put in place to support the communication of the new processes. The core merger has to be understood at group level, accommodated in the form of regional plans and then communicated in a meaningful way - so there could be no room for miscomprehension or error at any level.

### 5. Winning hearts and minds

What is important is to try and reach the hearts and minds of the staff and to realize that this would be the single hardest part of the entire exercise. Employee surveys can be used for this process. The surveys will help to identify how people are feeling and to gauge general sentiment and morale. Survey also helps to know how effective the strategy is and which elements need more work. The survey findings can be fed into the next stage to develop a new career path together with a full coaching and mentoring program which can form the basis of Performance Management System (PMS), which allows individuals to understand which skills and training they need to follow a certain career stream.

### 6. Framing policies and practices

The merger will present an opportunity to undertake an objective review of HR policy and services across the newly created business and establish the best practice. More importantly, it provides a chance to implement HR initiatives that would enable motivational and productive working environments across all operations, regardless of location.

### 7. Bigger work force

Because of the merger and acquisitions, the organizations grow big and thereby the work force increases, which is a big challenge to be addressed. Beyond the undisputed logic of the merger lay the pragmatic challenge of integrating and managing people across the world. Retaining and developing those skills which were the strengths of the organizations before merger was a key priority. Retaining and recruiting is critical to the future performance of the new (merged) organization.

### 8. The pre-planning phase

The more work that could be done before the merger was completed would help in the swift implementation of new processes and procedures, as well as identifying key individuals within the new structure. It was important during this pre-planning phase to build a new HR strategy that would not only establish best practice for the future, but also honor the past of both companies. Every employee had a history of working at either one

or the other organization and will be very passionate about their roots and both companies' successes.

### 9. Quick Reaction

It was also acknowledged that failure to act quickly and create a new organization and structure that every employee could identify with, could have detrimental effects on the company's long-term vision.

### 10. Setting key priorities

Underpinning all of the activities undertaken at the time of M & A and identifying a set of key priorities which allows everyone involved to focus their energies and efforts on the right areas is a challenge for HR managers. These priorities included:

- \* Building a new ethos and culture for the company which staff could connect with;
- \* Speed and clarity of communication;
- \* Establishing a common framework; and
- \* Ensuring equality and openness.

### 3.6.2 Repatriation

Repatriation means return to one's home country from an overseas management assignment. Few expatriates remain overseas for the duration of their stay with the firm.

Typically, on completion of the foreign assignment, the multinational brings the expatriate back to the home country, although it should be noted that not all international assignments end with a transfer home: rather, the expatriate is reassigned to another international post.

#### 3.6.3.1 *The Repatriation Process*

##### 1. Preparation

This involves developing plans for the future and gathering in-formation about the new position. The firm may provide a checklist of items to be considered before the returning home (e.g., closure of bank accounts and settling bills) or a thorough preparation of employee and family for the transfer home. However, there is little evidence in the literature that preparation for repatriation is seen by the multinational to be as important as pre-departure training; at best, there may be some inclusion of repatriation issues in the pre-departure training provided to the expatriate.

##### 2 . Physical Relocation

This refers to removing personal effects, breaking ties with colleagues and friends, and traveling to the next posting, usually the home country. Most multinationals use removal firms or relocation consultants to handle the physical relocation, both for the movement out and the return home of the employee and family, and this may be formalized in their HR



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policies. According to Forster, comprehensive and personalized relocation assistance reduces the amount of un-certainty, stress, and disruption experienced by the repatriate and family.

### 3. Transition

This means settling into temporary accommodation where necessary, making arrangements for housing and schooling, and carrying out other administrative tasks (e.g., renewing driver's license, applying for medical insurance, opening bank account). Some companies hire relocation consultants to assist in this phase also.

### 4. Readjustment

This involves coping with reverse culture shock and career demands.

#### 3.6.3.2 *Challenges in Repatriation*

The reentry phase may include a number of problems that are related directly to the repatriates' attitude about the effect that an international assignment has on future employment prospects. When they return, these expatriates often find themselves facing readjustment problems, and quit the organizations. MNCs are trying to deal with these problems with many strategies.

##### 3.6.3.2.1 *Reasons that repatriates leave*

Six primary factors reliably predicted employee turnover upon return from international assignments: financial shock, psychological shock, lack of repatriation training, lack of career development, lack of positive corporate values related to the importance of an overseas assignment in the organization, and perceived impact of corporate turbulence on being able to place repatriates (downsizing).

### 1. Financial and Psychological Shock

Both financially and psychologically, the employees found the international position hard to give up. Because of the isolation of the assignment country, they had greater autonomy and authority than similar domestic positions. Reverse culture shock on reentry to the home country proved to be more stressful than entry to the assignment country. This was primarily a result of erroneously expecting the home company and home country environment to remain the same while they are absent. Financial shock affects the employees, particularly with housing and education in the US. This could be so severe that managers decide to seek a change of company so that they could remain on international assignment.

A survey presented in 2001 to National Foreign Trade Council (NFTC) illustrated the pervasiveness of these factors. It found that 77 percent of expatriates said they were more likely to take an international assignment with another employer than a domestic assignment with their current employer, and 87 percent would accept another international assignment with their current employer.

## 2. Lack of Repatriation Training

Despite the obvious importance of the assignments, executives sent abroad usually feels that their return to the home office is not handled well. A study has showed that two-thirds of the expatriates have felt the process could have been handled *much* well. Though the companies recognize the need for the international assignment, the supporting human resources system was ineffective in successfully returning an acceptable percentage of the employees to their home companies. The high employee turnover rate is the best indicator of the failure.

Harrell noted that repatriation training helps the person to set expectations about social and cultural readjustment challenges and thus reduces the reentry culture shock. Repatriation training eliminates the difference in turnover between international assignment executives and domestic counterparts of the same company.

## 3. Lack of Career Development

Various studies have identified the lack of career development planning as a major predictor for turnover. If reentry was not considered, “there is a “costly ‘brain drain’ of the corporation’s international expertise.” This loss will be multiplied when others start viewing the international assignments as risky for one’s long-term career, and they become unwilling to go. Erickson’s study indicates a strong negative relationship between employee career development programs and **repatriate turnover** and concludes that employee career development programs are definitely an important tool for reducing repatriate turnover. The greatest impact on the potential of the returning employee was the absence of career pathing. **Haphazard** management of employees could mean loss of employment. This devalues the employee and the employee’s international experience because companies are not willing to significantly invest in the future of these individuals by utilizing their knowledge and expertise upon their return. Perhaps for the majority of repatriates, the overriding concern is the effect of the international assignment on the person’s subsequent career path.

## 4. Lack of Positive Related Corporate Values

Management actions reflect its values. Repatriates, in a 2001 survey, indicated that their top concerns on return to their home country (U.S.) were (Employers, 2001):

- Recognition for the assignment
- Location of a new job
- Competitive status on the career track
- Salary

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### 5. Status Problems

The expatriate will return to the head quarter with lot of expectations about his value in the organization, but the truth may prove the other way round. Sometimes the expatriate might have been forgotten when decisions about promotion are made back at headquarters. Hence when he or she returns, she or he will be placed in a mediocre or makeshift job. In the process of change— such as restructuring accompanied by job shedding, or in the aftermath of a merger or acquisition, the position of the expatriates are at stake in the parent country. Some times peers might have been promoted ahead of the repatriated manager, and the repatriate is placed in a position that is, in effect, a demotion. This will hurt the ego of the person. In effect, the repatriate is treated as just another company executive. This shift may cause readjustment problems.

### 6. Devaluing the International Experience

Often, repatriates find themselves in “holding” positions, such as a task force or project team, in temporary positions, engaged in duties that do not appear to exploit their newly gained, international expertise. The perceived degrading of the repatriates’ recent experience may be coupled with negative career progression; that is, the reentry position is a less challenging job with reduced responsibility and status than’ that held either during the international assignment or prior to the period abroad. This combination can have a demotivating effect on the repatriate, as well as affect the multinational’s ability to attract potential expatriates. The devaluing of the international experience has been linked to repatriate turnover.

### 7. Coping With New Role Demands

Reentry poses a challenge for the repatriate and frequently reveals a mismatch of expectations, which affect the repatriates’ perception of the new role, especially if an anticipated promotion does not materialize. Readjustment problems may occur because, although the repatriate is attempting to function back in the home country, his or her role conception remains influenced by that of the foreign assignment.

#### Have You Understood?

1. What is outsourcing?
2. What are the challenges in outsourcing?
3. What is a merger?
4. What are the challenges in mergers and acquisitions?
5. What are the obstacles in achieving success in M & A?
6. What is repatriation?
7. What are the challenges in repatriation?
8. Explain repatriation process.

### 3.7 BUILDING MULTICULTURAL ORGANIZATIONS

Now a days the organizations have diverse work force that is, its employees differ in race, sex and ethnic background. An organization that operates effectively in utilizing its diverse work force can be described as a multicultural organization. A diverse work force does not in itself constitute a multicultural organization, for a true multicultural organization has several other distinguishing characteristics which are discussed below.

#### 3.7.1 Characteristics of a multicultural organization

- Multicultural organization actively seeks to capitalize on the advantages of its diversity-rather than attempting to stifle or ignore the diversity - and to minimize the barriers that can develop as a result of people having different backgrounds, attitudes, values, behavior styles, and concerns.
- Organizational resources (key jobs, income, perquisites, access to information, etc.) are distributed equitably and are not determined or affected by cultural characteristics such as race or sex.
- The ability to influence decisions and the way they are carried out is shared widely, not differentially by cultural characteristics.
- The organizational culture (assumptions about people and groups, take-it-for-granted norms, the way work gets done) is pluralistic in that it recognizes and appreciates diversity; it acknowledges both the need for **“being the same”** in some ways to work together effectively and the need for **“being different”** in some ways to recognize individual and group interests, concerns, and backgrounds.
- Institutional policies, practices, and procedures are flexible and responsive to the needs of all employees.

Multicultural status is the goal toward which organizations are striving to move.

#### 3.7.2 Principles for building multicultural organizations

##### 1. Heterogeneity

We live in a culturally pluralistic society and the organization’s employees

are products of that society. All groups making up the organization must be seen as integral parts of it, rather than **“extra groups”** that have been added on. Diversity must be recognized and managed, rather than ignored, and must be viewed as providing opportunities to be utilized rather than headaches to be tolerated or avoided.

##### 2. People as individuals and as group members

Every person is an individual with a unique set of strengths, weaknesses, and needs. To deal with each other on the basis of accurate information, we must be able to perceive others in the work force as a range of individuals rather than as groups distinguished by race, sex, or other characteristics; to avoid making sweeping (usually negative)

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generalizations and assumptions about the abilities and personality traits of others; and to take advantage of the special skills and abilities that each person contributes. At the same time, the race, sex, and other groups to which individuals belong often affect their experiences, other people's expectations of them, the way they are dealt with, the pressure on them, and their job performance.

### 3. Shared responsibility

Maintaining the effectiveness of the multicultural organization is a responsibility shared by everyone in the organization. All employees must be actively involved in a continuing review and refinement of organizational norms, climate, practices, and patterns of behavior so that they will be supportive of the goals of a multicultural organization. Shared responsibility also has implications for behavioral change. The principle of shared responsibility requires that the organization formally declare that no groups will be victimized or left out, and that addressing the needs felt by some sub-group will strengthen the entire organization.

### 4. Problem definition

To make work force diversity a positive asset in the organization, the View point used to look at problems is also important. The approach to the problem determines the range of available actions or solutions, the extent to which the organization's problem-solving capability can be used, and the extent to which problems can be turned into opportunities.

### 5. Problem analysis

In a multicultural organization, people must be able to analyze performance or interpersonal problems in terms of *both* cultural factors and other types of factors. This requires increased penetration of problems before action is taken.

### 6. Self-interest

The organization must define how being multicultural helps it meet its business and quality-of-work-life objectives and goals. What problems does it help the organization solve or avoid? What opportunities does it present that may be capitalized upon? A primary function of leadership is to enable employees to understand how and why the movement toward multiculturalism is important to the organization, and to identify with their roles and responsibilities in making it happen.

### 7. Accountability

Accountability means being responsible for achieving results, for making things happen. Managers in a multicultural organization must be held accountable for initiating, directing, and controlling the processes that help to make individuals and groups effective in achieving multicultural goals and objectives.



**3.7.3 Attributes of an effective multicultural manager**

1. Actively seeks to learn from his/her and others' experiences and to improve as a manager in a multicultural organization.
2. Establishes a personal perspective on multicultural management, viewing it as a challenge, an opportunity, and something to be mastered rather than as a set of problems.
3. Is sensitive to and knowledgeable about the issues that commonly arise in diverse work forces; takes initiative in averting potential problems and solving existing ones.
4. Has a high capacity for examination of thoughts, feelings, attitudes, and beliefs about caste, religion, race, sex, or people who are different on any cultural dimension; actively examines personally held assumptions, taking care not to view differences among people as indications that some of those people are inferior or strange; always works to understand and help others understand the impact of such assumptions on individual's job performance and overall organizational results.
5. Seeks to place perceptions and discussions of race, sex, and other factors into a rational framework by seeking out facts and substituting factual information for myths and stereotypes.
6. Establishes discussions of race, sex, and other cultural factors as legitimate aspects of problem analysis, decision making, and other areas of organizational life.
7. Seeks out skills, traits, and characteristics that may be unrecognized or undervalued and finds ways to convert these new potentials into higher productivity and contributions. This involves a willingness to commit time and energy to assessing needs and capitalizing on opportunities.

**Have you understood?**

1. What is a multicultural organization?
2. What are the characteristics of a multicultural organization?
3. What are the effective ways of transforming an organization into a multicultural organization?
4. What are the qualities needed for a manager to handle the transformation of an organization into a multicultural organization?

**3.8 International Compensation**

For multinational firms, successful management of compensation and benefits requires knowledge of the employment and taxation laws, customs, environment, and employment practices of many foreign countries. Also needed are familiarity with currency fluctuations and the effect of inflation on compensation, and an understanding of why and when special allowances must be supplied and which allowances are necessary in what countries. All of these needs must be fulfilled within the context of shifting political, economic, and social conditions. The level of local knowledge required in many of these areas requires specialized advice; many multinationals retain the services of consulting firms which may offer a broad range of services or provide highly specialized services relevant to HRM in multinational



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context. Because of their high-cost, HR managers spend a great deal of time developing effective compensation and benefit programs for international employees. A survey by the Conference Board found that 29 percent of firms reported an expatriate cost of 2 to 2.9 times salary, 50 percent reported 3 to 3.9 times salary, and 18 percent reported 4 to 4.9 times salary. A recent report in Fortune on doing business in China reported that hiring a local Chinese manager with 15 years of experience would cost less than U.S.\$70,000; a U.S. expatriate chief financial officer would cost U.S.\$300,000 with the following compensation package (all figures in U.S.\$: Salary \$130,000 Car and driver 12,000).

**Benefits:**

Medical	3,000
Pension	13,000
Housing	97,000
Flights home	10,000
R and R	10,000
Private School for children	25,000
	\$ 300,000

Because of the complexity and expense involved, much of the discussion in this lesson addresses PCN compensation. However, issues relevant to TCNs and HCNs are also described because they are becoming more important to the success of many multinationals.

### 3.8.1 Objectives of International Compensation

When developing international compensation policies, a firm seeks to satisfy several objectives. First, the policy should be consistent with the overall strategy, structure, and business needs of the multinational. Second, the policy must work to attract and retain staff in the areas where the multinational has the greatest needs and opportunities. Thus, the policy must be competitive and recognize factors such as incentive for Foreign Service, tax equalization, and reimbursement for reasonable costs. Third, the policy should facilitate the transfer of international employees in the most cost-effective manner for the firm. Fourth, the Policy must give due consideration to equity and ease of administration. The international employee will also have a number of objectives that need to be achieved from the firm's compensation policy. First, the employee will expect that the policy offers financial protection in terms of benefits, social security, and living costs in the foreign location. Second, the employee will expect that a foreign assignment will offer opportunities for financial advancement through income and/or savings. Third, the employee will expect that issues such as housing, education of children, and recreation will be addressed in the policy. (The

employee will also have expectations in terms of career advancement and repatriation, as discussed in previous lessons).

### 3.8.2 Key Components of an International Compensation Program

The area of international compensation is complex primarily because multinationals must cater for three categories of employees; PCNs, TCNs, and HCNs.

#### 1. Base Salary

Base salary is the amount of money that an expatriate normally receives in the home country. Expatriate salary is set according to the base pay of the home country. The term base salary acquires a somewhat different meaning when employees go abroad. In a domestic context, base salary denotes the amount of cash compensation that serves as a benchmark for other compensation elements (e.g., bonus and benefits). For expatriates, it is the primary component of a package of allowances, many of which are directly related to base salary (e.g. Foreign Service premium, cost-of-living allowance, housing allowance) as well as the basis for in-service benefits and pension contributions. It may be paid in home-or-local-country currency. The base salary is the foundation block for international compensation whether the employee is a PCN or TCN. Major differences can occur in the employee's package depending on whether the base salary is linked to the home country of the PCN or TCN or whether an international rate is paid.

#### 2. Foreign Service Inducement / Hardship Premium

Parent country nationals often receive a salary premium as an inducement to accept a foreign assignment or as compensation for any hardship caused by the transfer. Under such circumstances, the definition of hardship, eligibility for the premium, and amount and timing of payment must be addressed. In cases in which hardship is determined, U.S. firms often refer to the U.S. Department of State's Hardship's Post Differentials Guidelines to determine an appropriate level of payment. As Ruff and Jackson have noticed, however, making international comparisons of the cost of living is problematic. It is important to note that these payments are more commonly paid to PCNs than TCNs. Foreign service inducements, if used, are usually made in the form of a percentage of salary, usually 5 to 40 percent of base pay. Such payments vary, depending upon the assignment, actual hardship, tax consequences, and length of assignment. In addition, differentials may be considered; for example, host country's work week may be longer than that of the home country, and differential payment may be made in lieu of overtime, which is not normally paid to PCNs or TCNs.

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### 3. Allowances

Issues concerning allowances can be very challenging to a firm establishing an overall compensation policy, partly because of the various forms of allowances that exist. The cost-of-living allowance (COLA), which typically receives the attention, involves a payment to compensate for differences in expenditures between the home country and the foreign country (e.g., to account for inflation differentials). Often this allowance is difficult to determine, so companies may use the services of organizations such as Organization Resource Counsellors, Inc., (a U.S. based firm) or Employment Conditions Abroad (based in Britain) who specialize in providing regular up-to-date COLA information on a global basis to their clients; the COLA may also include payments for housing and utilities, personal income tax, or discretionary items. The provision of a housing allowance implies that employees should be entitled to maintain their home-country living standards (or, in some cases, receive an accommodation that are equivalent to that provided for similar foreign employees and peers). Such allowances are often paid on either an assessed or an actual basis. Other alternatives include company-provided housing, either mandatory or optional; a fixed housing allowance; or assessment of a portion of income, out of which actual housing costs are paid. Housing issues are often addressed on a case-by-case basis. Financial assistance and/or protections in connection with the sale or leasing of an expatriate's former residence are offered by many multinationals. TCNs receive these benefits less frequently than PCNs. There is also a provision for home leave allowances. Many employers cover the expense of one or more trips back to the home country each year. The purpose of paying for such trips is to give expatriates the opportunity to renew family and business ties, thereby helping them to avoid adjustment problems when they are repatriated. Although firms traditionally have restricted the use of leave allowances to travel home, some firms give expatriates the option of applying the allowances to foreign travel rather than returning home. Firms allowing use of home leave allowances for foreign travel need to be aware that expatriate employees with limited international experience who opt for foreign travel rather than returning home may become more homesick than other expatriates who return home for a "reality check" with fellow employees and friends. Education allowances for expatriates' children are also an integral part of any international compensation policy. Allowances for education can cover items such as tuition, language class tuition, enrolment fees, books and supplies, transportation, room and board, and uniforms (outside of the United States, it is quite common for high school students to wear uniforms). The level of education provided for, the adequacy of local schools, and transportation of dependents who are being educated in other locations may present problems for multinationals. PCNs and TCNs usually receive the same treatment concerning educational expenses. The employer typically covers the cost of local or boarding schools for dependent children, although there may be restrictions, depending on the availability of good local schools and on their fees. Relocation allowances usually cover moving, shipping, and storage charges, temporary living expenses, subsidies regarding appliance or car purchases (or sales), and down

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payments or lease-related charges. Allowances regarding perquisites (cars, club memberships, servants, etc.) may also need to be considered (usually for more senior positions, but this varies according to location). These allowances are often contingent upon tax-equalization policies and practices in both the home and the host countries. Increasingly, as indicated earlier, many multinational firms are also offering spouse assistance to help guard against or offset income lost by an expatriate's spouse as a result of relocating abroad. Although some firms may pay an allowance to make up for spouse's lost income, U.S. firms are beginning to focus on providing spouses with employment opportunities abroad, either by offering job-search assistance or employment in the firm's foreign unit (subject to a work visa being available). Multinationals generally pay allowances in order to encourage employees to take international assignments and to keep employees "whole" relative to home standards. In terms of housing companies usually a tax-equalized housing allowance in order to discourage the purchase of housing and/ or to compensate for higher housing costs; this allowance is adjusted periodically, based on estimates of both local and foreign housing costs.

#### 4. Benefits

The complexity inherent in international benefits often brings more difficulties than when dealing with compensation. Approximately one-third of compensation for regular employees is benefits. These benefits compose a similar, or even larger, portion of expat compensation. A number of thorny issues surround compensation for expatriates, however. These include

1. Whether MNCs should maintain expatriates in home-country benefit programs, particularly if these programs are not tax-deductible.
2. Whether MNCs have the option of enrolling expatriates in host-country benefit programs or making up any difference in coverage.
3. Whether host-country legislation regarding termination of employment affects employee benefits entitlement.
4. Whether the home or host country is responsible for the expatriates' social security benefits
5. Whether benefits should be subject to the requirements of the home or host country
6. Which country should pay for the benefits.
7. Whether other benefits should be used to offset any shortfall in coverage.
8. Whether home country benefits programs should be available to local nationals.

Most U.S based MNCs include expatriate managers in their home-office benefits program at no additional cost to the expatriates. If the host country requires expatriates to contribute to their social security program, the MNC typically picks up the tab. Fortunately several international agreements between countries recently have eliminated such dual coverage and expenses.

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### 5. Incentives

In recent years some MNCs have also been designing special incentive programs for keeping expatriates motivated. In the process, a growing number of firms have dropped the ongoing premium for overseas assignments and replaced it with a one-time, lump-sum premium. For example, in the early 1990s over 60% of MNCs gave ongoing premiums to their expatriates. Today that percentage is under 50% and continuing to decline.

The lump-sum payment has a number of benefits. One is that expatriates realize that they will be given this payment just once – when they move to the international locale. So the payment tends to retain its value as an incentive. The second is that the costs to the company are less because there is only one time payment and the company has no future financial commitment. The third is that because it is a separate payment, distinguishable from regular pay, it is more readily available for saving or spending.

Finally, it is important to recognize that growing numbers of MNCs are beginning to phase out incentive premiums. Instead, they are focusing on creating a cadre of expatriates who are motivated by non-financial incentives.

### 6. Taxes

Another major component of expatriate compensation is tax equalization. For example, the expatriate may have two tax bills, one from the host country and the other from the parent country. Usually, MNCs pay the extra tax burden. The most common way is by determining the base salary and other extras (e.g., bonuses) that the expatriate would make if based in the home country. Taxes on this income then are computed and compared with taxes due on the expatriate's income. Any taxes that exceed what would have been imposed in the home country are paid by the MNC, and any windfall is kept by the expatriate as a reward for taking the assignment.

#### 3.8.3 Approaches to Compensation Package

In formulating the compensation package, number of approaches can be used, which are given below.

##### 1. Balance-Sheet Approach

An approach to developing an expatriate compensation package that ensures the expatriate is “made whole” and does not lose money by taking the assignment. This is the most common approach.



## 2. Negotiation Approach

The second and the most complementary approach is negotiation approach, which involves working out a special, ad hoc arrangement that is acceptable to both the company and the expatriate.

## 3. Localization Approach

An approach to developing an expatriate compensation package that involves paying the expatriate a salary comparable to that of local nationals. This approach is most commonly used with individuals early in their careers who are being given a long-term overseas assignment.

## 4. Lump-sum Approach

An approach to developing an expatriate compensation package that involves giving the expatriate a predetermined amount of money and letting the individual make his or her own decisions regarding how to spend it.

## 5. Cafeteria Approach

An approach to developing an expatriate compensation package that entails giving the expatriate a series of options and letting the person decide how to spend the available funds. For example, expatriate who have children may opt for private schooling; expatriate who have no children may choose a chauffeur-driven car or an upscale apartment.

## 6. Regional Approach

An approach to developing an expatriate compensation package that involves setting a compensation system for all expatriates who are assigned to a particular region and paying everyone in accord with that system. For example, an organization can follow one particular system for everyone who goes to Europe and another system for everyone who goes to South America.

### Have You Understood?

1. What are the objectives of international compensation?
2. What are the key components of international compensation package?
3. What are the different allowances that are a part of international compensation package?
4. What is hardship premium?
5. Discuss some of the approaches in designing an international compensation package?



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## Summary

Although the principles and processes of strategic human resource management are universal and apply to all organizational settings and cultures, an organization whose strategy involves multinational operations faces some additional challenges in ensuring success.

Doing business in various parts of the world requires the recognition and understanding of cultural differences.

As organizations' structure change because of globalization, the culture of the organization also changes.

Effective cross-cultural management requires approaches different than those used at home. Recruitment, selection, training, and compensation often are carried out in different ways in different countries.

Training imparted to the expatriates is of significant value in determining the success of expatriation.

Leadership styles have both similarities and differences across boundaries. There are many research focusing on the leadership issues in international organizations.

As merger, acquisition, outsourcing has become the order of the day; these practices pose a great threat to the human resource managers.

Compensating expatriates can be a difficult problem, because there are many variables to be considered. The compensation package of expatriates include base salary, benefits, allowances, and taxes.

## Discussion Questions

1. What selection criteria are most important in choosing people for an overseas assignment? Identify and describe the four that you judge to be of most universal importance, and defend your choice.
2. Why do expatriates return early? What can MNCs do to prevent this from happening? Identify and discuss three steps they can take.
3. A New York based MNC is in the process of staffing a subsidiary in India. Why would it consider using expatriate managers in the unit? Local managers? Third Country nationals?
4. XYZ India Ltd is a service provider to a British organization. The job involves telephonic conversation with British locals. What are the problems an employee of XYZ will face with respect to the job?
5. Identify your leadership style. If your organization plans to open a subsidiary in Middle Eastern Arab country do you think your leadership style will fit? If not, why?
6. How might diversity among employees of different cultural backgrounds and with varying specialties and expertise strengthen an organization's culture after a merger?
7. What specific steps have to be taken in making a cross border merger successful?

8. How can employers be more successful with retention of repatriates?
9. Taking any three nations, discuss how the ethical practices differ in these countries.
10. As people engage in more international travel and become more familiar with other countries, will cultural differences decline as a roadblock to international understanding, or will they continue to be a major barrier? Defend your answer.
11. What are the five dimensions of culture studied by Hofstede? What is the cultural profile of Asian countries, Latin American countries, US, and European countries? What conclusions can you draw regarding cultural challenges facing individuals in one group when they interact with individuals in one of the other groups?
12. Some researches have found that when Germans work for a US MNC, they become even more German, and when Americans work for a German MNC, they become even more American. Why would this knowledge be important to these MNCs?

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### Case Study

Prem is back in his home town Chennai after an exciting three years of work in the US subsidiary of his company. He went to US with a promotion of Divisional Head of Banking services and the tenure of his assignment to be five years. When he started to US, he took his family also with him. His wife, Preetha, a system analyst in another leading Indian IT firm had to quit the job as Prem did not want the family to be broken. Prem had all fears about US while starting, as his two children had to be admitted in the school, the whole family has to get withstand the culture change. But the family settled in US without much trouble, as the children could find place in an International school and both of them liked the school and the culture. Preetha could find another job in US without making much compromise in the career. The family started loving pizzas and coke and now the life style of the whole family has changed. Prem proved to be very successful in his assignment.

The company planned to open a subsidiary in China. While analyzing many of its employees' profile, they found Prem's to be suitable. Hence they posted Prem as the head of the subsidiary, and wanted Prem to move to the new location within two weeks. To get the orders now, Prem is in Chennai after an exciting three years of work in the US. Leaving his family in US, he has come to Chennai to take the charge.

He is highly tensed to tell the whole family about the change now. He is more confused now as Preetha has got promotion last month and the first kid is in the last year of his school, and telling both of them to change is a highly sensitive issue. The culture change from US to Chinese, learning Chinese language which is a must for Prem now as his office will recruit Chinese nationals, his office is at some interior part of China where there is no International school near by and many more problems have lined up.

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Read the above case and answer the following questions

1. As a HR manager what are your responsibilities to make Prem's change a smooth process?
2. Do you think Prem can be as successful as he was in US?
3. What type of training can be given to Prem and his family?

## UNIT IV

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### CAREER & COMPETENCY DEVELOPMENT

#### 4.1 INTRODUCTION

Organizations in the modern days are undergoing heavy transformation in the wake of industrialization and globalization. Here, Human Resource Management practices are getting wider acceptance in the developmental and transformational process. Organization management is giving more thrust in understanding and developing the employees. The career needs of the employees have to be taken care by the organizations. This involves the careful assignment of an individual to positions that provide her or him with opportunities for deploying the competencies needed for a more challenging position.

The organizations do career pathing for the employees, which involves making a series of job-person matches, based on the demands of the job system in the organization that enable the person to grow into greater levels of responsibility thus providing the organization with the talent that it requires to meet goals. Competence based approach can be used in the operational areas of human resource management in the organization viz selection, training, and most importantly career development. This process creates awareness in the individual about his behavioral traits in detail, and helps him chalk out an individual development plan. By forecasting the expected performance the impact analysis of the process can be done. Hence the competency mapping process makes provision of career development.

#### Learning Objectives

1. To understand the basic concepts of career and competencies
2. To analyze some career models
3. To understand the concept of career plateaus and how HR managers and the individuals manage career plateaus
4. To study how to build effective career development systems
5. To describe the career management practices
6. To understand the concept of competency mapping
7. To analyze the various models of competency mapping
8. To explain the equity and competency based compensation strategies

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## 4.2 CAREER CONCEPTS

**Greenhaus** and Schein describe several meanings for the term career which are as follows:

### 1. **The property of an occupation or organization**

Described in this way, career means the occupation or an employee's tenure within an organization

### 2. **Advancement**

Career denotes one's progression and increasing success within an occupation or organization

### 3. **Status of a profession**

Some use the term career to separate the professions such as doctor or lecturer, from other occupations such as electrician, carpentry. In this view, the doctor is said to have a career, while the electrician does not.

### 4. **Involvement in one's work**

Career is also used to refer to the involvement in the job i.e., extreme involvement in the job

### 5. **Stability of a person's work pattern**

Sequence of related jobs.

A career can be defined as all the jobs occupied by a person during his working life. It consists of a series of properly sequenced role experiences leading to an increasing level of responsibility, status, power, and rewards. It represents an organized path taken by an individual across time and space. Career can be described best as the pattern of work related experiences that span the course of one's life.

#### 4.2.1 Important Terms

1. **Career:** A career is all the jobs that are held during one's working life.
2. **Career Goals:** Future positions one tries to reach as part of a career.
3. **Career Cycle:** The stages through which a person's career evolves.
4. **Career Paths:** These are flexible lines of progression through which employees typically move.
5. **Career Anchors:** They are distinct patterns of self-perceived talents, attitudes, motives and values that guide and stabilize a person's career after several years of real-world experience and feedback.
6. **Career Progression:** Making progress in one's career through a series of right moves.
7. **Career Planning:** The process by which one selects career goals and the path to those goals.
8. **Career Development:** The personal actions one undertakes to achieve a career plan.
9. **Career Planning and Development:** Extending help to employees to form realistic career goals and the opportunities to realize them.
10. **Career Counseling:** The process of advising employees on setting career goals and assisting them find suitable career paths.

- 11. Career Management:** It is the continuing process of setting career goals, formulating and implementing strategies for reaching the goals and monitoring the results.
- 12. Mid-career Crisis:** The period occurring between the mid-thirties and mid-forties during which people often make a major reassessment of their progress relative to their original career goals and ambitions.
- 13. Career Plateau:** A condition of stagnation in one's career at a particular job.

#### 4.2.2 Career Anchors

In longitudinal research conducted by Schein, it was discovered that certain attitudinal syndromes that served to guide many people throughout their careers were formed early in life. These syndromes were composed of a combination of needs, values, and talents, and serve to “anchor” the person to one or a few related types of careers. Five such anchors were identified: (1) managerial competence, (2) technical-functional competence, (3) security, (4) creativity, and (5) autonomy-independence.

##### Managerial Competence

The fundamental characteristics of those persons anchored by an overriding interest in management included a capacity to bear considerable responsibility, ability to influence and control others, and skills in solving problems with incomplete information. Those identifying with this anchor agree with such statements as “the process of influencing, leading, and controlling people at all levels is important to me.” It is suggested that

those who wish to be effective managers should possess analytical, interpersonal, inter-group, and emotional competences.

##### Technical – Functional Competence

In the other hand, those with the technical competence anchor leave no doubt that they are primarily interested in the functional work performed. They agree with such statements as “I would leave my company rather than be promoted out of my area of expertise.” They look upon administrative duties as an irritant. They like who remain experts rather than become general managers.

##### Search for security

The third group of persons seems primarily driven by a search for security. They are more attached to a particular organization and geographical area than they are to their work. This type of person will accept with little question the organizational prescriptions for his or her career, and agree with such statements as “I am willing to sacrifice some of my autonomy to stabilize my total life situation.”



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### Desire for creating and developing something new

Those adhering to the fourth anchor demonstrate an overriding interest in creating or developing something new. They agree with such statements as “I have been motivated throughout my career by the number of products that I have been directly involved in creating.” Many of these persons are entrepreneurs who have established separate businesses, less for the sake of making money than for creating a product or service that could be identified as theirs.

### Freedom of independence

The final group demonstrates an overriding interest in freedom and independence, agreeing with such statements as “a career that permits a maximum of freedom to choose my own work hours, tasks, and so forth, is important to me.” Among these are private consultants, college professors, and free-lance writers.

In terms of median incomes of each group, those with anchor (1), managerial competence, received the most, and those with anchor (5), autonomy, independence, were paid the least. In planning for career development, personnel managers require knowledge of the basic drives and needs of employees. There has been considerable research concerning the varying amounts of managerial, technical, and security orientations among professional personnel in business organizations. Some professionals disclaim any interest in managerial responsibilities.

### Have you understood?

1. Define the term “career”.
2. As there are numerous definitions for the term career, which definitions do you think is more comprehensive in nature?
3. What is career anchor?
4. Remember your early stages of life, list your career anchors.

### 4.3 CAREER PLANNING

Career planning is the process by which one selects career goals and the path to these goals. The major focus of career planning is on assisting the employees achieve a better match between personal goals and the opportunities that are realistically available in the organization. Career programs should not concentrate only on career growth opportunities. Practically speaking, there may not be enough high level positions to make upward mobility a reality for a large number of employees. Hence, career-planning efforts need to pin-point and highlight those areas that offer psychological success instead of vertical growth.

Career planning is not an event or end in itself, but a continuous process of developing human resources for achieving optimum results. It must, however, be noted that individual

and organizational careers are not separate and distinct. A person who is not able to translate his career plan into action within the organization may probably quit the job, if he has a choice. Organizations, therefore, should help employees in career planning so that both can satisfy each other's needs.

#### **4.3.1 Career Planning Vs Manpower Planning**

Manpower planning is the process of analyzing and estimating the need for and availability of employees. Through manpower planning, the HR Department is able to prepare a summary of skills and potentials available within the organization. Career planning assists in finding those employees who could be groomed for higher level positions, on the strength of their performance. Manpower planning gives valuable information about the availability of human resources for expansion, growth, etc. (expansion of facilities, construction of a new plant, opening a new branch, launching a new product, etc.). On the other hand, career planning only gives us a picture of who could succeed in case any major developments leading to retirement, death, resignation of existing employees. Manpower planning is tied to the overall strategic planning efforts of the organization. There cannot be an effective manpower planning, if career planning is not carried out properly.

#### **4.3.2 Career Planning Vs Succession Planning**

A succession plan is a plan for identifying who is currently in post and who is available and qualified to take over in the event of retirement, voluntary retirement, dismissal or sickness. A typical succession chart shows details of key executives and brief references to their possible successors. The purpose of succession planning is to identify and develop people to replace current job holders in key positions. Through succession planning, companies assure a steady flow of internal talent to fill important vacancies. Succession Planning encourages 'hiring from within' and creates a healthy environment where employees have careers and not merely jobs. Succession planning helps in identifying human resource shortages and skill shortages before openings occur. Thereafter it becomes easy to groom qualified candidates for further vacancies. The organization is, thus, assured of continuity of operation and better qualified incumbents. The replacement chart is a visual representation of who will replace whom if there is a job opening.

The terms career planning and succession planning are not synonymous, but they are similar. Succession planning is generally needed for key positions at higher levels, while career planning covers executives at all levels including high skilled employees and operatives. Career planning, by its very nature, includes succession planning. The career paths for executives are identified. How people can grow vertically is also indicated. In case of a vacancy arising at any level, the career plan is well supported by a succession chart. Both are thus complementary and interdependent.

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### 4.3.3 Need for Career Planning

Every employee has a desire to grow and scale new heights in his workplace continuously. If there are enough opportunities, he can pursue his career goals and exploit his potential fully. He feels highly motivated when the organization shows him a clear path as to how he can meet his personal ambitions while trying to realize corporate goals. Unfortunately, as pointed out by John Leach, organizations do not pay adequate attention to this aspect in actual practice for a variety of reasons. The demands of employees are not matched with organizational needs; no effort is made to show how the employees can grow within certain limits, what happens to an employee five years down the line if he does well, whether the organization is trying to offer mere jobs or long-lasting careers, etc. When recognition does not come in time for meritorious performance and a certain amount of confusion prevails in the minds of employees whether they are 'in' with a chance to grow or not, they look for greener pastures outside. Key executives leave in frustration and the organization suffers badly when turnover figures rise. Any recruitment effort made in panic to fill the vacancies is not going to be effective. So, the absence of a career plan is going to make a being difference to both the employees and the organization.

Employees do not get right breaks at a right time; their morale will be low and they are always on their toes trying to find escape routes. Organizations are not going to benefit from high employee turnover. New employees mean additional selection and training costs. Bridging the gaps through short – term replacements is not going to pay in terms of productivity. Organizations, therefore, try to put their career plans in place and educate employees about the opportunities that exist internally for talented people. Without such a progressive outlook organizations cannot prosper.

### 4.3.4 Objectives of Career Planning

Career planning seeks to meet the following objectives:

1. Attract and retain talent by offering careers, not jobs.
2. Use human resources effectively and achieve greater productivity.
3. Reduce employee turnover.
4. Improve employee morale and motivation.
5. Meet the immediate and future human resource needs of the organization on a timely basis.

### 4.3.5 Career Planning Process

The career planning process involves the following steps.

#### a. Identifying individual needs and aspirations

Most individuals do not have a clear cut idea about their career aspirations, anchors and goals. The human resource professionals must, therefore, help an employee by providing as much information as possible showing what kind of work would suit the employee

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most, taking his skills, experience, and aptitude into account. Such assistance is extended through workshops / seminars while the employees are subjected to psychological testing, simulation exercise, etc. The basic purpose of such an exercise is to help an employee form a clear view about what he should do to build his career within the company. Workshops and seminars increase employee interest by showing the value of career planning. They help employees set career goals, identify career paths and uncover specific career development activities. These individual efforts may be supplemented by printed or taped information. To assist employees in a better way, organizations construct a data bank consisting of information on the career histories, skill evaluations and career preferences of its employees.

### **b. Analyzing career opportunities**

Once career needs and aspirations of employees are known, the organization has to provide career paths for each position. Career paths show career progression possibilities clearly. They indicate the various positions that open could hold over a period of time, if one is able to perform well. Career paths change overtime, of course, in tune with employee's needs and organizational requirements. While outlining career paths, the claims of experienced persons lacking professional degrees and that of young recruits with excellent degrees but without experience need to be balanced properly.

### **c. Aligning needs and opportunities**

After employees have identified their needs and have realized the existence of career opportunities the remaining problem is one of alignment. This process consists of two steps: first, identify the potential of employees and then undertake career development programs with a view to align employee needs and organizational opportunities. Through performance appraisal, the potential of employees can be assessed to some extent. Such an appraisal would help reveal employees who need further training, employees who can take up added responsibilities, etc. After identifying the potential of employees certain developmental techniques such as special assignments, planned position rotation, supervisory coaching, job enrichment understudy programs can be undertaken to update employee knowledge and skills.

### **d. Action plans and periodic review**

The matching process would uncover gaps. These need to be bridged through individual career development efforts and organization supported efforts from time to time. After initiating these steps, it is necessary to review the whole thing every now and then. This will help the employee know in which direction he is moving, what changes are likely to take place, what kind of skills are needed to face new and emerging organizational challenges. From an organizational standpoint also it is necessary to find how employees are doing,

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what are their goals and aspirations, whether the career paths are in tune with individual needs and serve the overall corporate objectives, etc.

### 4.3.6 How Do People Choose Careers?

studies show that four general individual characteristics influence how people make career choices (Hall):

1. **Interests:** People tend to go after careers that they believe match their interests.
2. **Self-image:** A career is a reflection of a person's self image, as well as a moulder of it.
3. **Personality:** This factor includes a person's personal orientation (whether one is adventurous, outgoing, passive, submissive, artistic, etc.) and personal needs (including affiliation, power and achievement needs).
4. **Social backgrounds:** Socio-economic status, education and occupational status of a person's parents are covered in this category.

#### Have you understood?

1. What is career planning?
2. Differentiate career planning and manpower planning.
3. Differentiate career planning and succession planning.
4. Explain the need for career planning in an organization.
5. Enumerate the objectives of career planning.
6. Discuss the process of career planning.

### 4.4 WHAT IS CAREER DEVELOPMENT?

Traditionally, it has been assumed that every employee wants, or should want, the same thing in a career, usually a direct path up the organizational ladder (Fink, 1992). However, career development is not about "getting ahead", but rather about getting to be the best an individual can be and finding a place in an organization where they can express excellence and contribute to the goals of the organization. Career development encompasses "vertical" issues such as promotions and upward mobility, but also "horizontal" movement (lateral job transfers) within the organization. Career development deals with the fundamental nature of the relationship of individuals to their work and employees to their organizations. A clearly defined plan of action prepares employees for the future and preserves an organization's ability to meet both existing and future needs.

Career development consists of the personal actions one undertakes to achieve a career plan. Career development looks at the long-term career effectiveness of employees. The actions for career development may be initiated by the individual himself or by the organization.



#### 4.4.1 The Career Development Program

A properly designed career development program involves three main ingredients: (1) assisting employees in assessing their own internal career needs, (2) developing and publicizing available career opportunities in the organization, and (3) aligning employee needs and abilities with career opportunities.

##### **Career need assessment**

A person's career is a highly personal and extremely important element of life. The basic stance of the organization should be to permit each person to make her or his own decision in this regard. The role of the personnel manager is to assist in this decision-making process by providing as much information as possible about the employee to the employee. Organizational employees are often uncertain as to the type of work that would suit them best. There are a number of evaluation instruments available that will assist the person in determining his or her primary interests and basic aptitudes to perform different types of work. There are life-planning workbooks that facilitate career decision making. Some large firms provide formal assessment center workshops where small groups of employees are subjected to psychological testing, simulation exercises, and depth interviewing. With the aid of expert observers, employees are helped to make decisions concerning proper career goals and specific development needs appropriate to those goals.

##### **Career opportunities**

Realizing that employees have definite career needs, there naturally follows the obligation of charting specific career paths through the organization. Low-ceiling jobs, where there are limited opportunities for significant progression, should be identified and made known to possible applicants. Employees heavily affected by the "security career anchor" may find these jobs to be highly acceptable. Though sometimes neglected in career workshops, the employee needs to know what types of jobs are now and will be available in the immediate future, as well as in the medium and long range. Information should be provided concerning actual duties of these jobs, as well as what is required in the way of training and development. Employees need to know how they become eligible for training and the selection criteria for those who have completed training. And finally, it is important to know what jobs lead to other jobs.

##### **Need-opportunity alignment**

When employees have accurately assessed their career needs and have become aware of organizational career opportunities, the remaining problem is one of alignment. Greater emphasis should be given to the more individualized development techniques such as special assignments, planned position rotation, and supervisory coaching. Modern MBO programs incorporate personal development objectives in addition to the more basic work objectives.



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The specific transfer and promotion decisions made by management for each employee are the final payoff of a career development program. Both productivity and morale are facilitated if these personnel decisions are based on objective assessments of present and potential capability. That such is not always the case is substantiated in a study by Powell of 240 managers in forty firms.<sup>15</sup> As developed from carefully introduced questionnaires, it was concluded that there were many factors leading to an advancement in rank. Managerial capability was first to be stipulated but lost its importance as a screening device for higher positions as it was deemed to be a common denominator held by the entire pool of candidates. Beyond this, such factors as the following were reported: spouse and family, religion, ethnic group, educational level, seniority, luck, influence of important customers, informal relations in the firm, and refusal of a prior promotion offer.

### 4.4.2 Roles in Career Development

It has always been true that each person bears the responsibility for his or her own career. Everyone should recognize and accept the personal responsibility in framing a career development for himself or herself. Similarly the managers and supervisors also have the responsibility to become involved in designing a career for the employees. Both the individual's role and the organization's role are discussed in detail below.

#### 4.4.2.1 Individual Career Development

Career progress and development is largely the outcome of actions on the part of an individual. Hall, who views careers as a life long learning process, believes that people must learn how to learn and gain self-knowledge, and must become more adaptable. Others authors have suggested that individuals make decisions and take assignments that provide an opportunity to learn and continuously develop new and existing skills. Jones and Defillip distilled six competencies that were possessed by people who successfully navigated the boundary careers and network – type of organizations found in the film industry, which they argue typify the new career landscape. These competencies are:

1. Knowing What – Understanding the industry's opportunities, threats, and requirements
2. Knowing Why – Understanding the meaning, motives, and interests for pursuing a career
3. Knowing More – Understanding the locations and boundaries for entering, training, and advancing within a career system
4. Knowing Whom – Forming relationships based on attraction and social capital that will gain access to opportunities and resources
5. Knowing When – Understanding the timing and choice of activities within one's career
6. Knowing How – Understanding and acquiring the skill and talents needed for effective performance in assignments and responsibilities

Some of the important steps that could help an individual cross the hurdles on the way 'up' may include:

- a. **Performance:** Career progress rests largely on performance. If the performance is sub-standard, even modest career goals can't be achieved.
- b. **Exposure:** Career development comes through exposure, which implies becoming known by those who decide promotions, transfers and other career opportunities. You must undertake actions that would attract the attention of those who matter most in an organization.
- c. **Networking:** Networking implies professional and personal contacts that would help in striking good deals outside (e.g., lucrative job offers, business deals, etc.). For years men have used private clubs, professional associations, and old - boy networks to gain exposure and achieve their career ambitions.
- d. **Leveraging:** Resigning to further one's career with and the employer is known as leveraging. When the opportunity is irresistible, the only option left is to resign from the current position and take up the new job (opportunity in terms of better pay, new title, a new learning experience, etc.). However, jumping the jobs frequently (Job-hopping) may not be a good career strategy in the long run.
- e. **Loyalty to career:** Professionals and recent college graduates generally jump jobs frequently when they start their career. They do not think that career-long dedication to the same organization may not help them further their career ambitions. To overcome this problem, companies such as Infosys, Wipro have come out with lucrative, innovative compensation packages in addition to employee stock option plans for those who remain with the company for a specified period.
- f. **Mentors and sponsors:** A mentor is, generally speaking, an older person in a managerial role offering informal career advice to a junior employee. Mentors take junior employees under their protégée and offer advice and guidance on how to survive and get ahead in the organization. They act as role models. A sponsor, on the other hand, is someone in the organization who can create career development opportunities.
- g. **Key subordinates:** Qualified and knowledgeable subordinates, often extend invaluable help that enables their bosses to come up in life. When the bosses cross the bridge, they take the key subordinates also along with them. In their own self interest, the subordinate must try to find that winning horse on which he can bet.
- h. **Expand ability:** Employees who are career conscious must prepare themselves for future opportunities that may come their way internally or externally by taking a series of proactive steps-(e.g., attending a training program, acquiring a degree, updating skills in an area, etc.).

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### 4.4.2.2 *Organizational Career Development*

The assistance from supervisors, managers and HR department is equally important in achieving individual career goals and meeting organizational needs. Supervisor can serve as a source of information about an employee's capabilities and limitations through the performance evaluation process. Also, the supervisor can provide accurate information about career paths and opportunities within the organization support the employee's career plans. Supervisory involvement has been cited as a key component of successful career development programs. Based on an analysis of critical gathered from employees, there are four roles that managers and supervisors should be trained to perform in order to fulfill their responsibility as career developers. These roles include:

**Coach:** One who listens, clarifies, probes, and defines employee career concerns

**Appraiser:** One who gives feedback, clarifies performance standards and job responsibilities

**Adviser:** One who generates options, helps set goals, makes recommendations, and gives advice

**Referral Agent** – One who consults with the employee on action plans and links the employee to available organizational people and resources

Hall offers the following suggestions for HR managers to help individuals fulfill their role as masters of their own careers:

1. Start with the recognition that each individual owns his or her career
2. Create information and support for the individual's own efforts at development
3. Recognize that career development is a relational process in which the career practitioner plays a broker role
4. Become an expert in career information and assessment technologies
5. Become a professional communicator about your services and the new career contract
6. Promote learning through relationships at work
7. Be an organizational interventionists, that is, someone willing and able to intervene where there are roadblocks to successful career management
8. Promote mobility and the idea of the lifelong learner identity
9. Promote work planning that benefits the organization as a whole, over career planning that is unrelated to organizational goals and future directions
10. Develop the mind set of using natural(existing) resources for development

### 4.4.3 Tools used

A variety of tools and activities are employed for this purpose.

#### a. Self-assessment tools

Here the employees go through a process in which they think through their life roles, interests, skills and work attitudes and preferences. They identify career goals, develop suitable action plans and point out obstacles that come in the way. Two self-assessment tools are quite commonly used in organizations. The first one is called the career-planning workshop. After individuals complete their self-assessments, they share their findings with others in career workshops. These workshops throw light on how to prepare and follow through individual career strategies. The second tool, called as a career workbook, consists of a form of career guide in the question-answer format outlining steps for realizing career goals. Individuals use this company specific, tailor-made guide to learn about their career chances. This guide, generally throws light on organization's structure, career paths, qualifications for jobs and career ladders.

#### b. Individual counseling

Employee counseling is a process whereby employees are guided in overcoming performance problems. It is usually done through face-to-face meetings between the employee and the counselor or coach. Here discussions of employees' interests, goals, current job activities and performance department. Sometimes outside experts are also be called in. If supervisors act as coaches they should be given clearly defined roles and training. This is, however, a costly and time consuming process.

#### c. Information services

Employment opportunities at various levels are made known to employees through information services of various kinds. Records of employees' skills, knowledge, experience and performance indicate the possible candidates for filling up such vacancies. For compiling and communicating career – related methods:

- 1. Job posting system:** Job posting systems are used by companies to inform employees about vacancies in the organization through notice boards, newsletters and other company publications
- 2. Skills inventory:** Skills inventories (containing employees' work histories, qualifications, accomplishments, career objectives, geographical preferences, possible retirement dates, etc.) are created to help organizations learn the characteristics of their workforces so that they can use the skills of their employees, whenever required. Skills inventories also reveal shortage of critical skills among employees, which is helpful in tracing training need
- 3. Career ladders and career paths:** Career paths and ladders throw light on career progression and future job opportunities in the organization. They indicate

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a career plan complete with the goal, intermediate steps and time – tables for realizing the goal. Usually career paths for fast – track employees are laid down in most organizations outlining a series of career moves that these employees need to initiate in order to reach higher level positions

4. **Career resource centre:** The career centre is a sort of library in the organization established to distribute career development materials such as reference books, career manuals, brochures, newsletters and learning guides and self – study tapes.

### d. Employee assessment programs

Initially, a new recruit is informed about career policies and procedures of the company. Socialization efforts help the recruit learn about these things quickly. An experienced employee, acting as a coach may also help the new recruit, form a realistic view of the skills needed at various levels and develop appropriate career goals and action plans. Formal orientation programs are used to educate employees on career programs, career paths and opportunities for advancement within the company. Several assessment programs are also used to evaluate the employees, potential for growth and development in the organization. They include assessment centre, psychological testing, promotability forecasts and succession planning.

1. **Assessment centers:** A number of performance simulation tests and exercises (tests, interviews, in-basket exercise, business games) are used to rate a candidate's potential in assessment centre method. The performance on these exercises is evaluated by a panel of raters and the candidates are given-feedback on their strengths and weaknesses. This feedback helps participants to assess where they stand and what is to be done to scale the corporate ladder in future.
2. **Psychological tests:** Diagnostic tests are used to help candidates determine their vocational interests', personality types, work attitudes and other personal characteristics that may uncover their career needs and preferences.
3. **Promotability forecasts:** This is a process of identifying employees with high career potential and giving them necessary training and thereby groom them for higher positions.
4. **Succession planning:** This is a report card showing which individuals are ready to move into higher positions in the company. The HR department keeps records of all potential candidates who could move into senior positions, whenever required.

### e. Employee developmental program

These consist of skill assessment (explained above) and training efforts that organizations use to groom their employees for future vacancies. Seminars, workshops, job rotations and mentoring programs are used to develop a broad base of skills as a part of such developmental activities.



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### f. Career programs for special groups

In recent years, there is growing evidence regarding dual career families developing tensions and frictions owing to their inability to reconcile the differences between family roles and work demands. When we talk of dual career couples (a situation where both husband and wife have distinct careers outside the home) certain puzzling questions arise naturally: Whose career is important; who takes care of children; What if the wife gets a tempting promotion in another location; who buys groceries and cleans the house if both are busy, etc.

Realizing these problems, organizations are providing a place and a procedure for discussing such role conflicts and coping strategies. They are coming out with schemes such as part-time work, long parental leave, child care centers, flexible working hours and promotions and transfers in tune with the demands of dual career conflicts.

In addition to holding workshops, outside experts are called into show individuals how to focus - on their talents, develop resumes .and interview with prospective employers. Special programs are also organized for minorities, employees with disabilities, women and late-career employees so that they can have-Clean career goals and action plans in line with organizational requirements.

#### Have you understood?

1. What is career development?
2. What is the role of an individual and organization in the career development process?
3. Discuss in detail the career development process.
4. Explain the tools used in career development process.

### 4.5 CAREER MANAGEMENT

Career development is the appropriate long-term utilization and development of human talent in the work setting. Career management includes both organizational actions and individual efforts aimed at setting career goals, formulating and implementing strategies and monitoring the results (Greenhaus). A balanced approach to career management includes both individual career planning and organizational initiatives to balance career goals and organizational needs. The two strategies complement and reinforce each other, if individual employees have not planned well for their own development; they may not be ready or willing to respond to opportunities presented through organizational career management activities. Similarly, no amount of individual career planning and preparation will be effective if organizational opportunities for career movement are not available. According to Gutteridge, career development includes both career planning and career management (See figure 4.1).



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**Figure 4.1 Gutteridge's Career Management Model**

## Individual Career Planning

Individual career planning process involves the following steps

- Assess needs
- Analyze career opportunities
- Set career goals
- Develop action plans

## Organizational Career Planning

Organizational career planning involves the following steps

- Assess human resource requirements
- Career paths for each person
- Integrate career goals and organizational needs
- Initiate career development efforts.

## Career Development

Career development process answers the following questions

- How individuals can reach the top?
- How organizations can help?
- Self-assessment tools
- Individual counseling
- Information services
- Assessment programs
- Development programs
- Programmes for special groups

**Have you understood?**

1. What is career management?
2. Explain Gutteridge's model of career management?

**4.6 CAREER MODELS**

Broadly the career development models can be categorized to traditional and contemporary models.

**4.6.1 Traditional Models**

Numerous models of career development have been offered to explain the sequence of stages that adults progress through during their work lives. Each of these models emphasizes the notion of an orderly series of career stages linked to age, place in the career context of a person's life, and contains overlapping concepts.

Greenhaus's five stage model is explained below.

**Stage 1: Preparation of Work (Age 0-18)**

The major task during this period involve forming and defining an idea of the occupation one would like to engage in, and making necessary preparation for entry into that occupation. These activities include assessing possible occupations, selecting an occupation, and obtaining the necessary education. A greater deal of research has been done to identify the factors that influence occupational choice, with at least nine theories offered. The choice one makes during this stage represent initial decisions in a course of continuous exploration and establish the first direction or the individual's career.

**Stage 2: Organizational Entry (Age 18 – 25)**

At this stage the individual selects a job and an organisation in which to begin employment in the chosen career field. The amount and quantity of information obtained can affect whether the initial choice will be fulfilling introduction to one's career or a disappointing false state. Among the obstacles the individual faces in this stage are initial job career stages, due to the disparity between the initial expectation and organizational realities and organizational socialization.

**Stage 3: The early career (Age 25 – 40)**

During this stage the individual is dealing with finding a place in the world and pursuing his or her life dream; this also involves becoming established in career and in an Organisation. The specific challenges that must be met to do this include becoming technically proficient and becoming assimilated into an organization's culture. Successful resolution of these challenges can result in job satisfaction, advancement in terms of position and responsibility, and increased financial and social rewards. In short, the early career stage is about becoming established and makes it.

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### Stage 4: The Mid Career (Age 40 – 55)

Following Levinson's model, the mid career stage begins at the same time as the midlife transition. Therefore one of the task individual faces at mid career is a reexamination of the life structure and choices that were adopted during the early career. The individual may reaffirm or modify the dream, make choices appropriate to middle adulthood, and remain productive at work. These challenges are concurrent with popular notion of a mid career crisis. The crisis may be severe for some and not even seen as crisis by others. Two events that often occur during mid career are Plateauing (Lack of significant increase in responsibility and job advancement) and Obsolescence (Finding ones skills are not sufficient to perform tasks required by technological change). As stated earlier, the individual who successfully resolves these challenges will remain productive, while one who does not will experience frustration and stagnation.

### Stage 5: The Late Career (Age 55 - Retirement)

The individual faces two challenges during this stage. First he or she must strive to remain productive and maintain a sense of self – esteem. This can sometimes be hampered by the negative beliefs that society has regarding the performance and capabilities of older workers. Second, this individual faces the challenges of disengaging for work and retiring. Retirement bring many emotional, financial, and social changes and should be planned for well in advance of the actual retirement date.

#### 4.6.2 Contemporary view of career Development.

Certainly trend in globalization, demographics, technology (both information and otherwise), the changing employment relationship, team-based work, and new organizational structure are having a significant impact on the way careers are viewed.

##### 4.6.2.1 Protean Career

Hall and Mirvis advanced the idea of the protean career. The protean career concept is based on the notion that individuals drive their own career, not organizations, and that individuals re-invent their careers over time as needed. As individuals go through life, they are on a search for a meaning and self – fulfillment, and their career are made up of their choices and experiences (work, educational, and otherwise). Each person's career will be unique. Instead of progressing through a series of discrete and predictable changes, the protean career “encompasses and moves from on line of work to another, and so forth.

That is not to say individuals do not have common elements in their careers. The protean view embraces the idea that lifelong learning and personal development are at the centre of career development. As a result, a person's career will likely be made up of a “succession of ministages' (of short-cycle learning stages) areas, technologies, functions, organisations, and other work environments”. In this view, it is not a person's chronological

age that is important, but the so called career age, or number of years the individual has spent in a particular cycle. Therefore the issues in the exploration part of the cycle, for example, will likely be the same each time the individual enters it.

Hall and Mirvis recognize that while the protean career can be liberating and exhilarating, it also carries a dark side. This includes fear, uncertainty, a rapid pace of change, and a removal of the typical supports that individuals have used to identify themselves and make sense of the world (e.g. defining one's self by job title or in relation to one's employer).

#### **4.6.2.2 Multiple Career Model**

A second example of contemporary view of career development is the notion of differing career patterns, called the multiple career concept. This model suggests that there are four different patterns, or career concepts, of career experiences. These four concepts differ in terms of the direction and frequency of movement within and across different kinds of work over time. Distinctly different set of motives underlie each of the four concepts. The four career concepts are as follows:

**Linear** – A progress of movement up an organizational hierarchy to positions of greater responsibility and authority; motivated by desire for power and achievement; variable time line; in the United States, this has been the traditional view of career.

**Expert** - A devotion to an occupation; focuses on building knowledge and skill within a specialty; little upward movement in a traditional hierarchy, more from apprentice to master; motivated by desire for competence and stability; rooted in the medieval guild structure.

**Spiral** – a life long progression of periodic ( Seven to Ten Years) move across related occupations, disciplines, or specialties; sufficient time to achieve a high level of competence in a given area before moving on motives include creativity and personal growth.

**Transitory** – A progression of frequent (three to five years) moves across different or unrelated jobs or fields; untraditional; motives include variety and independence.

These four concepts can be combined to form a wide variety of hybrid concepts. They state that traditional model of career management has favoured individuals with a linear or expert career concept, but that the shifts going on in the world of work now tend to favour those with a transitory or spiritual career concepts. The challenge to organisations and individuals, then, is to conduct career management in what they call a pluralistic fashion that matches the organisation's strategy and career culture with individual's career concepts.

#### **Have you understood?**

1. Discuss any one traditional model of career development.
2. What is protean career?
3. Explain multiple career concept.

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4. Combine the four career concepts of multiple career model and formulate new combinations.

### 1.7 DEVELOPING CAREER MOTIVATION

Developing career motivation is a significant goal of effective career management. According to Manuel London, career motivation affects how people chose their careers, how they view their career, how hard they work in them and how long they stay in them. London sees career motivation as a set of characteristics grouped into three facts: Career Resilience, Career Insight, and Career Identity. Each of these factors is below.

#### Career Resilience

The extent to which people resist career barriers or disruptions affecting their work. This consist of self confidence, need for achievement, the willingness to take risks, and the ability to act independently and cooperative as appropriate.

#### Career Insight

The extent to which people are realistic about themselves and their career and how these perceptions are related to career goals. This includes developing goals and gaining knowledge of self and the environment.

#### Career Identity

The extent to which the people define themselves by their work. This includes involvement in job, organisation, profession and the direction of career goals.

A person can have high, low, moderate level of career motivation depending on his or her position in each of these categories. For e.g., a person with high career motivation will continue to pursue career goals in the facts of obstacles and setbacks (career resilience), formulating and pursuing realistic career goals (career insight), and be involved highly in work and aggressively pursue career goals (career identity)

While career motivation is partly determined by an individual's life experiences, career activities and practices can help develop a person's career motivation. For example self awareness workbooks and personal journals can be used to build career insight. Because career motivation can affect both decision making and commitment to once career, it would be beneficial to the organisation to offers career development activities to enhance such motivation.

Career motivation can also be important in addressing the issues facing workers who have lost their jobs due to downsizing and layoffs. London points out those efforts to redeploy these workers can be more effective if the career motivation issues are addressed, whether the methods are government and community programs to assist unemployed

workers to obtain jobs, retraining for displaced employees, joint union-management retraining programs, or internal contingent workforce. London offers a variety of suggestions, many based on career development activities, for how managers and executives can address career motivation issues to successfully redeploy displaced workers, and for how organisations can support career motivation in older workers.

### 4.7.1 Methods of increasing Career Motivation

#### To support Career resilience

- Build employees self confidence through feed back and positive reinforcement.
- Generate opportunities for achievement.
- Create an environment conducive to risk taking by rewarding innovation and reducing fear of failure.
- Show interpersonal concern and encourage group cohesiveness and collaborative working relationships.

#### To enhance career insight

- Encourage employees to set their own goals.
- Supply employees with information which are relevant to attaining their career goals.
- Provide regular performance feedback.

#### To build career Identity

- Encourage worker involvement through job challenge and professional growth.
- Provide career development opportunities, such as leadership positions and advancement potential.
- Reward solid performance through professional recognition and financial bonuses.

#### Have you understood?

1. What is career motivation?
2. Explain career insight, career resilience, and career identity.
3. Why is career motivation important to employees?
4. Explain the methods used to increase career motivation,

### 4.8 CAREER PLATEAU

How does one's career start? One takes a job with a big company and decide to do the same kind of work throughout the working life for the same company, or keep on changing companies as they offer better growth opportunities. Hence an individual keep on scaling new heights in the career and keep on climbing up the career ladder. Gradually there comes a phase where one feels that his likelihood of being promoted is low, or where his learning rate won't improve. This period is known as a Career plateau.



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## 4.8.1 Types of Career Plateaus

Career plateaus can be classified as position plateaus and contribution plateaus. Position plateauing occurs when there is limited or no upward movement within the organization possibly due to lack of opportunities within the organization. On the other hand, contribution plateauing occurs when there is a stagnation in one's personal development and growth. Here, there is no further development of one's skills and abilities. It is believed that position plateaus can happen to every employee and does not necessarily mean absence of skills. On the other hand, contribution plateaus happen to specific individuals only and are incompetent due to lack of skills. An employee can be personally plateaued or organizationally plateaued. An organizationally plateaued worker is an employee who has the ability to perform effectively in a higher-level position, but a lack of job openings may prevent his/her promotion. This type of plateau takes place in organizations with pyramid-like structure. This means, career plateauing results because the number of positions available decreases as one moves forward hierarchically in the organization. In contrast, a personally plateaued worker is viewed by the organization as either lacking the ability or the desire to move into a higher-level position. A lack of technical skill or career skill may lead to an individual's lack of promotional opportunity.

## 4.8.2 Good or bad??

Career plateaus, as they are perceived, are not necessarily negative. A career plateau, as we now know, is a temporary period of stagnation during the career which leads to low performance, sluggish promotion of the individual, frustration of mind and finally quitting the job. Plateaus in career can have positive impacts on one's job performance as optimal levels of stress have. Some organizations believe that healthy plateaus are necessary for keeping employees motivated and keep their energy and enthusiasm high while on work. Successful career plateauing takes place when there is effective job performance and high job satisfaction despite a low likelihood of promotion. It is considered healthy for those who have just accomplished a breakthrough in their careers. Career plateaus are valuable to the individual as they provide an opportunity to explore new and ways of utilizing one's skills and abilities, take more responsibilities and deliver better performances. Individuals who are successful in coping with this stage are more likely plan better for the further stages of their career development, and are less likely to experience frustration and dissatisfaction.

## 4.8.3 Sources and symptoms

Some sources of plateauing that push an employee towards his career plateau include lack of internal motivation, lack of extrinsic rewards, stress and early burnouts and slothful organizational growth. So how does one get to know that his career has reached the highest point of stagnation? Well, there are many symptoms of the career plateau like when your colleagues get promoted and you don't even if it's due; when lesser responsibilities

are handled over to you; when salary hikes are not meant for you; when your responsibilities are transferred to your colleague or some other employees. Besides this, employer may feel that the employee is incompetent to carry a responsibility and lacks interpersonal skills.

#### **4.8.4 Managing the plateau**

HR personnel play a vital role in managing career plateaus of their employees. HR personnel can work towards preventing plateaued employees from becoming ineffective. They can show possible avenues for personal growth and development to the employee. Job rotation and job enrichment also act as rational strategies for managing career plateaus. Acquiring new competencies and skill development also are reasonable sometimes, and if nothing works, then there is always an option of switching to a new job.

#### **4.8.5 Recognizing the Plateau**

There are many symptoms of the career plateau. The most obvious is when others, particularly those at your grade level are promoted but you are not. Meeting your requests for a transfer or a change in your job responsibilities with prevarication or denial without explanation is another clear signal. A third is if your salary has nearly reached the maximum of your grade level and your annual raises have become significantly less than those of your peers. Another is if it has been more than about three years since your last promotion or the last significant change in your job responsibilities. This last may vary according to the average frequency of promotion and job transfer in your company. Additional symptoms include others being assigned to work on your ideas. Transfer of some of your important responsibilities to others with no comparable transfer of responsibilities to you is another clear sign.

Besides the limitations of a smaller work force and a redesigned corporate structure, the

primary reason for the career plateau is perceived limits of your competence and abilities. These include political problems with management that may be perceived as lack of interpersonal skills or insufficient company loyalty.

#### **4.8.6 Strategic Responses to Career plateau**

There are some strategies one can take to respond to the career plateau.

The first is acceptance. The planned retirement date may determine whether this is an acceptable strategy or not. However, beware. Simple acceptance may make one a prime candidate for job loss in the event of a large-scale staff reduction.

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Job enrichment, acquiring new competencies, and transfer to another department are all reasonable strategies that may apply to career plateau situation. Tactics to put these strategies into effect are discussed below. Finally, there is the strategy of changing jobs.

### *4.8.6.1 Tactics - Inside the Company*

So what can you do to change these perceptions and break out of the career plateau without changing jobs?

If the management is open-minded, achieving outstanding job performance will change their minds.

Another possible solution is job enrichment - asking for (or taking) additional responsibilities. Look for opportunities to contribute outside the definition of the responsibilities. This may include teaching short courses to customers, presenting papers at trade association meetings that promote interest in the company, writing company technical bulletins or work on developing firm's website. One can also volunteer to serve on special committees or for inter-departmental assignments. This will help in meeting people from other departments and learn about new developments in other parts of the company. One of these could develop into a new assignment that could help to break out of the plateau and take the career to a new level. Mentoring less experienced coworkers can also be done. Boredom due to lack of intellectual stimulation and challenge are often symptoms of the career plateau. All the approaches outlined above inject additional variety into the job and combat these symptoms even if they don't cure the disease - the career plateau. A lateral job transfer can also combat boredom by injecting new interest into the work. The transfer also may provide one with a new manager who is more likely to judge by the current performance and less by preconceived attitudes.

### *4.8.6.2 Tactics - Outside the Company*

Often the stimulation of outside interests and activities can help compensate for the frustration and lack of stimulation of a plateaued career.

- Become active in professional societies, particularly those relevant to the employer's business interests.
- Serve on committees or present papers at conferences.
- Expand your skills through short courses. These may be on technical or management subjects.
- Other education options include college evening classes or special programs such as distance education programs.
- Become a mentor to struggling students.
- Help a good cause through community service.

- One caveat - these “outside the company” tactics have limitations. They can help to deal with the frustrations of the career plateau. However, if they don’t change the on-the-job perceptions people have, they won’t help an individual to break out of the plateau.

These approaches can be tried depending up in the suitability to employment situation, skills and personality.

#### 4.8.7 Effective Career Development Systems

Career development system should be viewed in light of the changes that are occurring in the organizational landscape. To design effective career development systems, an organization can follow the following strategies.

1. Integrate individual developmental planning with organizational strategic planning
2. Strengthen the linkages between career development and other HRM systems
3. Move career development systems toward greater openness
4. Enhance the role of managers in career development through both skill building and accountability
5. Develop and expand peer learning and other team based developmental approaches
6. Stress on-the-job development, deemphasize traditional programs that are isolated, one-shot events
7. Emphasize enrichment and lateral movement
8. Identify and develop transferable competencies
9. Include values and lifestyle assessments in career developmental activities
10. Implement a variety of career development approaches to accommodate different learning styles and the needs of the diverse work force
11. Tie career development directly to organizational quality initiatives
12. Expand career development measurement and evaluation
13. Continue to study best practices and organizational career development in a global context.

#### Have you understood?

1. What is career plateau?
2. Is career plateau good or bad?
3. What are the reasons for career plateau of an individual?
4. Discuss how career plateau can be managed.
5. Explain the tactics that can followed by the individual as well as the organization to handle career plateau.
6. Discuss how career development system has to be designed effectively.

#### 4.9 COMPETENCIES

Competencies comprise the knowledge, skills, values and attributes demonstrated through behavior that results in competent and superior performance. Competency describes what superior performers actually do on a job that produces superior results.

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Armed with this information, selection, retention, training, succession planning and performance management systems can be integrated and designed to attract, develop and retain top performers.

Dubois (1993), a leading expert in the applied competency field, defines competence as “the employee’s capacity to meet (or exceed) a job’s requirements by producing the job outputs at an expected level of quality within the constraints of the organization’s internal and external environments.” He goes on to adapt Boyatzis’ (1982) definition of competency and states that “a job competency is an underlying characteristic of an employee—i.e., motive, trait, skill, aspects of one’s self-image, social role, or a body of knowledge—which results in effective and/or superior performance in a job.”

### 4.9.1 Classification of Competencies

Competencies can broadly be classified into two categories – Basic and Professional Competencies.

Basic competencies are inherent in all individuals. Only their degree of existence would be differing. For example, problem solving is a competency that exists in every individual but in varying degrees.

Professional competencies are over and above the basic competencies, and are job related. For example, handling a sales call effectively is a competency that a sales personnel would be required to have.

Hence, it can be simply said that,

Competencies = Basic Competencies + Professional Competencies

#### 4.9.1.1 Types of Basic Competencies

The basic competencies encompass the following:

1. **Intellectual Competencies:** Those which determine the intellectual ability of a person.
2. **Motivational Competencies:** Those which determine the level of motivation in an individual.
3. **Emotional Competencies:** Those which determine an individual’s emotional quotient.
4. **Social Competencies:** Those that determine the level of social ability in a person. It has been proved by various scholars that all individuals have competencies. Only the combination and degree of these competencies differ from individual to individual. Hence, organizations have to identify the critical basic competencies required for individual employees to deliver their best in their organization. The importance of mapping the competencies proves critical for organizational success.



## 4.9.2 Four Competencies In Career Management

Career management assumed new dimension in the current scenario of downsizing and flat organizational structures. It is clear by now that organisations will no longer be able to make and offer career planning based on tall hierarchy and prolonged employments. The solution is that career planning must be centered around building competencies instead of hierarchical positions. Further individual employee has significant role in self-career management as that of the organisation. The successful self-career management supported by organisation requires four competencies according to Ben Ball of University of Sussex who presented them in his paper titled “Career Management Competencies – the individual perspective: published in Career Development International. These are

**Optimizing career prospects:** this competence involves the ability to envision future opportunities, and having determined broadly defined goals, to create and make own chances. It represents a form of well-considered opportunism. To undertake optimizing process successfully, a particular set of skills and behavior need to be brought into play. These skills include

- The ability to take a goal directed approach to career planning
- To anticipate future business and life changes
- To promote one’s own career interest.
- The other behavior skills include:
  - Making use of formally assigned or informal mentors
  - Projecting a positive self image by gaining attention for one’s achievements
  - Working alongside the staff who are seen as high performer

**Career Planning – Plying to your Strength:** In career planning of employees, four steps are involved. They are

- Review how for their work are using their skills and satisfying their needs and interests.
- Identify their own development needs and what is required for effective performance.
- Obtain data from the experience of mentors, partners and other work colleagues
- Anticipate future changes and prepare for job opportunities that might arise.
- The development of career planning competence should go some way to help individuals to take ownership and management of their own career development

**Engaging In personal Development:** employers are no longer guarantee life long continuity of employment or upward career progression. Therefore, more attention is to be paid to personal development rather than career development alone. The forms of personal development vary, but the range is increasing. For this purpose firstly, employee need to have a sufficient self awareness to review and identify their development needs.

Secondly they need to be effective learners with a positive attitude towards the learning process. Learning seldom happens in a vacuum; it takes place in a social context and those



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in the workplace may need to gather around them a supportive network in order to understand personal development activity of a challenging nature.

**Balancing work and Non-work:** the concern to balance work and non work is clearly a function of career stage. Being able to define one's own work priorities and maintain one's motivation in the absence of externally defined checks on performance become increasingly important. The issue of balancing work and non-work is problematic because of the competing demands of work and personal life. The competence to balance work and non-work is required by all those in the workplace because the relationship between the two is never static, but ever changing.

### Have you understood?

1. What is competency?
2. Differentiate basic and professional competencies.
3. Explain the relevance of competencies in career management.

### 4.10 COMPETENCY MAPPING

Competency Mapping is a process of identifying the key competencies for an organization and/or a job and incorporating those competencies throughout the various processes (i.e. job evaluation, training, recruitment) of the organization.

Following are the steps included in competency mapping: Step 1: To classify the competencies under the types of competencies. Step 2: To determine type of competency that is the most critical for an organization. Step 3: To determine the critical competencies that are required for superior performance at a given level in the organization (educational institution).

#### 4.10.1 Models for competency mapping

Competency modeling and mapping has assumed greater significance in order to optimize not only the HR but also to provide meaningful job understanding to its incumbents. Further good numbers of organisations are also intending to use the data obtained through competency modeling for the purpose of decisions relating to rewards, promotions, recruitment, training and motivational aspects. HR professional must choose an appropriate model while building competency models in organisations according to Richard Mansfield who advocated it in his paper titled "Building Competency Models: Approaches for HR Professionals".

A competency mapping is a description of skills, traits, experiences and knowledge required for a person to be effective in a job. There are three models in mapping the competencies described as follows:

#### The one-size-fits-all competency model

This model uses the data obtained from existing job descriptions and job analysis. The data pertaining to a class of jobs, for example all sale representatives will be consolidated and key features will be identified to convert them into competency traits. The general features like organizational mission, objectives and culture related competence would be added to build a competency model for a particular type of employee.

### **The Multi Job Competency Model**

There are three steps in this. In the first step, Competencies required for organizational function will be identified. Secondly these competencies will be classified into technical, social, marketing, management, finance and general. In the third step, Combination of competencies will be grouped to draw a particular role like finance manager, technical manager, quality manager like wise.

### **The Single Job Competency Model**

This is the traditional, time tested and commonly used method. A position that is most important and being performed well will be identified from a class of positions (Jobs). Data will be obtained observing its incumbent while performing the job, discussing with him/ her and other related departments, past records, decisions taken by that person, formal job description etc. the data so obtained will be used to build competency model for that particular position.

#### **4.10.2 Model of Common management Competencies**

The availability of right quality and quantity of management competence is the key factor in business success of organisations. This realization struck many organisations during the current decade and effort made to tone up their managers. A common issue across all the organisations is, managers should be equipped with what kind of competencies. It is also a fact that managers must possess the competencies specific to their organizational need and environment. According to Andrew May there is a competence set that is applicable to all organizations and he illustrated them in his paper titled “ Developing Management Competencies for fast changing organisations”.

These are:

#### **1. Operations Management**

- a. Managing Time effectively such as control of time scheduling and project control
- b. Planning and decision making consisting controlling planning, option evaluation and evaluation of plan performance
- c. Managing change consisting Identifying Improvement opportunities, Formulating change objective and Monitoring and evaluating change
- d. Quality management consisting quality measurement, conditions monitoring and diagnostics and systems control

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## 2. People Management

- Team leadership indicating leadership style, structured team, delegation, counseling and meeting participation
- Performance management consists of assessing competencies, job design and review, target setting and review, and motivation of staff
- Influencing others like planning process management and negotiating.
- Legal issues of employment that includes health and safety, recruitment and employment conditions, and industrial relations

## 3. Financial Management

- Financial controls that includes Cost Monitoring, Financial Statement Analysis, Results preparation, and financial system awareness.
- Financial planning Including Investment appraisal, System development, and managing outsourcing

## 4. Information Management

- Communication that includes Presenting Information, Selling ideas and behavior interpretation.

## 5. Marketing

- Marketing consisting of marketing strategies

## 6. Behavior competencies

- This includes Entrepreneurial, Creative thinking, Management synergy, Logical thinking, and Analytical ability

### Have you understood?

- What is competency mapping?
- Explain the process of competency mapping.
- Explain some models of competency mapping.

## 4.11 EQUITY AND COMPETENCY BASED PAY

### 4.11.1 Compensation

Compensation of an employee consists of mainly three components, the base wage or salary, incentives and benefits. Base wage or salary forms the basis for calculating or determining the total compensation of an employee.

There are three different concepts of wages: the minimum wage, the fair wage and the living wage. The minimum wage is the least of them all and the living wage, the highest. Minimum wage is the base wage that an employee has to be paid to fulfill his basic needs and provide basic amenities for his family. The fair wage takes into consideration the paying capacity of the employer. The living wage, which is the highest of the three, is aimed at providing a comfortable living for the employee and his family. It includes providing health, educational and social facilities. Traditional wage plans include the piece-wage plan, based on the units produced by the employee and the time-wage plan, based on the total working

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time of the employee. Modern wage plans include skill-based wage plan, competency-based wage plan.

Variable compensation programs are designed to reward employees in accordance with their performance and not in accordance with their hierarchical position in the organization. They motivate individuals and groups to perform better and also enhance employee involvement in organizational management. The scarcity of executive talent for the running of successful businesses in this highly competitive era, has led to enormous pay packages for executives. An effective and efficient executive compensation plan should take into consideration various factors like the organizational objectives and stakeholder expectations. Wage differentials can be defined as the difference in wages paid for same or similar work because of various reasons like differences in work schedules, hazards involved, cost of living, or other factors. The wage differentials across the country have given rise to the need for a national wage policy.

Though this is desirable, the differences in the paying capacities of states and industries and the local issues are a hindrance to its practical application. In India, the wage and salary administration is based on different theories like the minimum wage theory and the bargaining theory of wages. Different surveys like the working class family income and expenditure survey and the occupational wage survey further determine the wage fixation from time to time.

There are two types of rewards, extrinsic rewards and intrinsic rewards. Extrinsic rewards are tangible and within the control of the organization. Intrinsic rewards are intangible in nature and depend on the individual's perception. Rewards can also be classified into monetary and non-monetary rewards. Incentives are the rewards given to an employee, over and above his salary, in recognition of his performance.

They can be termed as performance based rewards. Benefits are the rewards an employee receives as a result of his employment with the organization and his position in the organization. They are also called the membership-based rewards. Incentives can be monetary as well as non-monetary. Incentive plans are both long-term and short-term. Short-term incentive plans like the Halsey plan and the Rowan plan reward the employee immediately for his performance over a short period, normally a day.

Long-term incentive plans like profit-sharing plan and employee stock plans reward the employee for his performance over a continued period of time, either one year or his entire tenure with the organization. Incentive plans, to be effective, have to be perceived as fair and transparent by the employees and should not affect the company bottom line. The basic purpose of an employee benefit program is to retain and motivate employees and improve their organizational commitment

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More and more organizations are designing and implementing innovative benefit schemes to attract and retain talent. The diversity in workforce gives rise to a need for different benefit schemes to match individual needs. Therefore, contemporary benefit programs try to provide flexibility to employees in designing their own customized programs, from a basket of benefit schemes. This is called the cafeteria-style benefit plan. The compensation program of any organization, including the salary, the incentives and the benefits should contribute positively to both the employee and the employer.

### 4.11.2 Competency Based Pay

The design of most compensation programs reward employees for carrying out their tasks, duties and responsibilities. The job requirements determine which employees have higher base rates. Employees receive more for doing jobs that require a greater variety of tasks, more knowledge and skills, greater physical effort, or more demanding working conditions.

However, some organizations are emphasizing competencies rather than tasks. A number of organizations are paying employees for the competencies they demonstrate rather than just of the specific task performed. Paying for competencies rewards employees to exhibit more versatility and continue to develop their competencies. In knowledge based pay (KBP) or skill based pay (SBP) systems, employees start at a base level of pay and receive increases as they learn to do other jobs or gain other skills and therefore become more valuable to the employer. For example, a power loom operates single color, two-color, four color, six color and multicolor weaves. The more colors, the more skill is required of the power loom operator. Under a KBP or SBP system, the operator increases his or her pay as they learn to operate the more complex processes like four color, six color and multi color weaves, even though sometimes they may be running only two color weaves.

The success of the competency based pay plans depends on the managerial commitment to a philosophy different from the traditional one in organizations. This approach places far more emphasis on training employees and supervisors. Also, workflow must be adapted to allow workers to move from job to job as needed.

When an organization moves to a competency-based system, considerable time must be spent identifying the required competencies for various jobs. Then each block of competencies must be priced using market data. Progression of employees must be possible, and they must be paid appropriately for all their competencies. Any limitations on the number of people who can acquire more competencies should be identified. Training in the appropriate competencies is particularly critical. Also, a competency based system needs to acknowledge or certify employees as they acquire certain competencies, and then to verify the maintenance of those competencies. Hence this type of pay system requires significant investment of management time and commitment.



Because competency plans focus on the growth and development of employee competencies, employees who continue to develop their competencies also benefit by receiving pay raises. With more organizations receiving the value of competency based system, their usage has doubled in the last five years in the United States – more than 20% of organizations use this system now. Both the employee and organization can benefit from a properly designed and implemented competency based system.

#### **4.11.2.1 Outcomes of Competency Based Pay System**

The benefits of the competency based pay system can be analyzed under two categories (i) Organization related outcomes and (ii) Employee related outcomes, which are discussed below.

##### **Organization Related Outcomes**

1. Greater work flexibility
2. Increased work effectiveness
3. Fewer bottlenecks of work flow
4. Increased worker output per hour
5. More career enhancement opportunities
6. Increased internal supply of work force
7. Undisturbed work flow
8. Enhanced organizational learning

##### **Employee Related Outcomes**

1. Enhanced employee understanding of the organizational “big picture”
2. Greater employee self management capabilities
3. Greater employee commitment
4. Greater employee self enhancement
5. Improved employee satisfaction
6. Increased employee motivation
7. Increased employee participation in training activities
8. Increased individual learning
9. Better and equipped work force
10. Employee can withstand change in a better way
11. With increased skill sets, employee feels confident.

#### **4.11.3 Equity Based Pay**

People want to be treated fairly at work, which is referred as equity in management. Equity is defined as the perceived fairness of what of the person does compared with what the person receives with respect to the other person. Inputs are what the person brings to the organization, including educational levels, age, experience, productivity, and other skills or efforts. The items received by a person or the outcomes, are the rewards obtained in exchange for inputs. Outcomes include pay, benefits, recognition, achievement, prestige, and any other rewards received. The outcome can be either tangible or intangible.



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The individual's view of fair value is critical to the relationship between performance and job satisfaction because one's sense of equity is an exchange and comparison process. For example, a software analyst who exchanges his or her talents and efforts (inputs) for the tangible and intangible rewards (outputs) the employer provides. To determine perceived equity, the individual subconsciously compare talents, skills, and efforts to those of other IT specialists both internally and other firms. That perception- correct or incorrect – significantly affects that person's valuation of the inputs and outcomes of himself as well as of others.

Individuals judge equity in compensation by comparing the effort and performance they give to the effort and performance of others and the subsequent reward received. These comparisons are personal and based on an individual perceptions, not just facts. However, a sense of inequity occurs when the comparison process results in an imbalance between input and outcomes.

### *4.11.3.1 Stacy Adam's theory on equity*

The essence of Equity Theory (J. S. Adams) helps us to understand how people perceive pay fairness. Adams suggests that each of us compares our "inputs" (e.g. work) and our "outcomes" (e.g. pay). If we deem this comparison "unfair," Adams states that we may alter our inputs in relation to how we perceive our outcomes.

He also suggests that we alter our inputs based upon how we perceive the relative inputs and outputs of so-called "relevant others" (e.g. co-workers). Therefore, we may work harder (i.e. input) to increase our rewards (i.e. output), or we may withhold our services (i.e. input) because we believe our pay is much too low, as compared to others' pay levels. Recent research into Equity Theory even identifies people called "benevolents" who feel discomfort if anyone is making more money than they are (truly a distinct minority!).

### *4.11.3.2 Procedural and Distributive Justice in compensation*

Internally, equity means that employees receive compensation in relation to the knowledge, skills, and abilities (KSAs) they use in their jobs as well as their responsibilities and accomplishments.

Procedural justice is the perceived fairness of the process and procedures used to make decisions about employees, including their pay. Employees view procedural fairness in terms of the policies, procedures, and actions of supervisors and managers who implement the policies and procedures. As it applies to compensation, the process of determining base pay for jobs, allocating pay increases and measuring performance all must be perceived as fair.

Another related issue that must be considered is distributive justice, which refers to the perceived fairness in the distribution of outcomes. This facet of equity examines how

pay relates to performance. As one example, if a hard-working employee whose performance is outstanding receives the same across-the-board raise as an employee with attendance problems and mediocre performance, then inequity may be perceived. Likewise, if two employees have similar performance records, but one receives a significantly greater pay raise, the other may perceive an inequity due to supervisory favoritism or other factors not related to the job.

To address concerns about both types of justice, some organizations establish compensation appeals procedures. Many types of public-sector organizations formally identify appeals procedures that take more informal forms in private-sector firms. Typically, employees are encouraged to contact the HR department after discussing their concerns with their immediate supervisors and managers.

#### **4.11.3.3 Pay Openness**

Another equity issue concerns the degree of openness or secrecy that organizations allow regarding their pay systems. Pay information kept secret in closed-systems includes how much others make, what raises others have received and even what pay grades and ranges exist in the organization.

A growing number of organizations are opening up their pay systems to some degree by informing employees of compensation policies, providing a general description of the compensation system, and indicating where an individual's pay is within a pay grade. Such information allows employees to make more accurate equity comparisons. The crucial element in an open pay system is that managers be able to explain satisfactorily the pay differences that exist.

#### **4.11.3.4 External Equity**

If an employer does not provide compensation that employees view as equitable in relation to the compensation provided to employees performing similar jobs in other organizations, that organization is likely to experience higher turnover. Other drawbacks include greater difficulty in recruiting qualified and high-demand individuals. Also, by not being competitive the employers are more likely to attract and retain individuals with less knowledge, skills, and abilities, resulting in lower overall organizational performance. Organizations track external equity by using pay surveys.

#### **Have you understood?**

1. What is equity?
2. What is pay openness?
3. What is external equity?
4. Explain procedural and distributive compensation in compensation.
5. What is competency based pay.

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6. Discuss the outcomes of competency based pay system.
7. Can competency based pay follow equity principle?

### Summary

Career is the pattern of work related experiences that span the course of a person's life.

Certain attitudes formed earlier in life anchor an individual to one or related types of careers.

Career planning is the process by which one selects career goals and the path to these goals. Organizations should assist the employees to achieve a match between personal goals and the opportunities in the organization.

Career development looks at the long-term career effectiveness of employees. The individual, supervisor, manager and the HR manager plays role in career development process of an individual.

Traditional the career development models were based on a person's chronological age, but the contemporary models were based on many other factors like the re-invention of careers by the individuals, multiple career choices.

Organizations use a variety of tools and techniques to manage employees careers like self-assessment tools, workshops, potential assessment reports, job posting exchanges, job rotation, mentoring etc.

The stagnation period in the career is called the career plateau. Organizations can help the employees to manage the career plateau, as well as the employee can devise personal plans to manage plateau.

Competencies comprise the knowledge, skills, values and attributes demonstrated through behavior that results in competent and superior performance.

Competency Mapping is a process of identifying the key competencies for an organization and/or a job and incorporating those competencies throughout the various processes of the organization.

Competency modeling and mapping has assumed greater significance in order to optimize not only the HR but also to provide meaningful job understanding to its incumbents.

Competency plans focus on the growth and development of employee competencies, employees who continue to develop their competencies also benefit by receiving pay raises.

Equity is defined as the perceived fairness of what of the person does compared with what the person receives with respect to the other person.

**Case****NOTES**

One breezy evening, sitting relax in the bean bag, Sham started looking back at his work life. Graduated in Engineering from one of the leading universities of India, post graduated in engineering from one of the top rated universities in US, he could enter in to an R&D organization as soon as he finished his studies. After entering the organization at an early age of 24, there his look back in his growth.

Entered in to the organization as a business analyst, and now at the age of 49, grown as one of the regional heads of the company, all he tasted is success. He has only one step to reach the top most level of the organization for which there are ten to twelve persons competing. As an Asian he hardly has a chance to win. As far as the personal life is concerned, got marries to Reenu who is also an engineering graduate but gave up her job to look after their two children. As his job made them to travel around the world often, she could not join any organization. She is the backbone of their family and he attributes her success to his wife.

He is successful both at work and at home. But still he is not happy. He feels that he has missed something in his life. All the growth in the organization is not tasty now. Now when he rewinds his days, he feels that he has missed many things in like. The most important thing is his passion for music while he was in his college.

He had many fans for his music. His voice mesmerized many. After joining the US University for the Masters Degree, he totally came out of music. Till date he could not touch his piano and sing. The thought of music has started disturbing him for the past two months. Now in this breezy evening, he has taken the decision, “Quit job , Start Sing”.

Read the above case and answer the following questions

1. Do you think that the organization has some responsibility for Sham’s decision?
2. If an efficient manager like Sham has to be retained in the organization, what role does the organization have to play in one’s life?
3. Do career plateau play any role in Sham’s life?
4. Is Sham’s decision a right one?

**Questions for discussion**

1. Compare and contrast the competency and equity based pays.
2. Discuss whether you prefer organization-centered or individual-centered career planning.

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3. Protean careers and career concepts model offers ideas that are intended to reconcile the idea of career development with the changes going on in the environment and in organizations. In your view, how do these ideas contribute to our understanding of career development? How well do they fit with your views of career development? Based on these ideas, identify and describe two actions you could take to increase the chances you will have the kinds of work experiences and lifestyle that you would like.
4. Using your knowledge of the stages of life and career development to adult development, explain how the career issues of a twenty seven year old differ from those of a forty five year old. What are the organizational implications of the issue you identified?
5. Discuss the career development model your organization follows with its advantages and disadvantages. Suggest some ideas to improve the existing system.
6. “An individual is the master of his career. It is his responsibility to develop himself” – Comment.
7. Do the HR managers of your organization play an effective role in career planning of the employees? If not, what can be the reasons?
8. Do you think that competency based job analysis is a difficult task?
9. List some commonly identified competencies among various jobs.
10. Develop a sample list of competencies needed by a HR manager.

## UNIT V

## NOTES

### EMPLOYEE COACHING & COUNSELING

#### 5.1 INTRODUCTION

Today, HR practitioners are busy developing new and innovative tools to attract and retain quality workforce. One such tool that soon is likely to gain popularity in the corporate world is employee counseling and employee coaching. The first step in any effort to improve employee performance is counseling or coaching. Work coaching is part of the day-to-day interaction between a supervisor and an individual who works in his or her work area, or a Human Resources professional and line organization staff members. Coaching frequently involved turning a work problem into a learning opportunity. Coaching is not about issuing instruction, telling someone what to do. It is about helping, guiding, encouraging, and allowing space to perform and to do things differently. Employee counseling is a service offered by companies to their employees. Organizations that care for their employees are perceived as more meaningful and purposeful. Every organization has economic and social goals. A firm may gain competitive advantages from employee counseling activities especially if its reputation and image is valuable, rare and not easily imitated. Employee counseling therefore is a very powerful tool in the hands of companies in attracting and retaining quality workforce. No successful organization will ever be free from stress among its employees. Organization should be able to deal with stress on individuals at all levels. Here the role of counseling comes in, where people can talk and attempt to solve their personal and work related worries. Need for employee counseling arises due to various causes in addition to stress. These causes include: to deal effectively with one's own emotions, interpersonal problems and lack of team spirit at workplace, inability to meet job demands, over work-load, confrontation with authority, responsibility and accountability, conflicts with superiors, subordinates and management and various family problems, health problems, career problems, etc. Counseling is a process of helping an individual to help himself.

#### Learning Objectives

1. To understand what is coaching and its need in the organization
2. To analyze how coaching can be done effectively in an organization and the role of HR managers in it.
3. Explain how coaching can be used to maintain and encourage superior performance
4. Understand the employee counseling and how an effective counseling program can be designed and implemented



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5. Understand the stress among employees and how to help employees to manage stress
6. Analyze the concept of 'Emotional Intelligence'

### 5.2 COACHING

The term coaching can be viewed from micro as well as macro perspectives. In the micro perspective coaching is viewed as a performance improvement technique. Fournier defines coaching as a face to face discussion between a manager and a subordinate to get the subordinate to stop performing an undesirable behavior and begin performing desirable behaviors. Similarly Kinlaw defines coaching as a mutual conversation between a manager and an employee that follows a predictable process and leads to superior performance, commitment to sustained improvement, and positive relationships.

Coaching is a process used to encourage employees to accept responsibility for their own performance, to enable them to achieve and sustain superior performance, and to treat them as partners in working towards organizational goals and effectiveness. Coaching is a process that enables learning and development to occur and thus performance to improve. To be a successful a Coach requires a knowledge and understanding of process as well as the variety of styles, skills and techniques that are appropriate to the context in which the coaching takes place.

Coaching is the key to unlocking the potential of the people in an organization. It is based on the concept that individuals learn most from the everyday application of skills and by trying things out in practice. The coaching is all about helping others to identify and define their specific goals, and then organize themselves to attain these goals. Coaching deals with building an individual's personal skills like setting the goals, decision making and problem solving. Coaches draw upon a client's inner knowledge, resources and creativity to help him or her to be more effective.

#### 5.2.1 Coaching and Mentoring

Mentoring is off-line help by one person to another in making significant transitions in knowledge, work or thinking.

There are many similarities between coaching and mentoring! Mentoring, particularly in its traditional sense, enables an individual to follow in the path of an older and wiser colleague who can pass on knowledge, experience and open doors to otherwise out-of-reach opportunities. Coaching on the other hand is not generally performed on the basis that the coach has direct experience of their client's formal occupational role unless the coaching is specific and skills focused.

At one time coaching and mentoring were reserved for senior managers and company directors, now it is available to all as a professional or personal development tool. Coaching

and mentoring are also closely linked with organizational change initiatives in order to help staff to accept and adapt to changes in a manner consistent with their personal values and goals.

Coaching & mentoring, both focus on the individual, can enhance morale, motivation and productivity and reduce staff turnover as individuals feel valued and connected with both small and large organizational changes. This role may be provided by internal coaches or mentors and, increasingly, by professional coaching agencies.

Coaching and mentoring programs generally prove to be popular amongst employees as coaching achieves a balance between fulfilling organizational goals and objectives whilst taking into account the personal development needs of individual employees. It is a two-way relationship with both the organization and the employee gaining significant benefits.

The roles of mentor and coach differ in several ways. The mentor acts as a counselor, providing advice on career paths, development opportunities, and an overview of what it takes to become a leader in the company. Typically, the mentor is a senior manager, at least two levels above you in the organization. The mentor must have broader experience in the company and the ability to place the mentee / protégée into assignments that will help with the mentee's development. A critical element in the mentoring relationship is a mutual respect between the mentor and the mentee.

The coach is more of a tutor, observing the work and actions, providing comments on execution, and teaching skills which may be lacking. Coaches can come from many sources. A coach can be a colleague, a manager, or an employee, and doesn't have to come from the same function or division in which one work. For example, a coach may come from the company's personnel or training function. Some senior executive hire an outside consultant to act as their coach. It is critical in the coaching relationship for the coach to have opportunities to observe the work and for the employee to respect the coach and be open to feedback. Both mentoring and coaching must be viewed as long-term relationships — a commitment of two years should be obtained before the relationship is established. These two roles, whether performed by one person or two, are an essential ingredient in one's career development. No matter how much education and training one receives, and no matter how excellent that instruction may be, the incorporation of new skills and knowledge into the work takes time, practice, and feedback. The mentor provides guidance and opportunities for practice. The coach observes and critiques the performance and provides the employee with an outside perspective on the employee's skills. However excellent that instruction may be, the incorporation of new skills and knowledge into the work takes time, practice, and feedback. The mentor provides guidance and opportunities for practice. The coach observes and critiques the performance and provides the employee with an outside perspective on his or her skills.

# NOTES

## 5.2.2 Characteristics of Coaching

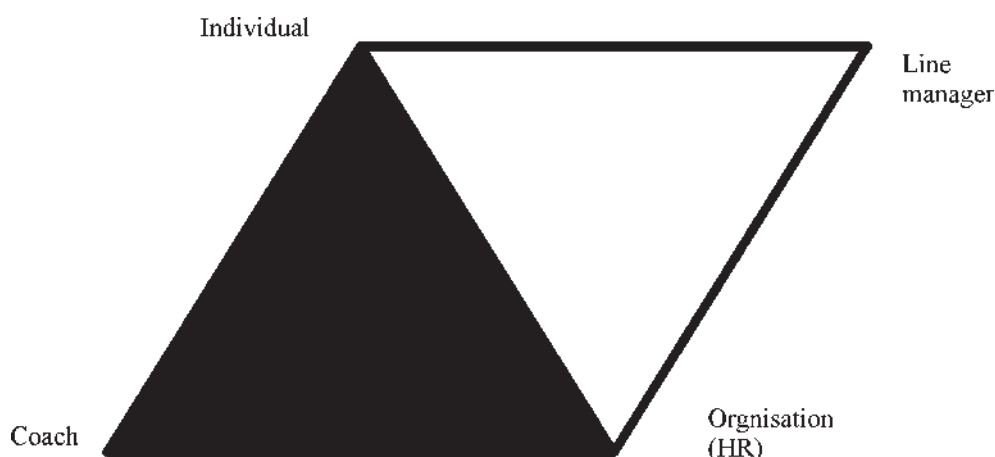
- It is essentially a non-directive form of development.
- It focuses on improving performance and developing individuals' skills.
- Personal issues may be discussed but the emphasis is on performance at work.
- Coaching activities have both organizational and individual goals.
- It assumes that the individual is psychologically well and does not require a clinical intervention.
- It provides people with feedback on both their strengths and their weaknesses.
- It is a skilled activity which should be delivered by trained people.
- People focus.

## 5.2.3 Need for coaching

1. To facilitate performance
2. To manage multicultural differences
3. To take care of employee problems
4. To improve employee skills
5. To motivate employees
6. To help employee cope with changes

## 5.2.4 Stakeholders in coaching

The primary relationship in any coaching activity is between the coach and the individual, but this is not the only important relationship. Other key stakeholders include the person representing the organization's interests – most frequently an HR practitioner and the individual's manager. Both of these parties are interested in improving the individual's performance and therefore their contribution to the organization. The figure 5.1 below explains how this works in an organizational context.



**Figure 5.1 The four-cornered contract**

In situations where the manager is the coach, the other stakeholders are depicted by the central triangle of relationships. It is very important to establish guidelines on confidentiality

and information flow early on to develop trust between the individual and coach, and the other multiple stakeholders.

### **Role of supervisor and manager in coaching**

Coaching can make the difference between employees reaching their potential as high performers and remaining stagnant. Research shows that the key to retaining employees and keeping them motivated is their relationship with their direct manager. What people want most from their managers is the same thing that kids want most from their parents: someone who sets clear and consistent expectations, cares for them, values their unique qualities, and encourages and supports their growth and development. Put another way, the greatest sources of retention and performance in the workplace today are internal and emotional. Too often, managers coach for the behaviors they want from their employees.

An employee's direct supervisor or manager bears the primary responsibility for coaching. While other managers in the organization serve as mentors, teach a new skill, or help overcome a specific problem, coaching most often occurs within the context of an ongoing relationship between employee and supervisor. It is the supervisor's responsibility to ensure that his or her unit meets its goals, and that means ensuring that employees perform their tasks effectively. The supervisor delegates assignments, establishes standards, and monitors performance, and is therefore uniquely equipped with sufficient information, opportunity, and authority to carry out coaching effectively. Someone outside the work unit does not perform these tasks lacks sufficient information, opportunity, and authority to carry out coaching effectively. Kinlaw has suggested that in high performing teams, team members will also act as coaches. However, while team members may have the information and opportunity to function as coaches, in many cases they lack the clear authority to do so. One of the challenges of using self-managed teams is to define the role for the manager or supervisor to whom the team reports, as well as the roles for team members. Often, one of the primary roles of managers and supervisors in team-based organization is that of coach.

### **Role of HR Manager in coaching**

The HR department has a central role to play in designing and managing coaching within an organization. The quality of coaching and the results it delivers depend on choosing appropriate coaches (line managers, internal or external coaches), managing relationships and evaluating success. HR practitioners need to understand when coaching is an appropriate and effective intervention in relation to other learning and development options. They need to be clear about what the different types of coaching and diagnostic tools/models are, and when each is appropriate. They need to understand how to select appropriately qualified coaches and then match them to both the organizational culture and to the needs of particular individuals. Finally, HR practitioners hold the responsibility for setting up contractual

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arrangements, as well as developing mechanisms to evaluate the effectiveness of the coaching activities. Hr managers can help other functional managers and supervisors to become effective coaches by providing training in the coaching process and ensuring that the coaches have the interpersonal skills needed to be effective. In addition, problems uncovered by the coaching analysis can be solved by using the HRD programs such as training. HRD professionals can also help management create a climate that encourages coaching through the use of organizational development (OD) techniques.

Resolving performance may require the use of HRM or other management activities beyond human resource development. For example, a performance problem may be caused by an inadequate reward system, and thus should be resolved by revising the compensation and reward system. Similarly, if a manager discovers the same skill deficiency in all employees, the recruiting or selection system may need a change, rather relying on training to ensure that new employees can perform the job. And, if the information or production system contributes to or causes the problems, such as poorly maintained or outdated equipment or erroneous reports, correcting these systems can ultimately lead to improved performance.

It is important that HR managers should understand the coaching process and the skills necessary to conduct it well. While they may not have to conduct coaching themselves, they can help managers and supervisors prepare for this challenging and rewarding responsibility. And finally, coaching is an HRD intervention.

### 5.2.5 Benefits of Coaching

“Coaching brings more humanity into the workplace,” says Myles Downey. Effective coaching in the workplace delivers achievement, fulfillment and joy from which both the individual and organization benefit:

- 1. Achievement** means “the delivery extraordinary results, organizational and individual goals achieved, strategies, project and plans executed. It suggests effectiveness, creativity, and innovation. Effective coaching delivers achievement, which is sustainable. Because of the emphasis on learning and because the confidence of the player (the employee) is enhanced (‘I worked it out for myself!’) the increase in performance is typically sustained for a longer period and will impact on areas that were not directly the subject of coaching.
- 2. Fulfillment** includes learning and development. To achieve the business result is one thing, to achieve it in a way in which a player learns and develops as part of the process has a greater value - to the player, the coach (the line-manager) and the organization, for it is the capacity to learn that ensures an organization’s survival. Fulfillment also includes the notion that individuals through coaching begin to identify goals that are intrinsically rewarding. With fulfillment comes an increase in motivation. That the coach respects the player his ideas and opinions, that the player is doing his work in his own way, that he is pursuing his own goals and is responsible - all this makes for a player who is inspired and committed.



In this way more of the energy, intelligence and imagination of each individual is brought to the service of the organization.

**3. Joy-** Enjoyment ensues when people are achieving their meaningful stretch goals and when learning and developing is part of the process.

These three components – achievement, fulfillment, and joy – are synergistically interlinked and the absence of any one will impact and erode the others. Learning without achievement quickly exhausts one’s energy. Achievement without learning soon becomes boring. The absence of joy and fun erodes the human spirit.

### Two-Way Benefits of Coaching

Coaching is a long-term strategy, but the benefits of managerial coaching are two-way:

- 1. For employees:** improved performance, greater enthusiasm, and greater job satisfaction.
- 2. For managers:** improved communication, motivation, delegation, employee empowerment, planning, and monitoring skills

### Have you understood?

1. What is coaching?
2. Compare and contrast coaching and mentoring.
3. What are the general characteristics of coaching?
4. What are the benefits of coaching?
5. What is the need of coaching in an organization?
6. What is the role of supervisors in employee coaching?
7. What is the role of HR managers in employee coaching?
8. Whom do you think play a vital role in employee coaching, supervisor or HR manager?
9. Who are the stakeholders in employee coaching?
10. What are the benefits in coaching?

### 5.3 COACHING AND PERFORMANCE

Achieving excellence through coaching to get the desired performance is accomplished in two major ways. The first way is taking a proactive stance by unearthing or preventing counter-productive methods. For example, you might implement diversity and sexual harassment training programs **before** they become a problem within the organization.

The second way is to correct performance problems that arise within the organization. This is accomplished by first, identifying the **root cause** and secondly, implementing a coaching (plan of action) to correct the problem. Although people are the most important asset, sometimes it seems as if they are the biggest headache.



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There are four major causes of performance problems:

1. **Knowledge or Skills** - The employee does not know how to perform the process correctly - lack of skills, knowledge, or abilities.
2. **Process** - The problem is not employee related, but is caused by working conditions, bad processes, etc.
3. **Resources** - Lack of resources or technology.
4. **Motivation or Culture** - The employee knows how to perform, but does so incorrectly.

### *Lacks the Skills, Knowledge, or Abilities to Perform*

This problem generally arises when there is a new hire, new or revised process, change in standards, new equipment, new policies, promotion or transfer, or a new product. In this case, there is only one solution...training. The training may be formal classes, on-the-job, self-study, coaching, etc. To determine if training is needed, we only need to ask one question, "Does the employee know how to perform the task?" If the answer is yes, then training is not needed. If the answer is no, then training is required. This is where good coaching skills come in.

### *Process or Environmental Problems (Not Related to Employees)*

Many performance problems are due to bad process, that is, the process does not support the desired behavior. It has often been said that people account for 20% of all problems while bad processes account for the rest.

### *Resources*

Just because the problem is caused by a lack of resources or technology, does not mean expenditures are needed. In this case one might be able to get with the team to brainstorm new processes or procedures that will eliminate the need for new resources

### *Motivation*

Often the employee knows how to perform the desired behavior correctly, the process is good, and all resources are available, but for one reason or another, choose not to do so. It now becomes a motivational issue. Motivation is the combination of a person's desire and energy directed at achieving a goal. It is the cause of action. Motivation can be intrinsic - satisfaction, feelings of achievement; or extrinsic - rewards, punishment, or goal obtainment. Not all people are motivated by the same thing, and over time their motivation changes.

Although many jobs have problems that are inherent to the position, it is the problems that are inherent to the person that cause us to lose focus from our main task of getting results. These motivational problems could arrive from family pressures, personality conflicts, a lack of understanding how the behavior affects other people or process, etc.

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## 5.3.1 Coaching to Improve Poor Performance

There are many reasons for poor performance. It is a manager’s job to confront and deal with poor performance and to create conditions that minimize the chances that it will occur again. Coaching is one way to deal this. Three issues related to this are

1. Definition of poor performance
2. Coaching Analysis
3. Coaching discussion to improve performance

### Definition of poor performance

Defining what poor performance is is not an easy task. Yet, how far a behavior deviates from the expected behavior can be termed as poor performance. Supervisors and managers may interpret the performance differently because of the different standards they apply. Hence defining a standard becomes necessary. The standard can be absolute and relative. The choice of the standard should be guided by the organization’s goals and methods used to achieve those goals. Apart from task related deviations, work place deviations also come under the purview of poor performance. The deviation can be

1. Production deviance like leaving the work place early, intentionally working slowly
2. Property deviance like sabotaging equipment, lying about hours worked
3. Political deviance like showing favoritism, gossiping, spreading rumors which harm the organization
4. Personal Aggression like sexual harassment, verbal abuse

### Coaching Analysis

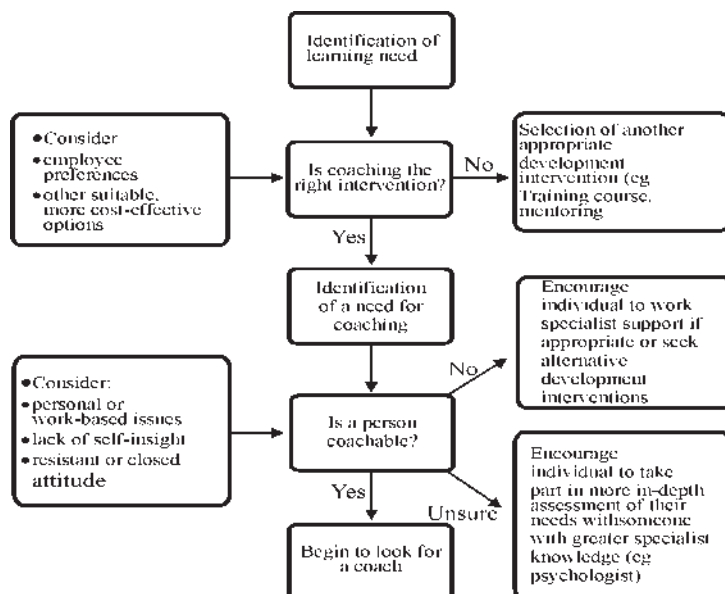


Figure 5.2 Coaching Analysis

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The coaching analysis process to improve performance is shown in figure 5.2

Coaching analysis is the process of finding the factors that contributed to the poor performance. The process starts with the identification of unsatisfactory employee performance and the need for learning. This step requires a careful observation and record of data about the poor performance. 360 degree appraisal can be used to get details from subordinates, peer groups, customers and suppliers. Depending on the identified problem the supervisor, functional head and the HR manager can come to the conclusion whether for the problem identified, coaching is the right tool to be used or not. Time and effort spent should be worth and help the employee to correct the poor performance, hence it becomes mandatory to make the employee realize that some problems exist with his performance and he/she knows clearly the expectations of the organization. These steps help in finding out the need for coaching and to determine whether the person is coachable or not. After this, the organization starts looking for coach either within the organization or outside the organization depends on the problem, its severity and the reasons for the problem.

### Coaching Discussion

Kinlaw suggests a three-stage approach to the coaching discussion which is as follows

#### 1. Confronting or Presenting

The employee is presented with the problem in this stage. The goal of this stage is to make the employee feel that the coaching is done for improving his performance and not to find fault with him.

#### 2. Using reactions to develop information

As soon as the employee is confronted, the employee may resist the idea with his own explanations and arguments. From this arguments and explanations, information for coaching is developed.

#### 3. Resolving or Resolution

The final stage is resolving, where the employee realizes the problem and agrees upon the steps needed to solve it. The employee as well as the coach comes to an understanding and start working towards solutions.

Another approach for coaching discussion is Fournies' approach which is widely used.

Fournies' Approach encompasses the below five steps

This is a five step process which is given below.

1. Get the employee's agreement that a problem exists
2. Mutually discuss alternate solutions to the problem
3. Mutually agree on actions to be taken to solve the problem
4. Follow-up to measure results
5. Recognize any achievement when it occurs

**Have you understood?**

1. Is performance and coaching related?
2. What are the reasons for poor performance?
3. “Coaching is the best step towards excellence” – Comment
4. How can coaching be used to correct poor performance?
5. What are the main issues in coaching?
6. Explain various approaches used in coaching discussion.

**5.4 SKILLS FOR EFFECTIVE COACHING****1. Listening**

Once the problem is figured out, the employee and the coach can work together to come up with some work-grounds to change “can’t” into CAN. As long as the coach is focusing on supplying the solution, the coach is missing all of the employee’s specific clues about the reason for poor performance and hence to give an effective coaching the most important skill needed is listening.

**2. Rephrasing**

Rephrasing is a technique where the coach will try to establish a rapport with the client and make the client to correct his language.

Rephrasing is useful in many ways.

1. To make the client understand that you really listen to him
2. To make the client understand that you care for the problem
3. If there are any clarifications, it can be sought by this way.
4. To make the client to talk in a positive note
5. To help the client focus their thinking in a way that allows them to discover that they most certainly CAN “think straight” with the right skills and focus.

**Example**

CLIENT: “Today I am crazy! Nothing is going right and I can’t even think straight.”

COACH: “So today is a day you feel crazy and lots of things are going wrong. You’re even starting to question your thinking skills. Let’s see if we can figure out the pieces that have made up this state of mind. When you woke up, were you crazy? When was the first thing that started going wrong?”

**3. Articulating**

Another related skill needed by the coach is articulating. To clear the fuzziness of the client and make them to see a clear picture of the problem, this skill is needed. When the coach can hear the “macro” focus of the communication and ask specific questions that re-focus the client away from the “micro” focus that is keeping them running around in circles, the client has the clarity to proceed powerfully.

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**Example:** “So what is the most important part of the story you are trying to tell me — the part you’d really want me to know if the phone lines went dead forever in just a minute? Oh, I see, you’d want me to know that even though a lot of things seem to be competing for your attention, you’ve used the skills you’ve practiced and have stayed pretty much on track all day. Congratulations!”

### 4. Reframing

This skill is needed by the coach where he reframes the statements the client utters as well as helps the client to reframe their statements. Helping a client to reframe gives them a chance to rethink some of the black-and-white decisions they’ve made about themselves — to help them discover that they are not “Lazy, Stupid or Crazy”, but merely stuck, unsure how to proceed, or boggled. This new understanding of themselves and their behaviors gives them the space to come up with a way to transition to a better place.

### 5. Endorsing

It is important to tell the client what is good about them as many times as possible. Most employees who need are coaching suffer from low self-esteem issues and the coach can make a real difference in their self-perception by reminding them what they do well — or by pointing out that some of the skills that they take for granted are actually rare and valuable.

#### Example

“You are unusually empathic.”

“I love the energy with which you approach life.”

“With all the running around in circles that you did today, you actually accomplished more than most people do in a weekend! Just imagine how much you will be able to do as you become more focused in the way you use that energy.”

These comments become life rafts amid the sea of comments they hear daily — “Why can’t you ever be on time?”, “Why don’t you return phone calls?” “How many times do I have to remind you to . . .?”

### 6. Clarifying

The well-trained, well-informed coach can make a huge difference by helping the client to get specific about what they are thinking and feeling and to identify the work related issues, personal issues and choice-based issues. If the employee can differentiate all these issues, it is easy to get solutions for the performance problems.

**7. Contextualizing**

Putting the frame around the problem, pointing out the reasons from the client's angle and explaining the real reasons for the problem, conditioning the reasons and adding perspectives are the skills that are associated with contextualizing.

**8. Interpreting**

Interpreting the comments help the employee to come out with the clear picture of the problem. The tone of the speech, words, the order of words can be interpreted. When the client struggles with a word to express his thoughts the coach can help in interpreting his ideas with some words. By interpreting, the coach could see the beyond the client's paradigms and the coach filters the statements of the client.

**9. To draw people out**

This can be achieved in many ways like by asking "I think you have something to share". Sometimes a silence for 20 – 30 seconds by the coach also helps the client to come out with the problem.

**10. Confidential**

The coach should be confidential and trustworthy. As the clients speaks out of his problem, he speaks on the expectation that all information will be kept confidential. At any point of time, the personal information especially his weaknesses should never be spoken out.

**11. Conflict handling**

This skill is related to objection handling. The coach should be in a position to handle objections effectively. The coach should reflect on the objection for a moment to ensure that he has understood the objection.

**12. Tolerance**

Sometimes the coaching discussion will turn direction and lead to conflict. During those moments a coach should tolerate the client and breathe relax.

**13. Loving**

Many of the clients have made the unconscious decision that their behavior makes them innately unlovable. The coaches need to find the lovable portions of every client and coach from that place only. For some of the clients, the absolute feeling of being loved and lovable will be the key to the kind of turnaround that one could see in the lives of many employees all the time.

**14. Advising**

Sometimes the coach finds themselves actually giving advice to their clients to help them focus. Not every time advice is given. The client is made to come out with suggestions and he is made to pick up the right solution. Only in certain cases advising is used.

**Other roles of a coach**

A performance coach is also a:

**Leader** - who sets the example and becomes a role model.

**Facilitator** - is able to instruct a wide verity of material

**Team Builder** - pulls people into a unified team.

**Peace Keeper** - acts as a mediator.



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**Pot Stirrer** - brings controversy out in the open.

**Devil's Advocate** - raises issues for better understanding.

**Cheerleader** - praises people for doing great.

**Counselor** - provides intimate feedback.

## Have you understood?

1. What are the essential skills needed by a coach?
2. What are the other roles played by a coach?
3. With an example explain rephrasing.
4. With an example explain articulating
5. With an example explain endorsing.

## 5.5 COACHING EFFECTIVENESS

### 5.5.1 How to improve effectiveness

The effectiveness of coaching can be improved by the following ways:

1. Science based coaching via extensive research studies
2. Blended learning approach providing an opportunity for participants to practice over time
3. Experiential exercises through increased self awareness
4. Facilitated group discussion in team coaching to solidify concepts
5. Web based 360 feedback of individual and team
6. Post program
7. Helping through e-learning and CD-Rom study

### 5.5.2 How to check Effectiveness

There are many ways to check the effectiveness of the coaching that is imparted to the employees for various reasons. Depending on the objective of the coaching process, the standards are set for checking the effectiveness of the coaching process.

#### 1. Depending on Strategy

Coaching might have been given to attract more business; improve customer service; provide structure, guidance and focus; help monitor and evaluate actions; guide individuals and streamline processes; promote initiative and accountability; encourage people to take responsibility; motivate people and improve skills, including the ability to communicate better; help retain staff; provide objective advice on business decisions; increase awareness of resources; broaden the scope of information, ideas and solutions; and show the organization is socially responsible towards its staff.

The effectiveness can be checked by the performance of the employee which can be collected through the appraisal process and by the work sheet of the employees. The change in the behavior, attitude, communication, creativity, decisions made can also be taken into account.

## 2. Depending on Interpersonal Skill

Improvements in creativity; co-ordination of career and personal life; ability to cope with and welcome change; improvement in concentration, confidence, relaxation and decision-making; removal of performance fears and anxieties; and eliminating unhealthy stress at work can also be measured.

## 3. Cost Effectiveness

The cost effectiveness achieved through business performance, individual performance, team performance can be used as a standard to measure effectiveness.

## 4. Creation of a pool of future coaches

It is reasonable to suggest that those who have been in coaching relationships are more likely to coach others. This has important implications for the organization, as investing in coaching programs is likely to create a pool of effective coaches for the future.

## 5. Retention of staff

Investing in training programs can impact on employee's feeling of self worth within the organization. Employees are more likely to remain in an organization which they feel has an interest in them and their developing career. Investment in, and modernization of, learning and development methods are essential to ensure that care is provided by competent, supported and skilled professionals.

### Have you understood?

1. How can the effectiveness of employee coaching process be checked?
2. What are the effective ways to improve coaching process?

## 5.6 COUNSELING

The latest trend catching up in the corporate HR across the world is 'Employee Counseling at Workplace'. In the world of ever increasing complexity and the stress in the lives, especially the workplaces of the employees, employee counseling has emerged as the latest HR tool to attract and retain its best employees and also to increase the quality of the workforce.

In today's fast-paced corporate world, there is virtually no organization free of stress or stress-free employees. The employees can be stressed, depressed, suffering from too much anxiety arising out of various workplace related issues like managing deadlines, meeting targets, lack of time to fulfill personal and family commitments, or bereaved and disturbed due to some personal problem etc. Organizations have realized the importance of having a stress-free yet motivated and capable workforce. Therefore, many companies have

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integrated the counseling services in their organizations and making it a part of their culture. Organizations are offering the service of employee counseling to its employees.

### 5.6.1 What is Employee Counseling?

Employee counseling can be explained as providing help and support to the employees to face and sail through the difficult times in life. At many points of time in life or career people come across some problems either in their work or personal life when it starts influencing and affecting their performance and, increasing the stress levels of the individual. Counseling is guiding, consoling, advising and sharing and helping to resolve their problems whenever the need arises.

Technically, Psychological Counseling, a form of counseling is used by the experts to analyze the work related performance and behavior of the employees to help them cope with it, resolve the conflicts and tribulations and re-enforce the desired results.

### 5.6.2 Ingredients of counseling

Counseling of staff is becoming an essential function of the managers. The organization can either take the help of experienced employees or expert, professional counselor to take up the counseling activities. Increasing complexities in the lives of the employees need to address various aspects like:

- **Performance counseling**

Ideally, the need for employee counseling arises when the employee shows signs of declining performance, being stressed in office-hours, bad decision-making etc. In such situations, counseling is one of the best ways to deal with them. It should cover all the aspects related to the employee performance like the targets, employee's responsibilities, problems faced, employee aspirations, inter-personal relationships at the workplace, etc.

- **Personal and Family Well-being**

Families and friends are an important and inseparable part of the employee's life. Many a times, employees carry the baggage of personal problems to their workplaces, which in turn affects their performance adversely. Therefore, the counselor needs to strike a comfort level with the employees and, counseling sessions involving their families can help to resolve their problems and getting them back to work- all fresh and enthusiastic.

- **Other Problems**

Other problems can range from work-life balance to health problems. Counseling helps to identify the problem and help him / her to deal with the situation in a better way.

### 5.6.3 Need for Counseling

Apart from their personal problems, there are various reasons which can create stress for the employees at the workplace like unrealistic targets or work-load, constant pressure to meet the deadlines, career problems, responsibility and accountability, conflicts or bad inter-personal relations with superiors and subordinates, problems in adjusting to the organizational culture. Counseling helps the employee to share and look at his problems from a new perspective, help himself and to face and deal with the problems in a better way. Counseling at workplace is a way of the organization to care about its employees.

### 5.6.4 Hurdles for counseling

The biggest bottleneck in employee counseling at the workplace is the lack of trust on the employee's part to believe in the organization or his superior to share and understand his problems. Also, the confidentiality that the counselor won't disclose his personal problems or issues to others in the organization, time, effort and resources required on the part of the organization are constraints.

### 5.6.5 Benefits of counseling

- Helping the individual to understand and help himself
- Understand the situations and look at them with a new perspective and positive outlook
- Helping in better decision making
- Alternate solutions to problems
- Coping with the situation and the stress

### 5.6.6 Basic requisites of employee counseling

1. Employee Counseling needs to be tackled carefully, both on the part of the organization and the counselor. The counseling can turn into a sensitive series of events for the employee and the organization; therefore, the counselor should be either a professional or an experienced, mature employee.
2. The most important requirement for effective counseling is that the individual to be given counsel should be interested in developing himself. Superiors usually hold the view that subordinates do not take sufficient interest in their growth and development. On the other hand, subordinate allege that they do not feel free to participate in the process of the review and feedback.
3. Counseling is not one-way process of communicating to the employee what he should or should not do. It is a process of continuous dialogue directed toward better understanding of the situation. This presupposes the existence of a general climate of openness, mutuality and trust.
4. In order to make counseling effective it is necessary that the counselor should have empathetic attitude towards his subordinates. To put it differently, counseling should not be considered as a burden or an unpleasant task and practiced halfheartedly or as a compulsion.

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5. Both the superior and the subordinate should whole –heartedly participate in the goal setting and reviewing of goals and performance. Without such collaboration counseling would be reckless.
6. The counselor should be flexible in his approach and a patient listener. He should have the warmth required to win the trust of the employee so that he can share his thoughts and problems with him without any inhibitions.
7. Active and effective listening is one of the most important aspects of the employee counseling.
8. Time should not be a constraint in the process.
9. The counselor should be able to identify the problem and offer concrete advice.
10. The counselor should be able to help the employee to boost the morale and spirit of the employee, create a positive outlook and help him take decisions to deal with the problem.

### 5.6.7 Steps in Counseling Process

1. Gather and verify performance information
2. Establish a safe, trusting environment
3. Clarify: Help the person put their concern into words
4. Verify whether the information gathered is true
5. Active listening: find out the client's agenda  
Paraphrase, summarize, reflect, interpret  
Focus on feelings, not events
6. Make the employee to transform problem statements into goal statements.
7. Make the employee to explore possible approaches to goal
8. Help person choose one way towards goal
9. Develop a plan (may involve several steps)
10. Make a contract to fulfill the plan (or to take the next step)
11. Summarize what has occurred, clarify, get verification
12. Evaluate progress
13. Give feedback
14. Reinforce the employee actions

### 5.6.8 When Not to Counsel

Knowing when not to counsel is probably the most important part of being a counselor. Much as we would like to be able to help others with our advice and support, there are times when the problem being presented is just going to be too complicated for someone without professional training to handle. The below listed are some guidelines for the counselors who are the supervisors, managers or HR managers.

#### 1. The problem conflicts with your own value system.

If the question being asked conflicts badly with the belief. In that case the counselor may not be able to be objective in the recommendations. It would be better to refer the person to another Initiator who shares that person's beliefs more closely.

**2. Counseling would involve the sharing of information of an intensely personal nature which either individual might later regret having shared.**

Relationships change. How would you feel if you spoke to someone about a very personal and painful problem and then found that you and that individual were no longer particularly close? Also, in the pain of the moment, a person might tell another something very personal and painful which they would later regret having said. Now they must sit in circle knowing that someone knows some of the darkest secrets about their personal lives. If the problem is so uncomfortable that the counselee has difficulty being willing to share it with the counselor, suggest that a outside professional might be a better choice.

**3. The problem is a long-standing psychological one.**

A non-professional is not apt to be much help in solving the effects of child abuse, prolonged depression, drug abuse, etc. Offer support and love, but suggest that professional help is needed.

**4. The individual is hearing or seeing things which are not**

We believe in perceiving the unseen and in the powers of intuition. However, we must be sure that we can tell the difference between intuition/vision and delusion. If you are unsure as to which the person you are counseling is describing, try to ask them some additional questions to clarify the issue, or talk with someone else and get their opinion as well. Hallucinations or delusions could be the sign of a serious psychiatric problem and could lead to someone harming themselves or others. They need professional help to recover.

**5. The individual is expressing intention to harm themselves or others.**

Unless the person is clearly joking, always take statements of this kind seriously. Don't put yourself in the position of being responsible for a tragic outcome by trying to handle this yourself.

**6. The individual is in professional counseling already and is coming to you to validate what his counselor is telling him.**

Counseling for a long-standing problem can be a difficult process, and people are reluctant to give up ingrained behaviors. They may seek to avoid what the counselor is trying to have them do by attempting to get others to say that there is no problem or that the counselor is wrong. Send the individual back to their counselor with their questions.



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### **7. The individual is depressed.**

Clarify what is going on. If this depression has been short term and caused by a specific event such as the breakup of a relationship or a bad day at work, it is probably acceptable to work with them. If the depression has been going on for more than 2-3 weeks, or if there is a significant change in the person's ability to function on a daily basis (i.e.: he can't get out of bed to go to work in the morning) professional help is necessary.

### **8. The individual is expressing a sense of total hopelessness or if there is any discussion of suicide.**

People will often not talk directly about suicide, but they may give clues to the fact that they are thinking about it in other ways. Expressing feelings of hopelessness, that things will never get better, is one way. Or they may say things such as "the world would be better without me", or "I wish I could sleep and never wake up". A person suddenly disposing of their possessions could be another clue. These are warning signs of a potential suicide and should be treated very seriously.

### **9. Avoid becoming involved in marital disputes.**

All married couples have the occasional argument or problem, and it would not be out of line to discuss possible solutions with a person if asked. However, there is any long-standing problem with the relationship, or any indication of violence or abuse, it is not an undertaking for a non-professional. Taking sides or getting in the middle of a marital dispute helps no one and could get you hurt. There are shelters available and professional counselors as well that can assist in this type of situation.

### **5.6.12 Characteristics of Effective Employee Coaching**

For an employee program to be effective, it is critical to have a follow up. By communicating the counseling program with the supervisors, employees and managers, the counseling program will be used by them when needed. For example, one survey found that employee willingness to use an employee assistance program was related to their familiarity with and trust in the program, and personal attention provided by it. Similarly, a comparative study of four wellness programs found that programs using systematic outreach and follow-up counseling were more effective than those did not.

It is also important that managers and supervisors receive training in identifying problems and in counseling or referring employees. In many counseling programs, especially those dealing with addiction and mental health, the supervisor's role in helping the employees seek treatment effort is critical to success. Other necessary ingredients for an effective counseling program include:

1. Top management support
2. Clearly written policies and procedures outlining the program's purpose and its function within the organization
3. Cooperation with labor unions
4. A range of care like referral to community resources, follow-up
5. Clear and well-enforced policy concerning employee confidentiality
6. Maintenance of records for program evaluation
7. Health insurance coverage for benefits
8. Family education.

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### Have you understood?

1. What is employee counseling?
2. Why do we need employee counseling in an organization?
3. Explain employee counseling process.
4. What are the basic requisites of employee counseling?
5. What are the benefits of counseling?
6. What are the characteristics of effective employee counseling?

### 5.7 ROLES IN COUNSELING

The supervisor, manager and the HR manager plays an active role in the employee counseling process.

#### 5.7.1 Role of supervisor and manager in counseling

Supervisors and managers play a vital role in finding the need for employee counseling. They closely watch the performance problem among the employees. They have to recommend an employee to counseling when an employee who is normally efficient and effective demonstrates several of the following warning signs:

- Declining job performance
- Chronic absenteeism
- Frequent or careless accidents
- Frequent tardiness
- Change in work relationships
- Poor concentration
- Change in work behavior, missed deadlines, etc.
- Hostility toward coworkers
- Withdrawn behavior
- When an employee discusses a personal problem with you or asks where to go for assistance with these problems.

They are also encouraged by the organization to recommend certain inputs for the counseling process.

Apart from this, the supervisor also needs to do the following.

- The supervisor's referral starts and ends with a focus on an employee's work performance – pointing out that it has not been up to standard and it is the

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employee's responsibility to meet the minimum expectations of their role. Since there are a variety of reasons why the individual may not be performing well at work, since some of those reasons are related to problems or concerns in their personal life, and since it is not always the supervisor's responsibility to know personal details of the employees' lives, a referral to the Employee Assistance office( if the organization has one) or HR manager can be done by them.

- They indicate that it would be wise of them to consult with the EA&D professional to figure out how to resolve whatever issues or problems may be interfering with their work performance.
- They provide the employee with Employee Assistance Office or the HR Office telephone number and other contact details.
- Tell the employee that the Employee Assistance office provides confidential assessment and referral, not an ongoing treatment program and with their permission, they can make appointments on work time.
- Assure the individual that whatever they discuss with the EA Director is their personal business – the supervisor's concern is seeing an improvement in the employee's work performance.

### 5.6.10 Role of HR manager in Counseling

It is the expectation that the HR manager will provide the appropriate motivational support for the employee to undergo counseling. Not only for the low performing employees, is the support of the HR manager required even for the high performing employees also. HR manager's role as counselor is needed to sustain the appropriate conditions in the work environment

The high performer as well as the low performer looks to the manager to provide appropriate resources, progress-toward-goal-related information, and periodic guidance that will keep them fully focused on performance expectations. HR manager can also identify cross-training opportunities for the employees in other work units or on other projects. Cross-training opportunities in the long term can often be considered low-cost development strategies for the company to initiate.

As a HR manager, one plays the following roles:

1. Identifying critical ability, skill, and knowledge deficiencies that require further development
2. Determining whether the performance deficiencies can be addressed by providing training or non-training solutions (As a note of caution, HR managers need to be aware that not all performance deficiencies can be corrected through additional training. Non-training solutions, for example, may require the manager to provide learning/job instruction aids or visuals for the employee, to improve the ergonomics of the employee's work setting, or make a job/project reassignment).
3. Obtaining understanding and agreement from the employee to correct identified deficiencies

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4. Developing and implementing an action plan to correct specific performance deviations
5. Measuring performance improvement outcomes on a short-and long-range basis
6. Providing continuous feedback to the employee on his or her progress.
7. Dysfunctional performance behaviors, such as insubordination, lack of respect for authority, being late for work or leaving early, substance abuse, chronic absenteeism, abusive behavior toward other employees or supervisors, and low energy levels, are often symptoms of the problem employee or marginal performer. Maintaining one's patience as a core value becomes a necessity for supervisors and HR managers.
8. Terminating problem performers often requires documentation; HR managers should provide required documents with the policies and procedures of the organization.

### Have you understood?

1. What is the role of supervisor in employee counseling?
2. What is the role of a functional manager in employee counseling?
3. What is the role of HR manager in employee counseling?

### 5.8 THE CRITICAL DIMENSIONS OF COUNSELING

There are five “critical dimensions” of counseling, developed by researchers in the field.

#### Empathy

Empathy is one's ability to perceive others feelings, and to demonstrate accurate perception to the counselee. When the client feels understood, a sense of trust (“rapport”) and safety develop. As rapport grows, the counselor may begin to perceive feelings of which the client is not yet conscious. By cautiously and tentatively communicating that perception, the counselor may enable the client to understand and accept (“to own”) more of his or her complexity of feelings (“additive empathy”). Additive empathy is not adding feelings the counselor might feel; it is adding conscious understanding of feelings the client is already feeling. The counselor's open acceptance of *all* feelings permits the client to own feelings that are not conventionally respectable. Knowing how one feels as fully as possible is essential for making proper decisions.

#### Warmth

Warmth is also called “unconditional positive regard.” It involves accepting and caring about the client as a person, regardless of any evaluation of her or his behaviors or thoughts. It is most often communicated through our non-verbal behavior.

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## Respect

Respect is the counselor's belief in the client's ability to make appropriate decisions and deal appropriately with his or her life situation, when given a safe and supportive environment in which to do so. The ability of the counselor to sit in silence during a session while the client works out a solution is a manifestation of respect, and so is the willingness to provide information and resources for which the client has asked. A more familiar term might be "empowerment." By respectful behavior, the counselor demonstrates that s/he values the integrity of the client.

## Congruence

Congruence (or genuineness) is being honest and authentic in the dealings with clients. The minimum it requires is that the counselor works with clients for whom he or she can have real empathy, warmth and respect, rather than role-playing or "techniquing" those qualities. It also involves know one's limits in terms of skills, time and energy and not committing beyond those limits. Another important component of genuineness is to be aware of how engaging in counseling (or coven leadership) fills the old and unmet needs and how the emotional agendas from other times and places can color the reactions to present relationships with clients and coven members.

## Confidence

Confidentiality normally means that anything discussed during a counseling session is held as absolutely private and not discussed elsewhere. This is essential to the client feeling safe in speaking about intimate and painful matters. Secular counselors have a legal duty to break confidentiality when there is danger that the client will harm self or others.

## Have you understood?

1. What are the skills needed for imparting counseling to employees?
2. Do you think that the above listed skills are exhaustive in nature?. If not, list the other skills.

## 5.9 EMPLOYEE WELFARE AND HEALTH PROGRAMS

### 5.9.1 Employee Welfare

Welfare includes anything that is done for the comfort and improvement of employees and is provided over and above the wages. Welfare helps in keeping the morale and motivation of the employees high so as to retain the employees for longer duration. The welfare measures need not be in monetary terms only but in any kind/forms. Employee welfare includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and

unemployment for the workers and their families. Labor welfare entails all those activities of employer which are directed towards providing the employees with certain facilities and services in addition to wages or salaries.

### 5.9.1.1 Objectives of Employee Welfare Programs

Labor welfare has the following objectives:

1. To provide better life and health to the workers
2. To make the workers happy and satisfied
3. To relieve workers from industrial fatigue and to improve intellectual, cultural and material conditions of living of the workers.

### 5.9.1.2 Features of Employee Welfare Program

The basic features of labor welfare measures are as follows:

1. Labor welfare includes various facilities, services and amenities provided to workers for improving their health, efficiency, economic betterment and social status.
2. Welfare measures are in addition to regular wages and other economic benefits available to workers due to legal provisions and collective bargaining
3. Labor welfare schemes are flexible and ever-changing. New welfare measures are added to the existing ones from time to time.
4. Welfare measures may be introduced by the employers, government, employees or by any social or charitable agency.
5. The purpose of labor welfare is to bring about the development of the whole personality of the workers to make a better workforce.

### 5.9.1.3 Benefits of Employee Welfare Program

The very logic behind providing welfare schemes is to create efficient, healthy, loyal and satisfied labor force for the organization. The purpose of providing such facilities is to make their work life better and also to raise their standard of living. The important benefits of welfare measures can be summarized as follows:

- They provide better physical and mental health to workers and thus promote a healthy work environment
- Facilities like housing schemes, medical benefits, and education and recreation facilities for workers' families help in raising their standards of living. This makes workers to pay more attention towards work and thus increases their productivity.
- Employers get stable labor force by providing welfare facilities. Workers take active interest in their jobs and work with a feeling of involvement and participation.
- Employee welfare measures increase the productivity of organization and promote healthy industrial relations thereby maintaining industrial peace.
- The social evils prevalent among the labors such as substance abuse, etc are reduced to a greater extent by the welfare policies.



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- Organizations provide welfare facilities to their employees to keep their motivation levels high.

### 5.9.1.4 Employee Welfare Programs

The employee welfare schemes can be classified into two categories viz. statutory and non-statutory welfare schemes. The statutory schemes are those schemes that are compulsory to provide by an organization as compliance to the laws governing employee health and safety. These include provisions provided in industrial acts like Factories Act 1948, Dock Workers Act (safety, health and welfare) 1986, Mines Act 1962. The non statutory schemes differ from organization to organization and from industry to industry.

#### Statutory Welfare Program

The statutory welfare schemes include the following provisions:

1. Drinking Water: At all the working places safe hygienic drinking water should be provided.
2. Facilities for sitting: In every organization, especially factories, suitable seating arrangements are to be provided.
3. First aid appliances: First aid appliances are to be provided and should be readily assessable so that in case of any minor accident initial medication can be provided to the needed employee.
4. Latrines and Urinals: A sufficient number of latrines and urinals are to be provided in the office and factory premises and are also to be maintained in a neat and clean condition.
5. Canteen facilities: Cafeteria or canteens are to be provided by the employer so as to provide hygienic and nutritious food to the employees.
6. Spittoons: In every work place, such as ware houses, store places, in the dock area and office premises spittoons are to be provided in convenient places and same are to be maintained in a hygienic condition.
7. Lighting: Proper and sufficient lights are to be provided for employees so that they can work safely during the night shifts.
8. Washing places: Adequate washing places such as bathrooms, wash basins with tap and tap on the stand pipe are provided in the port area in the vicinity of the work places.
9. Changing rooms: Adequate changing rooms are to be provided for workers to change their cloth in the factory area and office premises. Adequate lockers are also provided to the workers to keep their clothes and belongings.
10. Rest rooms: Adequate numbers of restrooms are provided to the workers with provisions of water supply, wash basins, toilets, bathrooms, etc.

## Non-Statutory Welfare Programs

Many non statutory welfare schemes may include the following schemes:

1. **Personal Health Care (Regular medical check-ups):** Some of the companies provide the facility for extensive health check-up
2. **Flexi-time:** The main objective of the flexitime policy is to provide opportunity to employees to work with flexible working schedules. Flexible work schedules are initiated by employees and approved by management to meet business commitments while supporting employee personal life needs
3. **Employee Assistance Programs:** Various assistant programs are arranged like external counseling service so that employees or members of their immediate family can get counseling on various matters.
4. **Harassment Policy:** To protect an employee from harassments of any kind, guidelines are provided for proper action and also for protecting the aggrieved employee.
5. **Maternity & Adoption Leave** – Employees can avail maternity or adoption leaves. Paternity leave policies have also been introduced by various companies.
6. **Medi-claim Insurance Scheme:** This insurance scheme provides adequate insurance coverage of employees for expenses related to hospitalization due to illness, disease or injury or pregnancy.
7. **Employee Referral Scheme:** In several companies employee referral scheme is implemented to encourage employees to refer friends and relatives for employment in the organization. For the selected candidates, the employee will get incentives.

### 5.9.2 Employee Health

For smooth functioning of an organization, the employer has to ensure safety and security of his employees. Health and safety form an integral part of work environment. A work environment should enhance the well being of employees and thus should be accident free

The terms health, safety and security are closely related to each other. Health is the general state of well being. It not only includes physical well being, but also emotional and mental well being. Safety refers to the act of protecting the physical well being of an employee. It will include the risk of accidents caused due to machinery, fire or diseases. Security refers to protecting facilities and equipments from unauthorized access and protecting employees while they are on work.

#### 5.9.2.1 Employee Health and Safety – Whose responsibility?

In organizations the responsibility of employee health and safety falls on the supervisors or HR manager. An HR manager can help in coordinating safety programs, making employees aware about the health and safety policy of the company, conduct formal safety training, etc. The supervisors and departmental heads are responsible for maintaining safe working conditions.

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Responsibilities of managers:

- Monitor health and safety of employees
- Coach employees to be safety conscious
- Investigate accidents
- Communicate about safety policy to employees
- Responsibilities of supervisors/departmental heads:
  - Provide technical training regarding prevention of accidents
  - Coordinate health and safety programs
  - Train employees on handling facilities and equipments
  - Develop safety reporting systems
  - Maintaining safe working conditions

Legislations governing Occupational Health & safety in India are Factories Act, 1948, Mines Act, 1952, Dock Workers Act (Safety, Health and Welfare), 1986.

### 5.9.2.2 *Issues in Employee Health & Safety*

Organizations frame many approaches to ensure health and safety of their employees. But not all of the approaches focus on contribution of both work design and employee behavior to safety. An organizational approach to safety is effective only when both the work design and employee behavior work in coordination towards it. Many organizational and individual issues emerge in management of employee health and safety. They can be summarized as follows

1. **Physical Work Settings:** The physical settings of work affect the performance of employees to a great extent. Some of these factors include temperature, noise levels, and proper lighting affect job performance. Other work setting factors include size of work area, kinds of materials used, distance between work areas, cubicle arrangement, et al.
2. **Sick Building Syndrome:** It is a situation in which employees experience acute health problems and discomfort due to the time spent in a building (particularly their workplace). Some factors that lead to sick buildings include poor air quality, inadequate ventilation, improper cleanliness, rodents, stench of adhesives and glues, et al.
3. **Ergonomics:** The term comes from the Greek word ergon, which means “work,” and “omics” which means “management of.” Ergonomics is the study of physiological, psychological, and engineering design aspects of a job, including such factors as fatigue, lighting, tools, equipment layout, and placement of controls. It is the interface between men and machines. Ergonomics is taken into consideration when designing the workstation for computer operators. Problems of back ache, eye strain and headache arise due to long working hours spent in front of computers.
4. **Engineering of Work Equipments and Materials:** Accidents can be prevented in a way by proper placements of dangerous machines. Moreover design of such machines and equipments also plays an important role in safety. Providing safety

guards and covers on equipments, emergency stop buttons and other provisions help in reducing the accidents considerably.

- 5. Cumulative Trauma and Repetitive Stress:** Cumulative trauma disorder occurs when same muscles are used repetitively to perform some task. This results in injuries of musculoskeletal and nervous system. Employees encounter high levels of mental and physical stress also.

**Accident Rates and Individuals:** An individual approach to safe environment helps in reducing the accident rates. This is generally because more problems are caused by careless employees than by machines or employer negligence. A positive attitude towards work environment and other practices promotes employee safety.

### Example

### Johnson & Johnson's Health and Wellness Program

#### EMPLOYEE ASSISTANCE PROGRAMS (EAP)

Employee assistance was an integral part of J&J's HWP. It helped employees to maintain a balance between their personal and professional lives. The employees were offered flexibility in deciding their work timings and in few cases, they were also allowed to work from home. J&J hired professionals who assisted employees as well as their family members to solve issues related to work, family or interpersonal problems including anxiety, behavioral changes, disease prevention, divorce, death, education, health, parenting, financial and legal concerns, lifestyle management, marriage and so on.

The employees were asked to take an active part in health programs that enabled the company to gauge their health-risks. The main objective of this health program was to diagnose any early symptoms of diseases and provide regular therapy or treatment for its prevention and cure.

The company also provided detailed information about such diseases (such as hypertension, cardiovascular diseases, increased cholesterol, obesity and stress) and offered exercise and behavioral change program for its employees. J&J established exercise and fitness centers and hired wellness experts to manage these.

Besides the various health programs, J&J also provided customized information, personal support and advice to employees in areas like finance, re-location or buying real estate, providing care for children (aged six weeks to six years), older people, sponsoring college education of employees' children, designing the home budget, providing advice on effective time-utilization, preparing a will, purchasing consumer goods and home products, identifying a housekeeper and many more.

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### 5.9.2.3 Substance Abuse

Impairment by drug or alcohol use can constitute an avoidable workplace hazard and that drug-free workplace programs can help improve worker safety and health and add value to the businesses. Many organizations strongly supports comprehensive drug-free workforce programs, especially within certain workplace environments, such as those involving safety-sensitive duties like operating machinery.

A comprehensive drug-free workforce approach includes five components—a policy, supervisor training, employee education, employee assistance, and drug testing. Such programs, especially when drug testing is included, must be reasonable and take into consideration employee rights to privacy.

Many workers with substance abuse problems can be returned safely to the workplace provided they have access to appropriate treatment, continuing care and supportive services. Drug-free workplace programs are natural compliments to other initiatives that help ensure safe and healthy workplaces and add value to businesses and communities.

Organizations strive to raise awareness about the impact drugs and alcohol have on the workplace and provide information on how to establish drug-free workplace programs

#### Have you understood?

1. What are the statutory and non-statutory welfare programs?
2. What are the objectives of employee welfare?
3. What are the basic characteristics of employee welfare?
4. What is Employee Assistance Program?
5. What is substance Abuse?

### 5.10 WORK STRESS

Stress at work is a relatively new phenomenon of modern lifestyles. The nature of work has gone through drastic changes over the last century and it is still changing at whirlwind speed. They have touched almost all professions, starting from an artist to a surgeon, or a commercial pilot to a sales executive. With change comes stress, inevitably. Professional stress or job stress poses a threat to physical health. Work related stress in the life of organized workers, consequently, affects the health of organizations.

#### 5.10.1 What's It?

Job stress is a chronic disease caused by conditions in the workplace that negatively affect an individual's performance and/or overall well-being of his body and mind. One or more of a host of physical and mental illnesses manifests job stress. In some cases, job



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stress can be disabling. In chronic cases a psychiatric consultation is usually required to validate the reason and degree of work related stress. In the early stages job stress can ‘rev up’ the body and enhance performance in the workplace, thus the term ‘I perform better under pressure’. However, if this condition is allowed to go unchecked and the body is revved up further, the performance ultimately declines and the person’s health degenerates.

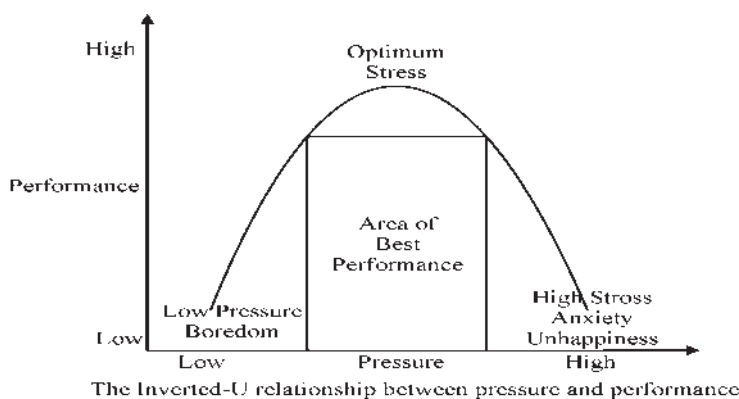
## 5.10.2 The Positive and Negative Effects of Pressure

Sometimes, however, the pressures and demands that may cause stress can be positive in their effect. This positive stress is called as Eustress. One example of this is where sportsmen and women flood their bodies with fight-or-flight adrenaline to power an explosive performance. Another example is where deadlines are used to motivate people who seem bored or unmotivated.

In most work situations jobs, the stress responses cause one’s performance to suffer. This negative stress is called as Distress. A calm, rational, controlled and sensitive approach is usually called for in dealing with most difficult problems at work: Our social inter-relationships are just too complex not to be damaged by an aggressive approach, while a passive and withdrawn response to stress means that we can fail to assert our rights when we should.

## 5.10.3 Pressure Vs Performance

The relationship between pressure and performance is explained in one of the oldest and most important ideas in stress management, the “Inverted-U” relationship between pressure and performance (see Figure 5.3). The Inverted-U relationship focuses on people’s performance of a task. The left hand side of the graph is easy to explain for pragmatic reasons. When there is very little pressure on us to carry out an important task, there is little incentive for us to focus energy and attention on it. This is particularly the case when there may be other, more urgent, or more interesting, tasks competing for attention.



**Figure 5.3 Pressure Vs Performance**



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As pressure on us increases, we enter the “area of best performance”. Here, we are able to focus on the task and perform well – there is enough pressure on us to focus our attention but not so much that it disrupts our performance.

The right hand side of the graph is more complex to explain. As we become uncomfortably stressed, distractions, difficulties, anxieties and negative thinking begin to crowd our minds. This is particularly the case where we look at our definition of stress, i.e. that it occurs when a person perceives that “demands exceed the personal and social resources the individual is able to mobilize.” These thoughts compete with performance of the task for our attention capacity. Concentration suffers, and focus narrows as our brain becomes overloaded. As shown in the figure, this is something of a slippery slope: the more our brain is overloaded, the more our performance can suffer. The more our performance suffers, the more new distractions, difficulties, anxieties and negative thoughts crowd our minds.

### 5.10.4 Symptoms of Job Stress

The signs of job stress vary from person to person, depending on the particular situation, how long the individual has been subjected to the stressors, and the intensity of the stress itself. Typical symptoms of job stress can be:

- Insomnia
- Loss of mental concentration,
- Anxiety, stress
- Absenteeism
- Depression,
- Substance abuse,
- Extreme anger and frustration,
- Family conflict

Physical illnesses such as heart disease, migraine, headaches, stomach problems, and back problems.

### 5.10.5 Causes of Job Stress

Job stress may be caused by a complex set of reasons. Some of the most visible causes of workplace stress are:

#### **Job Insecurity**

Organized workplaces are going through metamorphic changes under intense economic transformations and consequent pressures. Reorganizations, takeovers, mergers, downsizing and other changes have become major stressors for employees, as companies try to live

up to the competition to survive. These reformations have put demand on everyone, from a CEO to a mere executive.

### **High Demand for Performance**

Unrealistic expectations, especially in the time of corporate reorganizations, which, sometimes, puts unhealthy and unreasonable pressures on the employee, can be a tremendous source of stress and suffering. Increased workload, extremely long work hours and intense pressure to perform at peak levels all the time for the same pay, can actually leave employees physically and emotionally drained. Excessive travel and too much time away from family also contribute to an employee's stressors.

### **Technology**

The expansion of technology—computers, pagers, cell phones, fax machines and the Internet—has resulted in heightened expectations for productivity, speed and efficiency, increasing pressure on the individual worker to constantly operate at peak performance levels. Workers working with heavy machinery are under constant stress to remain alert. In this case both the worker and their family members live under constant mental stress. There is also the constant pressure to keep up with technological breakthroughs and improvisations, forcing employees to learn new software all the times.

### **Workplace Culture**

Adjusting to the workplace culture, whether in a new company or not, can be intensely stressful. Making one adapt to the various aspects of workplace culture such as communication patterns, hierarchy, dress code if any, workspace and most importantly working and behavioral patterns of the boss as well as the co-workers, can be a lesson of life. Maladjustment to workplace cultures may lead to subtle conflicts with colleagues or even with superiors. In many cases office politics or gossips can be major stress inducers.

### **Personal or Family Problems**

Employees going through personal or family problems tend to carry their worries and anxieties to the workplace. When one is in a depressed mood, his unfocused attention or lack of motivation affects his ability to carry out job responsibilities.

### **Job Stress and Women**

Women may suffer from mental and physical harassment at workplaces, apart from the common job stress. Sexual harassment in workplace has been a major source of worry for women, since long. Women may suffer from tremendous stress such as 'hostile work environment harassment', which is defined in legal terms as 'offensive or intimidating behavior in the workplace'. This can consist of unwelcome verbal or physical conduct.

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These can be a constant source of tension for women in job sectors. Also, subtle discriminations at workplaces, family pressure and societal demands add to these stress factors.

### 5.10.6 Survival Techniques

- Because change is constant in life, stress is an integral part of it. Since we don't want to perish under it, we have to adhere to the bottom line for survival—adapt. Following are some of the long-term tips to survive stress:
- Even if we feel secured in a habituated life, the truth remains that changing with the times makes one's position more secure. In today's business climate, you must continually be prepared for changes to avoid stress and survive in the competitive world.
- Find and protect whatever time you get to refresh, re-energize and re-motivate yourself. Spend quality time with your family. This can be an excellent source of emotional and moral support.
- Avoid giving in to alcohol, smoking and other substance abuses while under constant stress.
- Develop positive attitudes towards stressful situations in life. Give up negative mental traits such as fear, anger and revengeful attitudes, which actually germinate stress. Try to revert to holistic relaxation and personal growth techniques such as meditation, breathing and exercises, to remodel your lifestyles.
- In case of chronic stress consult a health professional.
- Reduce workplace stress by celebrating your's or your colleagues' accomplishments.
- Adapting to demands of stress also means changing your personality. Improve your line of communication, efficiency and learn from other's experiences.

Don't be complacent. Be prepared for any change physically, emotionally and financially.

### 5.10.7 Burnout

When under severe stress, an individual fails to take clear-cut decisions, reevaluate and reassess the priorities and lifestyles, and ultimately, tend to fall into unproductive distractions. This can be described as a classic case of 'burnout'. The 'burnouts' often engage in reckless or risk-taking behaviors.

Chronic Responsibility Syndrome is a kind of burnout where people get mentally and physically exhausted from their workload. The symptom is often described as "there's simply too much work to do, and no one else can do it but me". Typically it will occur in hard working, hard driven people, who become emotionally, psychologically or physically exhausted.

- One is at risk of burnout where:
- One finds it difficult to say 'no' to additional commitments or responsibilities
- One has been under intense and sustained pressure for some time
- One's high standards make it difficult to delegate to assistants
- One has been trying to achieve too much for too long
- One has been giving too much emotional support for too long
- Often burnout will manifest itself in a reduction in motivation, volume and quality of performance, or in dissatisfaction with or departure from the activity altogether.

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### 5. 10.8 How are companies tackling rapidly rising work-related stress levels?

Bloodshot-eyed men resembling somnambulists sit glued to their machines, working away frantically, many like machines themselves. This may seem a rip-off from a blockbuster, but such scenes are very much in vogue in most offices. Yet this madly-dedicated workforce isn't as productive, as it seems. No wonder, organizations are quickly pulling up their socks, trying to calm down their stressed employees.

“One of the main reasons for stress is that youngsters have a different idea about the job, and realize the job is very different, once they've joined,” says Soumen Basu, executive chairman of HR consultancy, Manpower. Basu's view is most relevant to the BPO industry, where the average employee is often, a fresher, straight out of college, and has to work on tiring night shifts.

Then, the infotech sector too, hires a lot of freshers as well as faces attrition levels that could be as high as 20 per cent. This explains why IT players like Infosys that has over 50,000 employees, try hard to maintain an informal culture at the workplace.

“Besides other factors, lack of a social life plays a major role in causing stress,” says Bikramjit Maitra, vice-president and head, HR, Infosys Technologies.

The organization's Health Assessment and Lifestyle Enrichment (HALE) initiative helps Infoscions evaluate their physical and psychological well-being and lifestyle and get remedial intervention. When faced with personal or work-related crises, Infoscions can avail of hotline services.

But you don't need to be an Infoscion to access hotline helplines. After exploring picnics, adventure sports and spiritual exercises as stress-busters, many other organizations are also now offering hotline services to help troubled employees.

Take cola major PepsiCo's Speak Up hotline where employees are encouraged to report unprofessional and stress-causing behaviour like harassment. Then, in its South India branches, PepsiCo has tied up with Apollo Hospitals to hold stress awareness programs for its employees, wherein employees are informed about the impact of stress on health. Apart from that, PepsiCo makes it mandatory for all employees to wear out their quota of annual leave.

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The Rs 3,000 crore ICICI Prudential Life Insurance is another example of an organization that makes it mandatory for its 10,000 employees across 225 offices, to finish their earned leave quota for the year. No employee can carry over more than 15 days of earned leave, over to the next year. The leave taken considers only working days and excludes holidays and Sundays. Plus, all employees get unlimited sick leave.

### Have you understood?

1. What is job stress?
2. What are the causes of job stress?
3. Explain the relationship between pressure and performance.
4. Differentiate Eustress and Distress.
5. What are the general personal stress management techniques?
6. With examples explain how organizations help employee to get relieved from stress

### 5.11 Eastern and Western Practices to manage stress

Many differences exist between Eastern and Western medicine. What's referred to as "Western medicine" is what is commonly practiced in the United States. One may recognize Eastern medicine from its category practices – for instance, acupuncture. While some may debate which is better, when it comes to stress management, Eastern practices seem to have it covered.

#### 5.11.1 Eastern Practices

If someone is having trouble with stress or relaxation, he / she can practice some exercises that have been proven to help with numerous health-related issues. Most of the relaxation movements of the East are quite simple in theory. They're also generally a form of low-impact, aerobic exercise.

##### 1. Yoga

There are many forms of yoga, an ancient Indian form of exercise based upon the premise that the body and breathing are connected with the mind. There are many different forms of yoga, and the practice of yoga is thought to be over 5000 year old. One goal of yoga is to restore balance and harmony to the body and emotions through numerous postural and breathing exercises. Yoga, which means "joining" or "union" in Sanskrit, has been called the "search for the soul" and the "union between the individual and the divine". Among the benefits of yoga are increased flexibility and capability for relaxation. No special level of conditioning is required; yoga can be learned by nearly anyone. The methods of classical yoga include ethical disciplines, physical postures, breathing control and meditation. Traditionally an Eastern practice, it's now becoming popular in the West. In fact, many companies, especially in Britain, are seeing the benefit of yoga, recognizing that relaxed workers are healthier and more creative, and are sponsoring yoga fitness programs.

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Modern scholars have defined yoga as the classical Indian science that concerns itself with the search for the soul and the union between the individual, whose existence is finite, and the Divine, which is infinite. The essence of yoga is to be in the driver's seat of life. Control is a key aspect of yoga: control of the body, breath and mind.

Many of the popular techniques found to reduce stress derive from yoga:

- Controlled Breathing or Pranayama
- Meditation
- Physical movement or Yoga Asanas

### A. Pranayama

Pranayama means breath control. Although breathing is one of our involuntary bodily functions (it happens whether you think about it or not, if you are alive) we can also control the breath to some extent. Exercises in breath control, such as breath retention and deliberate methods inhalation and exhalation for specific mental and physical benefits are called pranayama.

**Examples:** Kapalabhati pranayama is a method of breath control where a forceful exhale is followed by a passive inhale, usually in rounds of thirty breaths, which offers relief from stress.

### B. Meditation

Ranging from practices associated with specific religions or beliefs to methods focusing purely on physical relaxation, meditation is one of the most popular techniques to achieve physical and mental relaxation. There are literally thousands of different types of meditation, and many can be learned on one's own. The meditative state is one in which there is a deep centering and focusing upon the core of one's being; there is a quieting of the mind, emotions, and body. The meditative state can be achieved through structured (as in a daily practice of a routine) or unstructured (for example, while being alone outdoors) activities. While teachers of meditative arts are readily available, some techniques can be learned through books or online tutorials.

### C. Asanas

Asanas is all about stretching the limbs and exercise and soothe the muscles, organs and the nervous system while the breathing technique helps to focus and relax at the same time. Here are a few simple and basic asanas that help relieve stress:

#### Savasana:

It is also known as the corpse pose and is happens to be a stress reliever.



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## Makarasana:

Makara means crocodile. While performing this asana the body assumes the shape of a crocodile. It is as effective as Savasana.

## 2. Tai chi

Tai chi is a Chinese martial art. It has been termed a kind of “meditation in motion” and is characterized by soft, flowing movements that stress precision and force. Also known as Tai Chi Chuan, this method is thousands of years old. As with Qigong, training from a master is necessary to learn the art of Tai chi. Sometimes referred to as “moving meditation,” Tai Chi actually began as a self-defense or fighting practice. However, over the years people began using this style of martial arts to improve their health. Developed in the 12th century, Tai Chi is similar to yoga because it uses postures – but it also incorporates mindfulness about breathing and meditation. While no scientific proof exists, many people believe Tai Chi aids in breathing, digestion, relaxation, and balance. Again this is gaining rapid popularity in the west.

## 3. Qigong

The martial art Qigong is an ancient Chinese health care system that combines physical training (such as isometrics, isotonics, and aerobic conditioning) with Eastern philosophy and relaxation techniques. There are many different kinds of Qigong, including medical Qigong. Some forms are practiced while standing, sitting, or lying down; others involve structured movements or massage. Over 70 million Chinese practice some form of Qigong daily. Qigong has been used for centuries in China for the treatment of a variety of medical conditions. Learning Qigong involves time, commitment, patience, and determination, and learning from a master or group is advisable.

One of the lesser-known Eastern philosophies to Americans is Qigong. This activity is comparable to yoga and Tai Chi due to the repetitive sequences of motions or poses. The difference here, though, is many believe that the practice of Qigong helps your body to heal itself both physically and mentally. Qigong consists of regulated movements, focused breathing and visualization techniques. It is believed that this combination brings the body back to its natural balance, so it's able to heal itself.

## 4. Transcendental Meditation

This technique of transcendental meditation (TM) was first introduced in the United States by an Indian guru, Maharishi Mahesh Yogi. TM is unique. It does not need to concentrate or focus on any particular object. The word ‘transcendent’ means ‘going beyond’ or ‘crossing all limits’. By practicing transcendental meditation, one will be able to enjoy mental relaxation. The meditation is done twice a day for about 20 minutes by sitting in a comfortable posture with eyes closed and by chanting mantras. Transcendental meditation induces alertness.

## 5.11.2 Western Practices

### 1. Relaxation Response

Another variant of a meditation technique has gained popularity in the US since its description in the 1970s by Harvard physician Herbert Benson. This technique involves generation of the so-called **relaxation response** through the repetition of a word or phrase while quietly seated, 10-20 minutes per day. Designed to evoke the opposite body reaction to the stress response (or “fight or flight” reaction), this method carries no religious or spiritual overtones. Its value has been documented in the reduction of blood pressure and other bodily stress responses. Like other forms of meditation, it can be learned on one’s own, but time and practice are required to elicit the desired relaxation state.

### 2. Progressive Muscle Relaxation

Progressive Muscle Relaxation is a method developed in the 1930s in which muscle groups are tightened and then relaxed in succession. This method is based upon the idea that mental relaxation will be a natural outcome of physical relaxation. Although muscle activity is involved, this technique requires no special skills or conditioning, and it can be learned by almost anyone. Progressive muscle relaxation is generally practiced for 10-20 minutes a day. As with the Relaxation Response, practice and patience are required for maximum benefits.

### 3. Autogenic Training

Developed in the early 20th century, this technique is based upon passive concentration and awareness of body sensations. Through repetition of so-called autogenic “formulas” one focuses upon different sensations, such as warmth or heaviness, in different regions of the body. Autogenic training has been used by physicians as a part of therapy for many conditions. Popular in Europe (where it is even covered by some insurance plans), this method is currently gaining acceptance in the United States. No particular physical skills or exercises are involved; however, persons desiring to learn this technique must be prepared to invest time and patience. Since this technique is slightly more complex than some relaxation methods, a course is generally the best way to learn the method.

### 4. Biofeedback

Biofeedback is one method of learning to achieve relaxation, control stress responses, or modify the body’s reactions through the use of monitoring equipment that provides information from the body which would normally not be available. This method is based upon the principle first advanced in the early 1960s that the autonomic nervous system (the part we don’t consciously use) is trainable. For example, instruments can be used to measure heart rate, blood pressure, brain activity, stomach acidity, muscle tension, or other parameters while persons experiment with postural changes, breathing techniques,

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or thinking patterns. By receiving this feedback, one can learn to identify the processes that achieve the desired result, such as reduction in heart rate and blood pressure. Biofeedback is used by many practitioners for a variety of psychological and physical conditions. Because the technique involves the use of measuring devices, it can only be performed by a professional.

### 5. Humor

Laughter reduces the level of stress hormones like cortisol, epinephrine, adrenaline, dopamine and growth hormone. It also increases the level of health-enhancing hormones like endorphins, and neurotransmitters. Laughter increases the number of antibody-producing cells and enhances the effectiveness of T cells. All this means a stronger immune system, as well as fewer physical effects of stress.

#### Have you understood?

1. Explain the different Eastern Stress Management techniques?
2. Explain the various Western Stress management techniques?

## 5.12 SELF MANAGEMENT AND EMOTIONAL INTELLIGENCE

### 5.12.1 Self Management

Lorig (1993) defined self-management as “learning and practicing skills necessary to carry on an active and emotionally satisfying life in the face of a chronic condition”. Self-management can be defined as practicing specific behavior and having the ability to reduce the physical and emotional impact of illness, regardless of the degree to which the individual participates in the education or the type of education received. According to Barlow, Wright, Sheasby, Turner, & Hainsworth, self-management refers to the individual’s ability to manage the symptoms, treatment, physical and psychosocial consequences and life style changes inherent in living with a chronic condition. Efficacious self-management encompasses ability to monitor one’s condition and to effect the cognitive, behavioral and emotional responses necessary to maintain a satisfactory quality of life. Self-management is one of the features of high-performance work places that are most attractive to the people who work there.

Self management has become a defining element of the new organizational forms of the 1990s. It has been argued, for instance, that self-management is central to a new economic paradigm for the information age, critical for agile manufacturing and an important determinant of the success of outstanding organizations. Similarly, self-management skills are seen as crucial for future managerial careers and for the success of human resource development professionals in cross-cultural situations, and they were identified as ‘foundation’ skills in a 1992 action plan developed by Labor Secretary Lynn Martin for the renewal of schools and the American workforce.

Advocates of self-management call for complementary changes in organizational incentive

systems, training programs, assessment tools, career paths, management planning and other organizational practices and processes.

While individuals in organizations are regularly taught how to manage subordinates, groups, and even organizations, they rarely receive instruction on how to manage themselves. Such a situation is perhaps surprising in view of the fact that self-management strategies have proven to be successful in laboratory and non-organizational settings

### **5.12.1.1 Characteristics of Self-Management practices**

1. Self-management provides a unique viewpoint for understanding employee behavior
4. It attempts to explain behavior in a broader, dynamic context by including all behavioral options (i.e. responses and lack of response), not just individual performance.
5. Self-management also considers the traditionally ignored concept of ‘internalized standards of behavior’.
6. In general, the study of self-management provides a more complete understanding of different employee behaviors, levels of activation, and levels of response.
7. Relative to reliance on organizational reward and control systems, self-management can be inexpensive.
8. Self-management represents a generalizable constellation of perceptions and practices and is a continually-available option for the employee.
9. Practitioners of self-management techniques proactively monitor their environments for opportunities to improve their effectiveness and subsequent career success.
10. As a result, self-reinforced behavior is often maintained more effectively than if it had been externally regulated.
11. A new set of organizational demands may increase the importance of self-management in the future.
12. Reduced levels of supervision, offices in the home, self-managing work teams, growth in service/professional employment, and the creation of enriched, challenging jobs will make self-management both more feasible and more necessary.

### **5.12.1.2 Learning and Application in Self-Management programs**

1. Understand and assume accountability for own role, consistently aiming for exceptional performance
2. Understand and apply principles of ownership for own choices, actions, non actions, successes and failures
3. Understand and apply principles of ‘juggling’ the priorities of multiple stakeholders to meet diverse and often conflicting deadlines
4. Understand and assume accountability for self development
5. Understand how to maintain clear focus on goal achievement, confronting problems, conflicts and obstacles

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6. Understand and apply principles of balancing the physical and emotional demands of the job and work and personal life
7. Understand self and apply self knowledge in appropriately guiding behavioral choices
8. Be able to competently apply the behaviors and skills of self management.

### 5.12.1.3 Benefits of Self Management Training

The benefits of self-management are now being demonstrated in organizational settings.

As employees' demands for flexibility, autonomy, and challenge increase, managers are struggling to find an approach that accommodates both the employees' need for freedom and the organization's need for control. Self-management training may be one solution.

1. Self-management training program increases subsequent job attendance of trainees.
2. Self-management training transforms an individual into highly focused, highly accountable, business results oriented individuals, Good role models, Self aware, growing and balanced individuals.
3. Self-management training is effective in goal setting
4. Self-management training is useful for their effectiveness in facilitating transfer of training to a novel task.
5. A research has proved that self-management trainees exhibit higher rates of skill generalization and higher overall performance levels on the transfer task, even after the effects of outcome goal level were controlled.
6. Training individual in self-management has reduced employee absenteeism, improved job performance, and enabled employees at all hierarchical levels to manage themselves more effectively.
7. In addition, improvement in self-efficacy, that belief necessary to overcome personal and motivational obstacles, has allowed individuals to achieve and maintain their set goals and performance standards.

### 5.12.1.4 Self Management Skills

There are five different self management skills to help you learn and become better at work. They are:

1. Being Organized
2. Questioning
3. Listening
4. Building relationships
5. Commanding respect
6. Displaying trust and respect towards others
7. Seeking support and feedback
8. Seeking and seizing opportunities



9. Grasping and applying new knowledge and information
10. Modeling desired behaviors and values
11. Listening actively to understand others
12. Dealing consistently and fairly with others

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### 5.12.2 Emotional Intelligence

EQ - is a relatively recent behavioral model, rising to prominence with Daniel Goleman's 1995 Book called 'Emotional Intelligence'. The early Emotional Intelligence theory was originally developed during the 1970's and 80's by the work and writings of psychologists Howard Gardner (Harvard), Peter Salovey (Yale) and John Mayer (New Hampshire). Emotional Intelligence is increasingly relevant to organizational development and developing people, because the EQ principles provide a new way to understand and assess people's behaviour, management style, attitude, interpersonal skills, and potential. Emotional Intelligence is an important consideration in human resources planning, job profiling, recruitment interviewing and selection, management development, customer relations and customer service, and more. The EQ concept argues that IQ, or conventional intelligence, is too narrow; that there are wider areas of emotional intelligence that dictate and enable how successful we are. Success requires more than IQ (Intelligence Quotient), which has tended to be the traditional measure of intelligence, ignoring essential behavioral and character elements. We've all met people who are academically brilliant and yet are socially and inter-personally inept. And we know that despite possessing a high IQ rating, success does not automatically follow.

Emotional Intelligence must somehow combine two of the three states of mind: cognition and affect, or intelligence and emotion.

Emotional Intelligence defined by Mayer and Salovey is as follows:

“Emotional intelligence is the ability to perceive emotions, to access and generate emotions so as to assist thought, to understand emotions and emotional knowledge, and to reflectively regulate emotions so as to promote emotional and intellectual growth”

Bar-On (1996) defined emotional intelligence as “an array of personal, emotional, and social competencies and skills that influence one's ability to succeed in coping with environmental demands and pressures, and directly affect one's overall psychological well-being.”

Goleman (1998) defined Emotional Intelligence as the capacity to recognize one's own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships.



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### Goleman's Model of EI

In his recent book 'The Emotionally Intelligent Workplace' Daniel Goleman described an emotional intelligence model made up of four domains:

- **Personal self awareness** - a deep understanding of your emotions, strengths and weaknesses, and an ability to accurately and honestly self-assess
- **Personal self management** - the control and regulation of one's emotions, the ability to stay calm, clear and focused when things do not go as planned, the ability for self motivation and initiative
- **Social awareness** - empathy, including the ability to consider employees' feelings during the process of making individual/group decisions
- **Relationship management** - the ability to communicate, influence, collaborate and work with colleagues.

### Goleman's Five Branch Model

Goleman identified the five 'domains' of EQ as:

1. Knowing your emotions.
2. Managing your own emotions.
3. Motivating yourself.
4. Recognizing and understanding other people's emotions.
5. Managing relationships, ie., managing the emotions of others.

### The Four Branch Model of Emotional Intelligence

*The four branch model of emotional intelligence describes four areas of capacities or skills that collectively describe many of areas of emotional intelligence (Mayer & Salovey, 1997)*

1. **Perceiving Emotion** - The initial, most basic, area has to do with the nonverbal reception and expression of emotion. The capacity to accurately perceive emotions in the face or voice of others provides a crucial starting point for more advanced understanding of emotions.
2. **Using Emotions to Facilitate Thought**- This is the capacity of the emotions to enter into and guide the cognitive system and promote thinking.
3. **Understanding Emotions** - Each emotion conveys its own pattern of possible messages, and actions associated with those messages. Fully understanding emotions, in other words, involves the comprehension of the meaning of emotions, coupled with the capacity to reason about those meanings. It is central to this group of emotionally intelligent skills.
4. **Managing Emotions** - To the extent that emotions are under voluntary control, a person may want to remain open to emotional signals so long as they are not too painful, and block out those that are overwhelming. Within the person's emotional comfort zone, it becomes possible to regulate and manage one's own and others' emotions so as to promote one's own and others' personal and social goals. The

means and methods for emotional self-regulation has become a topic of increasing research in this decade.

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Hence the term EI encompasses the following five characteristics and abilities:

1. **Self-awareness**—knowing your emotions, recognizing feelings as they occur, and discriminating between them
2. **Mood management**—handling feelings so they're relevant to the current situation and you react appropriately
3. **Self-motivation**—"gathering up" your feelings and directing yourself towards a goal, despite self-doubt, inertia, and impulsiveness
4. **Empathy**—recognizing feelings in others and tuning into their verbal and nonverbal cues
5. **Managing relationships**—handling interpersonal interaction, conflict resolution, and negotiations

### Summary

Coaching is a process used to encourage employees to accept responsibility for their own performance, to enable them to achieve and sustain superior performance, and to treat them as partners in working towards organizational goals and effectiveness.

Counseling is guiding, consoling, advising and sharing and helping to resolve their problems whenever the need arises.

The individual, supervisor, line manager and HR manager play vital role in coaching and counseling process.

Achieving excellence through coaching to get the desired performance is accomplished in two major ways. The first way is taking a proactive stance by unearthing or preventing counter-productive methods. The second way is to correct performance problems that arise within the organization. In the second way defining poor performance is a challenge.

Employee welfare includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the workers and their families.

Organizations frame many approaches to ensure health and safety of their employees.

Self-management is central to a new economic paradigm for the information age, critical for agile manufacturing and an important determinant of the success of outstanding organizations.

While individuals in organizations are regularly taught how to manage subordinates, groups, and even organizations, they rarely receive instruction on how to manage themselves.

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Emotional intelligence is the ability to perceive emotions, to access and generate emotions so as to assist thought, to understand emotions and emotional knowledge, and to reflectively regulate emotions so as to promote emotional and intellectual growth. There are many models of emotional intelligence.

### Case

ABC Ltd is a leading textile manufacturer and exporter. Vivek a Doctorate, after working in a University for two years has joined ABC last week. Reena is the immediate superior of Vivek, She is one of the few ladies who dress aptly for the post, full of energy even at the end of the day, and always smiling. Her work has helped her to attain many credits in the organization.

For the past one month she is missing her targets and her dress sense was so awkward. The boss called for a meeting at the end of the month, which she missed. She leaves the work place late in the evening. Yesterday, when someone invited her for a dinner, she refused abruptly, which she has never done in her tenure. Yesterday, the boss called vivek and Reena to his cabin. As soon as they entered the cabin, the boss ordered for a cappuccino, which Reena loves. After a brief discussion about the work, he said, "Ok, Fine. Do you mind joining Lunch with me?". Politely Vivek refused and returned to his seat. To the shock of Vivek, Reena joined the lunch.

Today Reena was not found in her chair. Vivek was perplexed and rushed to Mohan, another colleague of him who is in the organization for the past two years. Mohan explained what really happened.

Reena is facing a family problem, which the colleagues came to know for the past twenty days. Though they have tried to help her, it could not be solved fully. The problem has disturbed her very much so that she could not concentrate in her work. When the boss invited her for lunch, she joined him to discuss the problem. She explained him the whole problem and she asked his help to solve the problem. The boss has given her a week holiday and he has helped her to solve the problem also.

Vivek is shocked by the organization culture. The university where he worked is an orthodox organization, where the emotions are not expressed in the work place and the leadership style is highly bureaucratic. In ABC the leader grants leave to solve the problem. Now he wonders which the right style is.

After reading the above case, answer the following questions.

1. Answer to Vivek's question, which is the right style?
2. Do you think it is right to express one fully in the work place?
3. Do you think that ABC's style will suit only business organizations and not educational institutions?

**Questions for discussion**

1. Discuss the similarities and differences between coaching and counseling.
2. “Wellness program infringe employees right” – Comment
3. Suppose you are a manager of an organization. You have found that one of your employees is consuming alcohol. As far as the work is concerned there is no impact of alcoholism. As a manager what is your responsibility towards the employee?
4. What are the ethical issues in counseling?
5. Think about the last time you had problem with your own performance. Identify the causes for the problem and state what you think could be done to correct it.
6. During a coaching process why is it necessary to get the employee to agree that a performance problem exists?
7. As a manager of an organization how will you promote quality of work life in your organization?
8. Design a stress relief program for the employee to whom the cause for stress is career plateau.
9. Many managers and supervisors believe that self managed teams contribute more to organizational effectiveness. Discuss your opinion.
10. “Emotional intelligence can lead to low stress levels” - Comment

**NOTES**