# Course Outline

## Ambo University, Woliso Campus, School of Business and Economics

## Department of Management

**Target Group: - Agri-Business and Value chain Management       3<sup>rd</sup> Year       Program: - Regular**

| | |
|---|---|
| **Degree Program** | B.Sc. in ABVM |
| **Module name** | Human resource Management (ABVM 3181 |
| **Module Coordinator** | Department of ABVM |
| **Course Number** | ABVM 3181 |
| **Course Title** | Human Resource Management |
| **ECTS credit points** | 5                                      (3 credit hours) |
| **Course Information** | Academic Year: 2012E.C (2020G.C)     Year: III  Semester: II |
| **Instructor's Contact Information** | Phone: +251-912172708       Email:   solomonauwc06@gmail.com |

| **Student workload** | *Lecture* | *Discussion* | *Assignmen* | *Private Study* | *Assessment* | *Total* |
|---|---|---|---|---|---|---|
| | 45 | 17 | 15 | 40 | 18 | 135 |

| **Course Objectives and Competences to be Acquired** | *At the end of this course student will be able to:* |
|---|---|
| | <ul><li>Explain the operative functions of personnel management,</li><li>Understand the importance and significance of human resource as an asset,</li><li>Acquire a broader perspective on managing human resource effectively,</li><li>Recognize the major principles and techniques of human resource management system,</li><li>understand  the dynamic nature and applications  of human resource management in business and other organizations,</li><li>Apply human resource handling mechanism,</li><li>Understand systems of gender mainstreaming in human resource management activities,</li></ul> |

| **Pre-requisites** | No Prerequisite | **Status of the Course** | Supportive |
|---|---|---|---|

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| Week | Topics and Sub Topics | |
|---|---|---|
| Week 1 | **UNIT1**<br>**AN OVER VIEW OF HRM**<br>1.1. Definition of HRM<br>1.2. Importance of Human resource management<br>1.3.Human Resource management objectives | |
| Delivery Methods | **lecture, group discussion and reflection** | |
| Assessment | QUIZ: | **5 %** |
| Week 2&3 | **UNIT 2**<br>**HUMAN RESOURCE MANAGEMENT ENVIRONMENTS**<br>2.1. The external environment<br>2.2. The internal environment | |
| Delivery Methods | **lecture, group discussion and reflection** | |
| Assessment | Quiz | **5 %** |
| Week 4 &5 | **UNIT 3**<br>**JOB ANALYSIS& HR PLANNING**<br>3.1. Meaning and definition of job analysis<br>3.2. Steps in job analysis<br>3.3. Methods of collecting job analysis information<br>3.4. Importance of job analysis information<br>3.5. Potential problems with job analysis<br>3.6. Meaning and definition of Human resource planning<br>3.7. Importance of human resource planning<br>3.8. Steps[procedures] in human resource planning<br>3.9. Factors affecting human resource planning | |
| Delivery Methods | **lecture, group discussion and reflection** | |
| Assessment | • Group Assignment /case analysis | **10%** |
| Week 6, 7 & 8 | **UNIT 4**<br>**RECRUITMENT & SELECTION**<br>4.1. Employee Recruiting<br>    4.1.1.Features of recruitment<br>    4.1.2. Purpose of recruitment<br>    4.1.3. Factors governing recruitment<br>    4.1.4. Sources and methods of recruitment<br>4.2. Employee Selection<br>    4.2.1. Selection criteria<br>    4.2.2. The selection process<br>    4.2.3. Factors governing selection<br> 4.3. Orientation [induction]<br>    4.3.1. Purpose of orientation<br>    4.3.2. Levels of orientation | |
| Delivery Methods | **lecture, group discussion and reflection** | |
| Assessment | Case Analysis | **10%** |

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| | |
|---|---|
| **Week 9&10** | **UNIT 5**<br>**TRAINING AND DEVELOPMENT**<br>5.1.Objectives of training and development<br>5.2. Process of training and development<br>5.3. Training methods |

| *Delivery Methods* | **lecture, group discussion and reflection** | |
|---|---|---|
| Assessment | Test ( chapter 4&5) | **15%** |

| | |
|---|---|
| **Week 11** | **UNIT 6**<br>**PERFORMANCE APPRAISAL**<br>6.1**.** Purpose of performance appraisal<br>6.2. Performance appraisal steps<br>6.3. Problems associated with performance appraisals<br>6.4. Performance appraisals methods |

| *Delivery Methods* | **lecture, group discussion case study and reflection** | |
|---|---|---|
| Assessment | • Case study | |

| | |
|---|---|
| **Week 12** | **CHAPTER 7**<br>**COMPENSATION**<br>7.1. Importance of compensation<br>7.2. Factors affecting compensation<br>7.3. Employee benefits and service<br>7.4. Comparable worth controversy [Reading assignment |

| *Delivery Methods* | **lecture, group discussion case study and reflection** | |
|---|---|---|
| Assessment | • group discussion and reflection | |

| | |
|---|---|
| **Week 13** | **CHAPTER EIGHT**<br>**INTEGRATION AND MAINTAINACE**<br>8.1. Employee discipline<br>8.2. Labor relation<br>8.3. Collective bargaining<br>8.4. Grievance handling |

| *Delivery Methods* | **lecture, group discussion case study and reflection** | |
|---|---|---|
| Assessment | • Test chapter (7&8) | **15%** |

| | |
|---|---|
| **Week 14** | **CHAPTER NINE**<br>**PROMOTIONS TRANSFERS AND SEPARATION**<br>9.1. Purpose of transfer<br>9.2. Reason for transfer<br>9.3. Types of transfer<br>9.4. Types of promotion<br>9.5. Types of separation |

| *Delivery Methods* | **lecture, group discussion case study and reflection** | |
|---|---|---|
| Assessment | Reflection home based activity | |

| | | |
|---|---|---|
| | | |

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| Week 15& 16 | **CHAPTER TEN**<br>**HUMAN RESOURCE MANAGEMENT AND GENDER BASED EMPOWERMENT**<br>10.1. Equal employment opportunity<br>10.2. Diversity and its management<br>10.3 Gender relation and Woman empowerment at work place | |
|---|---|---|
| *Delivery Methods* | **lecture, group discussion case study and reflection** | |
| Assessment | Reading assignment | |

| | |
|---|---|
| **Course expectation** | ✓ **Preparedness:** You must come to class prepared by bringing with you the appropriate materials like handouts, worksheets and exercises given, text books and completed assignments. Complete the individual and group assignments and other activities on time. You must plan your own learning through reading various course related materials and chapters in books. You are expected to work much individually to meet the requirement of the course. You have to use your time for group work and home study effectively.<br>✓ **Participation:** Make active participation during discussions (you must participate in class). You are not participating if you are simply talking to a friend, doing homework, daydreaming, or not doing what the rest of the class is doing. If you are working in a group or with a partner, you must talk to your group members or partner and be a part of the group. Always be ready and willing to give constructive feedback to partners/group members and to listen to their comments on your work<br>✓ **Medium:** Use only English, which is the medium of instruction, especially in the class room |
| **Policy:** | ✓ **Attendance:** It is compulsory to come to class on time and every time. If you are going to miss more than three classes during the term, you should not take this course<br>✓ **Assignments:** You must do your individual and group assignments and submit on time. No late assignment will be accepted<br>✓ **Tests/Quizzes:** You will have short quizzes and tests almost every unit. If you miss the class or, are late to class, you will miss the quiz or test. No makeup test or quizzes will be given. You are expected to observe the rules and the regulations of the University as well<br>✓ **Cheating:** You must do your own work and not copy and get answers from someone else. When you are in class: please do not chew gum, eat something, listen to recorders or CD players, or involve in acts that spoil the normal teaching-learning process; switch off your cell phones before class and exam sessions. Any attempt to use cell phones in exam sessions will be considered an act of cheating and hence, dealt accordingly. |
| **Assessment Arrangement** | Activities Points<br>   Quiz I……….. 5%          Quiz II……………….. 5%<br>   Test I……….10%          Test II………………..15%<br>   Assignments/Case analysis…………..20     Attendance…………….5%<br>   Final Exam….40         **Total Points …………100**<br>*Final Exam:* Final exam will cover ALL material. |

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# UNIT ONE
# AN OVER VIEW OF HRM

## After completing this unit, students will be able to:

➢ **Define and understand the idea of Human Resource Management**
➢ **Identify the importance of HRM**
➢ **Point out the objectives of HRM**

## Introduction

An organization is a **human grouping** in which work is done for the **accomplishment of some specific goals or mission**. To achieve organizational objectives, there is a need to **coordinate** the basic resources of the organization, Like: - **Financial; material (raw or semi-processed); machinery (or fixed assets) and human resources.**

The organizational resources by themselves will not help the organization to accomplish its objectives, unless there is an **effective coordination and utilization** of these human and non human resources. It is understandable that the **Human Resource** is an important (critical) resource in **coordinating the non-human resources**. So, the principal component (asset) of any organization is its **"Human Resources or People at work".**

The **success or failure** of an organization is largely dependent up on the **ability/quality** of the employees of the organization. In other words, without positive and creative contributions from people, organizations cannot progress and prosper. This is because human resources are **initiators and determinants** of all activities in a given organization.

If the human element is managed improperly, the result will be ineffective and inefficient. Consequently, human resources at work are the most important assets (capital) of the organization. Based on this fact **managing this resource is a central and critical task** in any organization.

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**What is Human Resource?**

❑ Human resources may be defined as **the total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce** as well **as the values, attitudes, approaches and beliefs of** individuals involved in the affairs of the organization.

❑ Human resource is a paramount importance in the **success of any organization.** Because these people who **provide the knowledge and much of the energy through which organizational objectives are accomplished.** So, the people in the organization, the human resources, are perhaps the most important aspect of any enterprise.

❑ However, the age of information technology has popularized the word **human capital.** Earlier we were talking about **human resources and equating people with the raw materials, financial resources and physical resources,** as an input for the enterprise. But, in the age of knowledge economy, the perception is that **people are the real capital.** Since competition would depend on coming up with **better ideas, imagination** becomes extremely important and thus imagination is in the minds of the people. It is noted that the mind that invented the atom bomb was more powerful than the bomb itself.

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*Discussion point*

*The top challenge of managers in the twenty first century is managing human resources – which are the potential competitive advantage. How? And Why?*

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## 1.1 Definition of HRM

To understand the definition of human resource management more clearly, we need to first review what managers do. Managers are expected to carry out five functions – **Planning, Organizing, Staffing, Leading and Controlling.**

Human Resource management is management functions that helps managers' recruit, select, train and develop **members for an organization.** It is concerned with the people's dimension in organizations. In other words,

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It refers to the philosophy, policies, procedures and practices related to the management of people within an organization.

**According to Bratton and Gold  HRM as: "… a <u>strategic</u> approach to managing employment relations which emphasizes that people's <u>capabilities</u> is critical to achieving sustained <u>competitive advantage</u>, this being achieved through a distinctive set of <u>integrated</u> employment policies, programs and practices".**

**According to Edwin B Flippo, Human Resource Management is the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resource to the achievement or accomplishment of individual, organizational and social objectives.**

From this definition, we can easily realize **certain key words** that can give us an idea of what the functions of HRM are:-

- ❑ **Recruitment i**s concerned with the **acquisition of proper kind and number of personnel's** necessary to accomplish organizational goals.
- ❑ **Development** is related with the **increment/enhancement of abilities, knowledge and skills** of human resources through training and development.
- ❑ **Compensation** refers to the **pay and benefits** that employees receive from the company. It is in the form of salary, wages, incentives and fringe benefits.
- ❑ **Integration** is an attempt to effect reasonable reconciliation of **individual, societal and organizational interests**.
- ❑ **The maintenance function -** maintaining the physical conditions of employees **(health and safety measures)** and employee service programs. It also includes **legal compliance and maintenance of industrial relations.**
  **HRM must work to ensure that the working environment is safe and healthy. Caring for employees' well being has a major effect on their commitment.**

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❑ **Separation** is the management of separating employees from organizations. It is negative recruitment. It may take the form of **retirement, resignation, dismissal, lay-off or retrenchment.**

**When to summarize, Human Resource Management concept:-**

❑ Focuses on people aspect of management

❑ Is a management function that helps managers' recruit, select, train and develop members for the organization.

❑ Emphasizes the need to **think strategically about people as a key resource**.

❑ Is a **proactive rather than reactive approach,** i.e. always looking forward to what needs to be done and then doing it, rather than waiting to be told what to do as they arise.

❑ Is a key ingredient/component affecting organizational competitiveness and its ability to fulfill its mission (**competitive advantage**).

❑ Implies that HR policies and programs should be **integrated** into the **business strategy** and also contribute to it.

❑ Its activities/functions are **integrated/ interrelated.**

❑ In HRM activities, top management involvement is important/ critical.

❑ Designs mechanisms to integrate the goals of the organization, employees and the society.

❑ Is expected to develop a culture that is suitable to the core values of the organization.

## 1.2   Importance of Human resource management

**Human resources, along with financial and material resources, contribute** to the production of goods and services in an organization. Physical and monetary resources by **themselves cannot** improve efficiency or contribute to increased rate of return on investment.

It is through the **combined and concerted efforts** of people that monetary or material resources are used to achieve organizational goals. But these **efforts, attitudes and skills have to be sharpened from time to time** to optimize the effectiveness of human resources and to enable them to meet greater challenges. This is where Human Resource Management plays a crucial role.

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The concepts and techniques of HRM are important to all managers. It is possible to see the importance of HRM from its malfunctioning. If you commit personnel mistakes you will encounter the following mistakes:

❑ To hire the wrong person for the job
❑ To experience high turnover
❑ To find out people not doing their best
❑ To waste time with countless and useless interviews
❑ To have the company sued (charged) for discriminatory actions.
❑ To be quoted under bad example of unsafe practices
❑ To have some of your employees think their salaries are unfair and inequitable relative to others in the organization
❑ To allow a lack of training to undermine your department's effectiveness and
❑ To commit any unfair labor practices.

On the other hand, if managers properly apply the concepts and functions of HRM, it will be the best tools to achieve "competitive advantage through people". These outcomes are the following:

❑ Creation of a better image
❑ More Profits
❑ Higher Productivity
❑ More Competent People
❑ Better Generation of Internal Resources
❑ More Team-work, Synergy and Respect for Each Other
❑ More Problem Solving
❑ Higher Work-commitment and job Involvement
❑ Growth and Diversification
❑ Better Developed Roles
❑ Better Utilization of Human Resources

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In general, HRM practices help organizations in many ways:-

❑ **Good HR practices** can help in **attracting and retaining the best people** in the organization.
❑ **HRP alerts** the company to the types of people it will need in the **short, medium and long run.**
❑ **Appropriate recruitment and selection** activities identify the best people for available jobs and make sure they are placed in suitable positions.
❑ **Good HR practice can also motivate** organizational members to do/perform outstanding tasks.

The human resource management practices of an organization can be an important source of competitive advantage.

An organization can achieve a competitive edge through effective and efficient HRM. **For example, if the right people are recruited at the right time, right place, and right job then you do not face any problem. In other words, firms can gain a competitive advantage over competitors by effectively managing their human resource.**

## 1.3   Human Resource management objectives

The objectives of human resource management are the following:

The first and foremost objective of human resource management is to **have highly committed, eligible/qualified, talented, and happy workers.**

**Development of employees (Personal objectives):**  An employee does not come alone into the organization. He/she brings with himself/herself **abilities, attitude, behavior, personality** etc... She/he has the objective of enhancing his/her **personal growth and seeks the organization for realization** of this personal growth.

On the other hand, organization needs employees for **fulfillment of organization objectives.** There is an element of mutuality of interests here. **Individual and organization need each other for fulfillment of their objectives.**

If attention is given for employees' growth, it will lead to efficient working, proper maintenance, motivation and retention of work force. However, if personal growths of

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employees are **hindered, absenteeism and turnover** will increase and performance and satisfaction will come down. **Hence HRM aims and strives for the development of the employees.**

**The development and care** of Human Resources is done by the HRM. In other words, HRM maintains the **dignity of the employee** as a "human being" and provides **maximum opportunities** for personal development. Thus, personal objectives of employees must be met if workers are to be maintained, retained and motivated. Otherwise, employee performance and satisfaction may decline and employees may leave the organization. Some of the supporting functions are **training and development, appraisal, placement, compensation and assessment.**

**Growth and development of the organization (Organizational objectives):** HRM objective is to bring about the overall development and growth of the organization. In other words, HRM is critical for development and growth of the organization. **How?** HRM enables the organization to **acquire c**ompetent and qualified employees. It also **develops** individual capabilities so as to attain organizational objectives. Besides, it ensures that well qualified employees are **retained** and worked to satisfy goals of the organization.

**It is not possible to think of organizational growth and development without HRM.** Goals of the organization are met by HRM - by effective **motivation and excellent utilization of employees.**

HRM helps in utilizing effectively the available human resources. It also improves the employees' working skill and capacity. In addition, it provides healthy relationship between different work groups so that work is effectively performed.

**The development of HR function and climate (Functional Objectives):** The objective of HRM is to develop an effective HR function for development and maintenance of human resource functions. HRM also has the objective of maintaining an excellent HR culture.

**Objectives for the welfare of the society (Societal objectives): -** Every organization faces the societal impact. HRM seeks to do maximum good to the society and also tries to minimize the effects of the social problems.

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These social objectives are planned and needed to satisfy the **ethical and social needs of the society.** HRM has the societal objective of doing well to society, complying with legal formalities and building good industrial relations.

The failure of organizations to use their resources for the society's benefit in ethical ways may lead to restrictions. **For example**, the society may limit HR decisions through laws that enforce reservation in hiring and laws that address discrimination, safety or other such areas of societal concern. In this regard some of the supporting functions are legal compliance, benefits and union-management relations.

In general, HRM provides healthy working environment through which it promotes **teamwork** in the employees. It can help the organization in securing willing cooperation of the employees for achieving goals of the enterprise and fulfilling their own social and other psychological needs of recognition, love, affection, belongingness, esteem and self-actualization. It also creates right attitude among the employees through effective motivation.

## 1.4    Business life cycle based HRM Strategy

| Life Cycle Stage | Staffing | Compensation | Training and Development | Labor / Employee Relations |
|---|---|---|---|---|
| Introduction | Attract best technical and professional talent | Meet or exceed labor market rates to attract needed talent | Define future skill requirements and begin establishing career ladders | Set basic employee-relations philosophy of organization |
| Growth | Recruit adequate numbers and mix of qualifying workers. Plan management succession. Manage rapid internal labor market movements. | Meet external market but consider internal equity effects. Establish formal compensation structures. | Mold effective management team through management development and organizational development. | Maintain labor peace, employee motivation, and morale. |
| Maturity | Encourage sufficient turnover to minimize layoffs and provide new openings. Encourage mobility as reorganizations shift jobs around. | Control compensation costs. | Maintain flexibility and skills of an aging workforce. | Control labor costs and maintain labor peace. Improve productivity. |
| Decline | Plan and implement workforce reductions and reallocations, downsizing and outplacement may occur during this stage. | Implement tighter cost control. | Implement retraining and career consulting services. | Improve productivity and achieve flexibility in work rules. Negotiate job security and employment- |

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# UNIT TWO
# HUMAN RESOURCE MANAGEMENT ENVIRONMENTS

**The objectives of this chapter are:**

❑ Describe the various internal and external factors influencing the HRM functions.

❑ Highlight the HRM model in a concise manner,

**Introduction**

**The term 'environment' here refers to the "totality of all factors which influence both the organization and human resources sub-system"**

**Environment is an important variable in the HRM model.** It may be understood as all those forces, which have their bearing on the functioning of the HR department. **It is desirable to know what the environment is and how it influences HR functions in an organization.**

**So, HR program in an organization does not operate in a vacuum.** It is influenced by and has influence on the external (outside the organization) and the internal (inside the organization) environments.



It is emphasized that **factors external to the organization** have a significant impact on HR programs. On the other hand, the HR program of a firm must operate **within guidelines, limits of available resources, and competencies produced by the organization.** HR is one important function among other internal functions, including finance, accounting, research and development, marketing, and production. The interaction of these internal programs sets the tone of the entire organizational system.

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Analysis of the environment is useful for the HR manager to become **proactive and not remain reactive to the environment. Reactive strategy** serves the purpose when the environment is fairly stable and competition is less severe. **Proactive steps** are vital for an organization if it has to survive in an environment, which is characterized **by change and intense competition.**

## 2.1 The External Environment (Macro-environmental factors)

## Introduction

The macro-environment includes all factors, conditions, and situations a given enterprise is incapable of influencing on its own while impacting the firm's operation and human resource management. Macro-environment is the external environment of a given company. Since the option of influencing the macro-environment is limited at best, most firms adapt to the respective changes.

Factors impacting human resource management include economic, social, demographic, geographical, political-legal and technological features.



Fig 2.1 External or Macro environmental factors

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The external (macro-environmental) factors separately or in combination can influence the HR function of any organization. **The job of a HR manager is to balance the demands and expectations of the external groups with the internal requirements and achieve the assigned goals in an efficient and effective manner.**

The external environment consists of **such factors. Such as laws and regulations; economic challenges; location; technological factors and labor market conditions.**

1. **Political-legal factors**

The political and legal environment regulates employment and labor relations while its impact is felt on human resource management as a given firm has to meet the respective regulations including mandatory minimal wage, regulation of work time, industrial safety specifications.

One powerful, external environmental influence is government law and regulations, which affect many organizations directly.

The government regulates and influences some aspects of personnel more directly than others. **The major areas of legislation and regulation include:**

♦ **Equal employment opportunity and human rights legislation,** which directly affects recruitment, selection, evaluation, promotion, employment planning, orientation, career planning, training and development.

♦ **Compensation regulation**, which affects pay, hours of work, unemployment, and similar conditions.

♦ **Benefits regulation**, which affects pension and retirement.

♦ **Workers' compensation and safety laws**, which affect health and safety.

♦ **Labor relations laws and regulations**, which affect the conduct of collective bargaining.

♦ **Privacy laws**.

Therefore, laws and regulations **have a direct effect in** the management of HR. Legal issues affect almost all aspects of HRM, from the initial recruitment and selection of applicants to their discharge, retirement or lay off. In other words, there are almost no HR decisions that remain unaffected by government rules and regulations.

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## 2. Economic forces

An economic factor has significant impact on income conditions determining the labor market value of an activity. There is a great amount of variation between highly trained employees and those who are motivated by economic need even risking under-employment in return for a salary.

Economic environment refers to all those **economic forces, which have a bearing on the HR function.** The components of the economic environment are:-

- ♦ Growth strategy, Industrial production **(productivity),** Agriculture,
- ♦ Population, National and per capita income,
- ♦ Money and capital markets,
- ♦ Suppliers, Competitors, Customers and Industrial labor.

## 3. Geographic location of the organization (Geographical Environment)

**The location of the organization** influences the **kinds of people it hires and the HRM activities it conducts.** A hospital, plant, university, or government bureau located in **a rural area** confronts different conditions than one located in an urban area.

The geographical environment determines the labor market and the employment options provided by a given region. Thus a region with high unemployment requires different human resource strategies than one with a limited supply of workers.

## 4. Technological changes

Technological change **alters jobs, creates new skills, makes occupations obsolete and revises what employees need to learn and to be trained to do.**

Sometimes new technologies require **new job designs.**

**For example**, **work teams** whose members share responsibility for tasks may be more appropriate than individual workers with separate responsibilities.

As far as employees are concerned the technological environment determines the desired competences and skills while for employers it identifies software-related requirements for maintaining connections with labor relation and taxation authorities.

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### 5. Labor market conditions

The labor market also directly affects HRM programs. Exchanges between employers and potential employees occur in the labor market. Information is exchanged about opportunities, skills and requirements.

Like: - **When there are more workers than jobs, employers find recruiting costs minimal.**

The demographic environment indicates the size and composition of the section of the population capable of productive work.

## Impact factors related to the labor market

In the next section labor market theory concepts defining and impacting human resource management will be described.

☐ from the macro-economical aspect the concept of the labor market can be defined as the aggregate labor force supply of individuals and households as potential employees, and the aggregate labor force demand of business organizations, enterprises, and institutions as potential employers along with the respective correlations and the balanced or unbalanced nature of the situation.

☐ the labor market is the sum of exchanges between two actors of formally identical status, the employer and the employee.

Said exchange connects employees to and facilitates mobility among work places. The aggregate sum of work force mobility on the labor market is called the allocation or re-allocation of the work force. Thus the labor market is the allocation and re-allocation institution of the work force.

The basic categories of the labor market are the following: wages, work force demand, and work force supply. Wage is basically the price of the given work force. Wage has a significant role in the labor market as it determines relations between seller and buyer, which are employer and employee respectively.

The analysis of the labor market starts with a work force supply and demand analysis as the mutual relation between the two defines the respective balance or imbalance. The equilibrium state of the labor market has a fundamental impact on human resource management as a firm can freely select among candidates in case of excess supply, while in a labor market characterized by excess demand (lack of qualified labor force) the acquisition of appropriate workers is difficult.

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The contemporary status of the labor market influences salary expectations both for the employer and employee.

**Factors shaping the labor market** with an impact on human re-source management include:

− **Population trends:** the quantity and quality of the potential work force is one of the main features of the labor market. The extent of worker supply and the respective qualifications depend on con-temporary population trends.
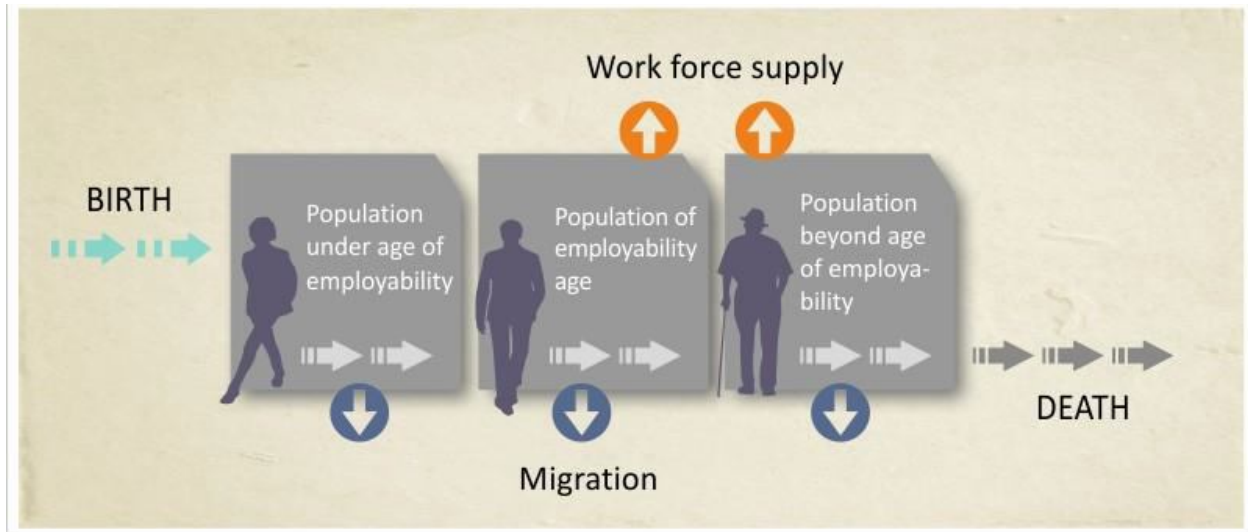


Fig.2.2 Population trend in respective of workforce

The Fig.2.2 above reveals that the birth rate (fertility), the mortality rate, and the mobility or migration figures play a significant role in shaping the work force supply.

Demographic examinations reveal that countries in the European Union experience a simultaneous aging and decline of the population. The respective population loss can be attributed to natural causes. In developed countries the population decline is offset or compensated by immigration. Hungary, previously a sender country, has become a receiver and transit country by today.

− **The composition of the population:** the tracing of population according to age, gender, and qualification is indispensable to effective human resource management.

## 6. Cultural Forces

Culture refers to the complex whole which includes knowledge, belief, art, morals, laws, customs and other capabilities and habits acquired by an individual as a member of a society.

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**How does culture influence the HR function?**

A. Culture creates the type of people who become members of an organization. Culture trains people along particular lines, tending to put a personality stamp upon them. It is not that all people are alike in a particular culture.

B. If the culture of the society promotes work, then tasks will be performed with interest, dedication and pride.

C. Work ethics, achievement needs and effort-reward expectations, which are significant inputs determining individual behavior are the results of culture.

The social environment determines employment-related customs, traditions, and motivations. i.e. certain people choose an occupation based on traditions, and even generations can be employed at the same company.

## 2.2 The Internal Environment (Micro-environmental factors)

**The internal environment also affects the job of a HR manager.** The functional areas, structural changes, specific cultural issues peculiar to a unit, HR systems, corporate policies and a lot of other factors influence the way the HR function is carried out.

**The HR manager has to work closely with these constituent parts, understand the internal dynamics properly and devise ways and means to survive and progress. In addition to these, the personnel have to grapple with the problem of workforce diversity.**

Some of the internal factors include **labor union, goals and policies of the organization, organizational style, and nature of the task, work group, leadership style and experience.**

### 1. Labor unions

**A trade union (labor union)** may be understood as an association of workers formed to protect their own individual interests.

**The presence of a union directly affects most aspects of HR activities.** Because most of the HR activities like recruitment, selection, training, compensation and separation - **are carried out in consultation with union leaders.** The role of unions becomes **pronounced when a new** wage agreement needs to be signed.

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## 2. Organizational Goals

The goals of organizations differ within and between departments. All departments probably have goals that include **employee satisfaction, survival, and adaptability to change.** The differences arise in the importance the decision **makers place on the different goals.**

**For Example: -if some** organizations, HRM-related **goals are highly regarded by decision** makers. Thus, how much the **HRM function is valued** and how it is implemented is affected by these goals.

## 3. Organizational style

Some organizations for example, are likely to prefer more **formalized HRM policies, direct controls on employees; more direct job related training, compensation policies tied to actual performance, and so on.**

It seems reasonable to hypothesize that truly bureaucratic and truly participative organizations would have different HRM policies. In these ways, the organization's style influences the HRM program**.**

## 4. Nature of The Task

Many experts believe that the task to be performed is one of the most vital factors affecting HRM. They describe HRM as the effective matching of the nature of the task with the nature of the employee performing the task.

## 5. Work Group

**Groups play** a major role in the life of an individual. Once a person joins an organization, his or her experiences are largely influenced by a work group.

If the work group is effective and works with management, the manager's job is easier, and objectives are more likely to be achieved. On the other hand, if the group is working against the manager, an effort must be made to change the group's norms and behavior by the use of the manager's leadership, discipline, and reward powers, or by the transfer of some group members.

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Therefore, work groups are directly related to the success of HRM activities. Examples of HRM activities in this regard are **incentive compensation, profit sharing, and safety and labor relations.**

### 6. Leadership style and experience

The **experience and leadership style** of the operating manager/leader directly affects HRM activities because many HRM programs must be implemented at the work unit level. Thus, the operating manager–leader is a crucial link in the HRM function.

Leaders must demonstrate distinctive skills, experiences, personalities and motives of individuals. They must also facilitate the intergroup interactions that occur within work groups. In his/her role **a leader provides direction, encouragement, and authority to evoke desired employee behavior.** In addition, **leaders reinforce desirable behavior so that it is sustained and enhanced.**

The leader is an important source of knowledge about the tasks, the organization, the HRM policies, programs and goals. The experience and operating style of a leader will influence which HRM program are **communicated, implemented and effective**.

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# UNIT THREE
# Job Analysis and HR Planning

## Learning objectives

*After completing this unit, you will be able to:*

- ✓ Define job analysis and human resource planning
- ✓ Identify methods of acquiring job analysis information
- ✓ Understand the importance of job analysis information
- ✓ List out the importance of human resource planning
- ✓ Explain factors affecting human resource planning

## 3.1 Meaning and Definition of Job Analysis

### *What is job analysis?*

Job analysis is a systematic procedure for **gathering, analyzing and documenting** information about particular jobs. It is the process of investigating the **tasks and behaviors associated** with particular jobs. It specifies **what each worker does**, the **working conditions**, and the **qualification requirements**.

**Job Analysis** is the corner stone of HRM, because the information it collects serves so many HRM functions.

Job analysis involves **developing a detailed description of the tasks involved in the job**, and **ascertaining the knowledge, skills, and abilities** necessary for an employee successfully perform the job.

**The process of job analysis provides the following information:**

- ❖ **Work activities**: exactly what is being done and achieved including processes and procedures used
- ❖ **Job context**: this specifies the working conditions, including physical setting, supervision, and work schedule, incentives, and motivations, social environment of workplace, job hazards or any other discomforts.

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❖ **Performance expected**: this may be expected output in quantity or quality. This performance may also be measured in terms of error analysis as to the percentage of errors (as in typing, for example), work standards, time required to complete each unit of the job, knowledge used or services performed

❖ **Required personal attribute**: this involves required educational background, skills, training, experiences, physical strength coordination or dexterity, aptitude, any other attributes required for the job.

## *The outcome (categories) of job analysis*

### a) Job description

**Job Description basically indicates the task, duties, and responsibilities of job**, it specifies in a written form of what is done, where it is done, and briefly, how it is done.

**Job description describes the job and not the employee**. It is prepared for job, irrespective of who is placed on it.

Job description provides both organizational information (location in structure authority, etc.) and functional information (what the work is).

Job description is a systematic, organized and written statement of "what, when, where, how and why," and is a tangible outcome of job analysis.

It also describes the work to be performing, the responsibilities and duties involve and conditions under which the work is performing.

Job descriptions can be prepared according to the results of the work area analysis and evaluation process. The purpose of making job descriptions is to record the conditions and regularly performed tasks of a given job in writing. The job description is to be prepared as part of the work contract during the hiring process.

*Activity*

*Explain the concept of work area analysis/evaluation?*

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Work area evaluation is a process ascertaining the relative weight or importance of the work areas found within an organization.

During work area analysis the various work areas are compared ac-cording to their importance and ranked according to their ability of contributing to the realization of organizational goals. Based upon the respective work area allocation categories can be established in order to guarantee the internal homogeneity of the categories, that is work areas of similar value would be placed within one group. At the same time attention must be paid to the separation of work areas allocated into different groups.

The work area analysis is an important component of wage structures as the salary for identical work areas should be similar. At the same time the results can be utilized in career planning, in the determination of requirements, and during the elaboration of staff development programs.

The job description records in a clear, systemized, written form the tasks, characteristics, requirements, and conditions of the work area within the given work organization.

**The goal of job description:**

- The recording and systematization of separable and repeated activities within a given work area.
- Establishing clear boundaries between the given work areas.
- The recording of the conditions and main characteristics of the work performance.

Job descriptions have to be prepared by a supervisor with the authority of an employer. In reality job descriptions are prepared in collaboration between an associate or head of the human resource management department and the leader of the respective organizational unit. Job descriptions are prepared according to particular legal regulations, the organizational policy and procedure, the administrative scheduling, and the data and results of work area analysis and evaluation.

It is possible that the employees themselves prepare their own job descriptions. In this case the job description has to be controlled and approved by a professional appointed within the given organization.
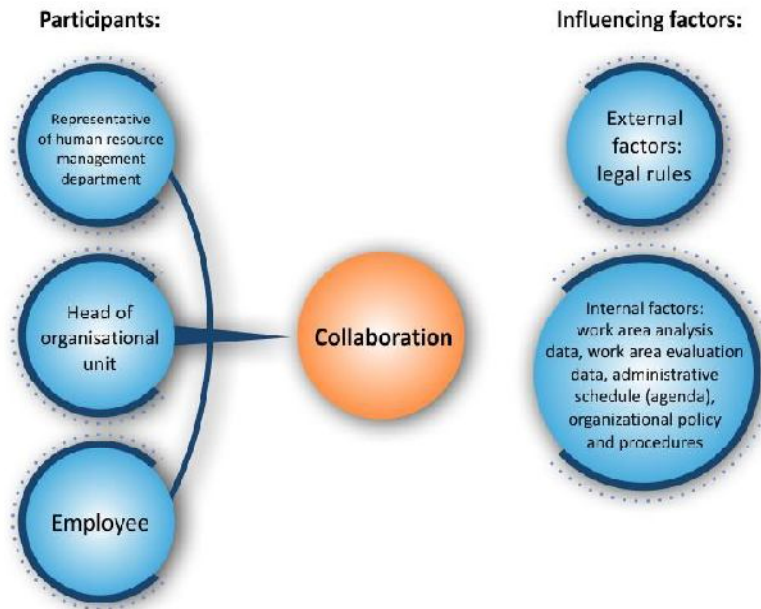
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Fig.3.1 *Participants in the job description preparation process, and the respective influencing factors*

*Activity*

When should job descriptions be prepared?

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**Job description prepared when:-**

- In case of the elaboration of a new work area

- Before starting new job operations and tasks (expansion and enhancement) the job descriptions have to be updated.

*Job description generally contains the following data*:

1. **Job identification**: it includes job title, code number of the job (if any), the department or divisions to which the job belongs etc.

2. **Job Summary**: it is a brief summary, in one or two sentences, explaining the contents of the job, its hazards or any other specific aspects.

3. **Duties performed**: it is a comprehensive listing of the duties together with the importance of each duty and the percentage of time devoted to each major duty included and any other additional responsibilities like custody of money, training of subordinates etc.

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4. **Supervision:** if supervision is required, then it gives the number of persons to be supervised along with their job titles and the extent of supervision involved and whether it is general supervision or close supervision

5. **Machines, tools, and equipments used**: this will include the type of machinery handled and the type of raw materials used.

6. **Working conditions**: it gives as the working environment in which the jobholder must work. Here are listed any special working conditions in terms of cold, heat, noise levels, and any other hazard that might pose a risk to life and the probability of such hazard occurring.

## Job description guide lines

❖ It should be a clear, concise and readily understandable picture of the whole job with clearly defined duties to be performing.

❖ Brevity is usually considered to be important depending upon the type of job being analyzed, specifying simplicity, and accuracy

❖ Select the most specific words to show; **1/** the kind of work; **2/** degree of complexity, **3/** degree of skill required; **4/**specific assigned responsibilities to particular worker and its accountability.

## b) Job Specification

It is the analysis of what kind of trait and experiences needed to perform the job. It describes the individual traits and characteristics required to perform the job well.

Job specification translates the job description into terms of the human qualification, which is required for a successful performance of a job. It is intended to serve as a guide in hiring and evaluation.

### *Job specification is relates to*

a) **Physical characteristics**: which include health, strength, endurance, age-range/ body size, height, vision, voice, etc?

b) **Psychological characteristics or special aptitudes**: this includes such qualities as mental dexterity, aptitude, judgment, resourcefulness, analytical ability, mental concentration and alertness.

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c) **Personal traits of temperament**: Such as personal appearance, good and pleasing manners, emotional stability, aggressiveness, or submissiveness, extroversion or introversion etc

d) **Responsibilities:** which include supervision of others, responsibility for production, process and equipment: responsibility for the safety of others.

e) **Other features of a demographic nature**: these are age, sex, education, and experience and language ability.

## 3.2 Steps in Job Analysis

Job analysis is performed in three conditions:

1. When the organization is established / instituted;

2. When new jobs are created; and

3. When jobs are changed significantly as a result of new technology, methods, procedures or systems.

*In general, job analysis involves the following steps:*

*Step 1 (Identify how information will be used)*

Identify the use to which the information will be put, since this will determine the types of data you collect and how you collect them. Some data collection techniques like interviewing the employee and asking what the job entails and what his responsibilities are - are good for writing job descriptions and selecting employees for the job.

*Step 2(Review background information)*

Review relevant background information such as organization charts, process charts, and job descriptions. Organization charts show how the job in question relates to other jobs and where it fits in the overall organization. The chart should identify the title of each position and, by means of its interconnecting lines, show who reports to whom and with who the job incumbent is expected to communicate.

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### Step 3 (Select representative positions to be analyzed)

This is done when many similar jobs are to be analyzed and it is too time-consuming to analyze each and every job in the organization. In other words, a representative sample of jobs needs to be selected since it is usually too costly and time consuming to analyze every job.

### Step 4 (Collect data to analyze job)

This step involves the use of acceptable job analysis techniques. The techniques are used to collect data on the characteristics of the job, the required behaviors, working conditions, and the employee characteristics needed to perform the job. It is possible to use one or more of the job analysis techniques indicated below.

### Step 5 (Review information with incumbent)

Review the information with job incumbents. The job analysis information should be verified with the worker performing the job and with his or her immediate supervisor. This will help to confirm that the information is factually correct and complete**.**

This "review" step can also help gain the employee's acceptance of the job analysis data and conclusions by giving that person a chance to review and modify description of his or her job activities.

### Step 6 (Develop Job Description/Job Specification)

Develop a job description and job specification. A job description and a job specification are usually two concrete products of the job analysis.

**Job description** is a written statement that describes the activities and responsibilities of the job, as well as important features of the job such as working conditions and safety hazards.

**Job specification** summarizes the personal qualities, skills, and background required for getting the job done; it may be either a separate document or on the same document as the job description.

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## 3.3 Methods of Collecting Job Analysis Information

Information about job analysis can be gathered in several ways. The major methods of data collection for job analysis are:

### a. Observation

This method involves the observation of a number of jobholders how they perform their jobs and simultaneously recording the observations systematically. A narrative form or a checklist may be use for recording the observations. The problem with this method is that if the worker feels, what he observed in order to set his wage rate; he will pattern his work to set a favorable rate. Observation may not be appropriate when the job involves significant amount of mental activities or for knowledge work. This method is not suitable for observing job, which involves mental work, and when the job cycle is long.

### b. Questionnaires

It is an effective way to collect a large amount of information in a short period. Because of the lack of face- to- face contact between the analyst and respondent to questionnaires, the analysts are advised to take a maximum care in designing the questionnaires. It includes specific questions about the job, job requirements, working conditions and equipments.

### c. Interview

These methods overcome the problems of observation method. Under this method, the individual who collects job information interviews the incumbents and his supervisor. This method gives an opportunity to record both mental and physical activities. An advantage of this method is that jobholder will made an active participant in the information gathering process. Sometimes the jobholder might give an exaggerated picture of his job. However, a well-trained interviewer knows how to differentiate between essential and non-essential information. Another major advantage of this method is that the job incumbent can ask questions with the job analyst and the interview serves as an opportunity for the analyst to explain how the job analysis knowledge and information will be used. The problem in this method is that the use of interviewer's vocabulary may cause misunderstanding and resentment. This method is time consuming and costly than other methods. Because of the lack of face-to-face contact between the analyst and the

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respondents to questionnaires, the analysts are advised to take a maximum care in designing the questionnaires.

**Guidelines for Conducting Job Analysis Interviews**

♦ Put the worker at ease; establish rapport/relationship/understanding.

♦ Make the purpose of the interview clear.

♦ Encourage the worker to talk through empathy/sympathy.

♦ Help the worker to think and talk according to the logical sequence of the duties performed.

♦ Ask the worker only one question at a time.

♦ Phrase questions carefully so that the answers will be more than just "yes" or" no".

♦ Avoid asking leading questions.

♦ Secure specified and complete information pertaining to the work performed and the worker's traits

♦ Conduct the interview in plain, easy language.

♦ Consider the relationship of the present job to other jobs in the department.

♦ Control the time and subject matter of the interview.

♦ Be patient and considerate to the worker.

♦ Summarize the information obtained before closing the interview.

♦ Close the interview promptly/on time.

## 3.4 Importance of Job Analysis Information

**The use of Job Analysis**

Job Analysis provides answer to questions such as:

❖ How can be a job designed or structured so that employee performance can be enhanced?

❖ What kind of Person (Traits and experience) is best suited for the job?

❖ How much time will take to complete important tasks.

❖ Which kind of behavior will need to perform the job?

❖ Which tasks are grouped together and to consider a job? Etc.

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## Job analysis provides information for many HR activities:

❑ **Human resource planning**

The number and the type of personnel are determined by the jobs that need to be staffed.

❑ **Recruitment and Selection**

Job analysis provides information about what the job entails and what human characteristics are required to carry out these activities. Such job description and job specification information is used to decide what sort of people to recruit and hire.

To carry out a selection process, you need to know the tasks to be performed and the qualifications requirements to perform the work satisfactorily.

❑ **Job evaluation**

The relative worth of each job is determined on the basis of job descriptions and job specification.

❑ **Compensation**

Job analysis information is also essential for estimating the value of and appropriate compensation for each job. This is so because compensation (such as salary and bonus) usually depends on the job's required skill and education level, safety hazards, degree of responsibility and so on-all factors that are assessed through job analysis. Job analysis provides the information determining the relative worth of each job so that each job can be classified. Thus, job evaluation helps determine wage and salary grades for all jobs.

❑ **Ensure Complete Assignment of Duties**

Job analysis is also useful for ensuring that all the duties that have to be done are in fact assigned to particular positions.

❑ **Training**

Job analysis information is also used for designing training and development programs because the analysis and resulting job description show the skills-and therefore

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training-that are required. Thus, training and development programs can be designed on the basis of the job requirements.

❑ **Performance Appraisal**

A performance appraisal compares each employee's actual performance with his or her performance standards. It is often through job analysis that experts determine the standards to be achieved and the specific activities to be performed.

Job analysis provides standards for performance in relation to which actual performance of an employee is compared and assessed.

❑ **Safety and Health**

In job analysis, it is possible to identify hazardous conditions and unhealthy environmental factors (such as heat, noise, fumes, and dust).

❑ **Discovering unassigned Duties**

Job analysis can also help reveal unassigned duties.

## 3.5 Potential Problems with Job Analysis

While carrying out the job analysis, managers must take note of certain strong behavioral responses from the employees. Employees may not always like the idea of someone taking a hard look at their jobs. Thus, frequently encountered problems associated with the job analysis are the following:

A. **Employee fears:** Most employees' fear that job analysis efforts may put them in a 'Straight Jacket', limiting their initiative and inability. Another reason for the negative attitude is the feeling that "as long as someone does not know precisely what I am supposed to be doing, then I am safe". A searching examination of jobs may uncover employee faults, which might have escaped the employer's attention so far. Thus, jobholders may not cooperate or exaggerate about the job.

B. **Resistance to change**: When jobs change in tune with changes in technology, there is an urgent need to revise job descriptions and job specifications-to make them more meaningful. This would have a significant impact on the safe and secure job worlds,

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employees used to live comfortably. Employees resist such changes because when jobs are redefined, they may have to handle difficult tasks and shoulder painful responsibilities. To ward off such threats, managers must involve employees in the revision process, stating the reasons for incorporating latest changes clearly.

C. **Overemphasis on current employees**: Job analysis efforts should not place heavy emphasis on what the employees are currently doing. Some employees may be gifted with unique capabilities and given a chance they may expand the scope of the job and assume more responsibilities. The company may have difficulty in finding someone like that person if he or she were to leave the company. Therefore, "the job description and job specifications should not be merely a description of what the person currently filling the job does".

D. **Management' Straight Jacket**: Job analysis efforts may put managers in a 'straight jacket', limiting their freedom to adapt to changing needs from time to time. To avoid this, they may even refuse to appropriately describe what an employee is supposed to do in the company.

E. **Top management support is missing:** Top management should at least make it clear to all employees that their full and honest participation is extremely important to the process. Unfortunately, this message is often not communicated.

F. **Only a single means and source are used for gathering data:** There are many proven methods for gathering job data. All too often combination of methods might provide better job data. However, people use single method in collecting the data.

G. **The supervisor and jobholder do not participate in the design of the job analysis exercise:** Too many analyses are planned and implemented by one person who assumes exclusive responsibility for the project. The jobholder and the supervisor should be involved early in the planning of the project. Employee involvement from the beginning of the project is a good way to minimize problems of distortion.

H. **No training or motivations for jobholders:** Job incumbents are potentially a great source of information about the job. Unfortunately, they are seldom trained or prepared to generate quality data for a job analysis. Also, jobholders are rarely made aware of the importance of the data and almost never are rewarded for providing good data. Without

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proper training and preparation, employees may submit distorted data – either intentionally or not.

I. **Employees are not given sufficient time to complete the analysis:** Usually a job analysis is conducted as if it was a crash program and employees are not given sufficient time to do a thorough job analysis.

## 3.6 Meaning and Definition of Human Resource Planning

**Introduction**

**The concept of human resource planning**

One of the planning tasks within human resource management is the determination of the size of a workforce required for the fulfillment of various tasks. The respective schedule is called work force or staff size plan. The main objective of work force planning is the provision of adequately qualified labor force in an appropriate number for the proper work area at the proper time.

The perspective or vision of an enterprise is determined by its mission statement including the principles a given company must implement regarding its environment and staff. Human resource planning must take the mission statement into consideration.

 Human resource planning /or staff size planning aims to provide a staff with adequate number *and* composition facilitating the realization of organizational objectives in a desired time frame, quantity, and ability scale.

HRP is the process of forecasting an organization's **future demand** for, and **supply of,** the **right type** of people in the **right number.** It facilitates the realization of the company's objectives by providing the right type and the right number of personnel.

HRP is accomplished through analysis of

❑ Internal factors, such as current and expected skill needs, vacancies and departmental expansions and reductions and

❑ Factors in the environment, such as the labor market.

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Human resource planning is the process through which management determines how an organization should move from its current work force position to its desired work force position. Through planning management strives to have the right number of people, the right kind of people, at the right place and at the right time. Human resource planning is a strategy for acquiring, utilization, improving and preservation of Human resources.

It is the process of forecasting an organization's human resource needs and developing effective action plans to fulfill those needs.

### The salient features of HRP from the various definitions are:

❑ It is a *systematic* approach. This is because it ensures a proper and continuous staffing. It avoids or checks on occupational imbalances (shortage or surplus) occurring in any of the department of the organization.

❑ There is a visible *continuity* in the process.

❑ There is a certain degree of *flexibility*. That is, it is subject to modifications according to needs of the organization or the changing circumstances. Manpower plans can be done at micro or the macro levels depending upon various environmental factors.

Thus, we can summarize that*:* "HRP is a kind of risk management. It involves realistically appraising the present and anticipating the future (as far as possible) in order to get the right people into right jobs at the right time".

## Activity

## What are the reasons for HRP?

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**There are three fundamental reasons for human resource planning. Such as:-**

1. It allows for more effective and efficient utilization of the firm's personnel, accurate forecasting effort will helps to alleviate overstaffing and understaffing problems.

2. Human resource planning enhances worker satisfaction and employee development efforts.

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3. Planning allows equal employment opportunities for all compliances through planning efforts. More effective and efficient use of human resources may result increase in productivity.
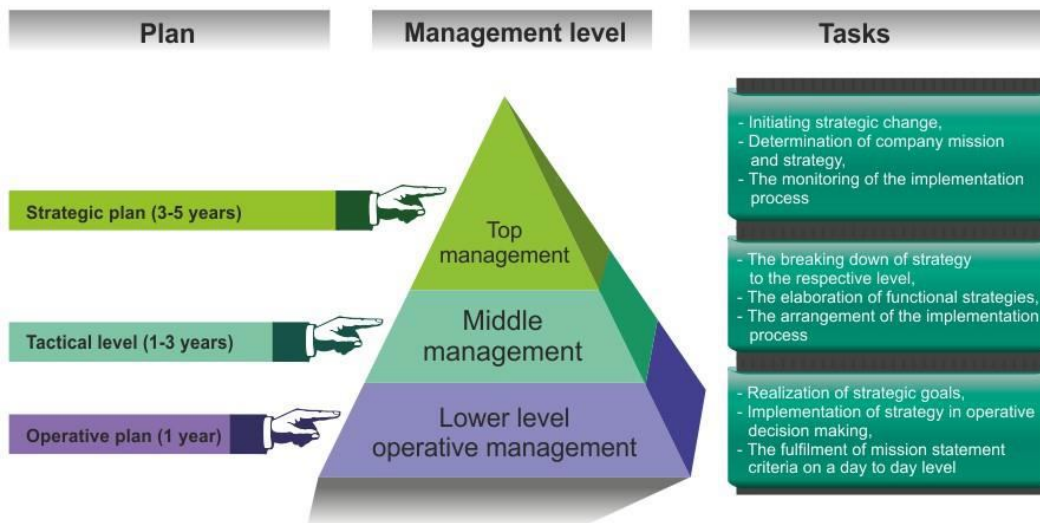
## The three/3 levels of HRP

**Human resource planning has three levels,** namely the strategic, tactical, and operative levels. These three levels form a real hierarchy as the upper level provides a framework for the design of the one below, or in other words the lower levels have to conform to the upper levels.



Fig.3.2 Levels of HRP

The levels of human resource planning must be complemented with specific plans and the anticipated terms of the fulfillment of tasks assigned to each level.

Fig. 3.3*The correlation between the plans, management levels and the respective tasks*

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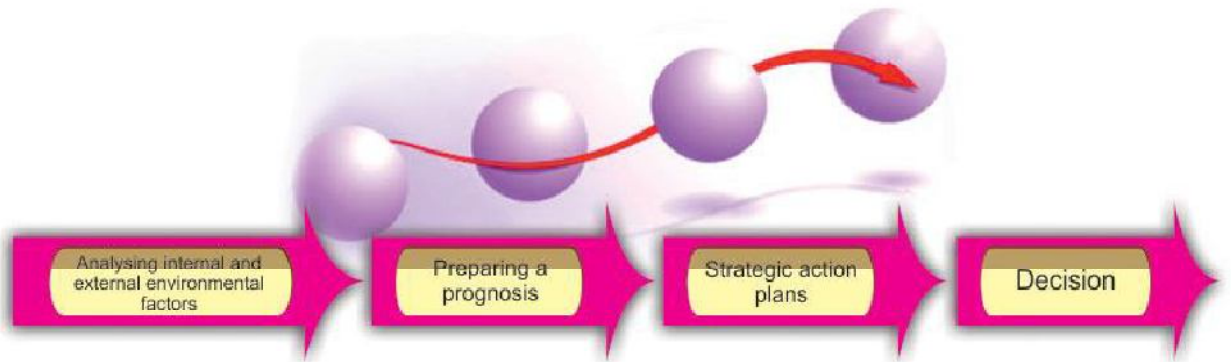
## i. Strategic level



Fig.3.4 *Stages of the human strategy planning process*

**The first step** is the analysis of external and internal environmental factors impacting human resource conditions. The analysis results can facilitate the summarizing of the current human resource conditions along with assessing the expectations for the future.

In **the second phase** a human resource prognosis entailing relevant objectives can be prepared. Prognoses help in the preparation of human resource plans along with serving as standards facilitating the effectiveness of the human resource management process.

**Step three** includes the strategic action plans based upon the comparison of demands (prognosis) and options (attributes) along with the determination of discrepancies and the respective corrective measures. This is the beginning of the actual planning process resulting in alternatives for the elimination of discrepancies between anticipated demands and current attributes.

**The last step** is decision making based upon the evaluation of the alternatives in light of the objectives and criteria. The actual decision implies the selection of a given alternative.

ii. **Workforce planning on a tactical level** implies mid-range planning. The term is between 1 and 3 years and the human strategic plan should be defined for this period as well.

iii. **Workforce planning on the operative level** implies short term planning, usually 1 year. The daily practices, the responses to external and internal changes and challenges take place at this level. The most important aspects of operative activities include the design and monitoring of implementation. Conforming to the cyclical

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aspects of the given organization workforce plans should be prepared either for a quarter or half year term. Depending on the cyclical aspects of the activity of the given company monthly, quarterly or half-year based plans have to be pre-pared.

Operative human resource planning attempts to reconcile human re-source needs and supplies. Accordingly the human resource needs of the planned activities and the scheduled human resource supply must be balanced. The human resource need indicates the quantity and quality of human resources required for the implementation of organizational goals, while the human resource supply entails the quality of the currently avail-able staff. A labor force not meeting quality and quantity requirements can endanger the realization of company goals, while the hiring of more people than necessary leads to the underutilization or excess employment of the given workforce. The main objective of operative planning is the achievement of a resource equilibrium.

## The phases of the staff or work force planning process

The staff or work force planning process includes the following phases: forecasting labor force demand, forecasting labor force sup-ply, and action plans for the elimination of respective discrepancies.



*Fig.3.5 The phases of work force planning*

Work force demand (work force need) forecasting is the ascertaining a staff size facilitating the implementation of the organizational strategic goals in a most effective manner.

Labor force demand can be influenced by several internal factors including the applied technology, the main features of the production process, technological developments, the prevalence of mass production, and the respective support service activities Staff or work force forecast can be performed with the following methodology:

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– Objective approach (statistical analyses, trend analyses, pro-portion analysis, or time studies),

– Subjective approach (expert assessment, managerial or consultancy opinions).

**Labor force demand can take the form of:**

− **Supplementary needs** referring to filling vacant positions

− expansionary needs in case of new work areas created to offset an inadequate staff number, in other words increasing staff size.

**Forecasting labor force supply**

Following the establishment of the necessary staff size, the acquisition process for the appropriate labor force has to be planned. The planning process has two main aspects, internal and external labor force supply.



Fig 3.6 Sources of labor force supply

The internal work force supply analysis explores the quantity and quality of actual employee retention, while the external labor supply analysis focuses on the number, main characteristics and competences of potential employees.

If the labor force demands of a given organization cannot be met by internal sources or a substantial quality-based change is scheduled, the organization can acquire the desired workers from an **external source,** the labor market.

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**Action plan (for the elimination of discrepancies)**

Labor force demand and supply are rarely balanced.



Action plans for the elimination of discrepancies
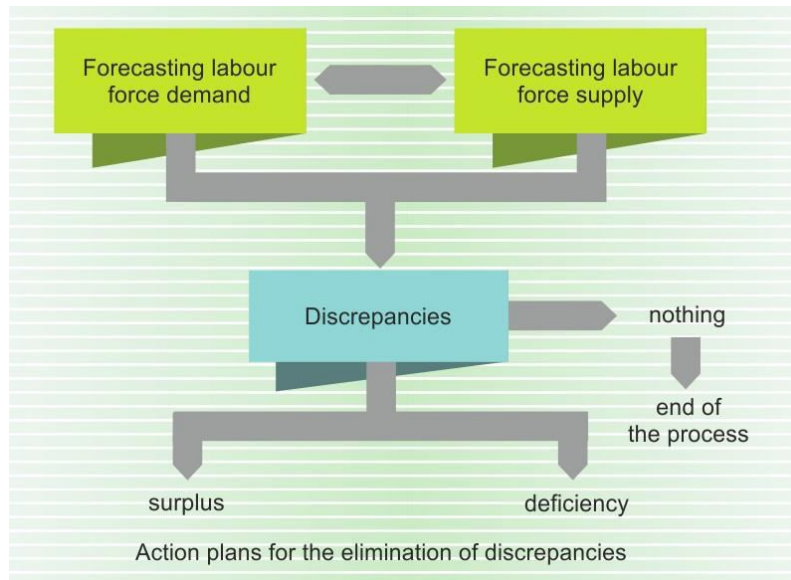
Forecasting labor force demand, Forecasting labor force supply, Discrepancies, surplus, deficiency, end of the process,

Action plans for the elimination of discrepancies. The two forecasts can be identical or can show two types of discrepancies surplus or deficiency. In both cases action plans have to be developed for dealing with the problem. If there is no discrepancy, the given process can still be continued as quality exchange can take place within the work force or staff.

Following the comparison of work force demand and supply the action plans aiming at reconciliation or harmonization can take the form of:

− Action in case of balanced demand and supply: Although both sides appear identical, structural or geographical differences can still occur. The respective actions could include transfers, re-training, or quality-based staff exchange.

− Action in case of insufficient staff size: hiring, employee recall, re-hiring, re-training, entrepreneur contracts, work force borrowing, increasing productivity, overtime, increasing part-time hours.

- Action in case of surplus staff size: hiring freeze, natural attrition, early retirement incentives, re-training, decreasing work hours, and terminations, mass downsizing.

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## Pre-requisites for successful Human Resource Planning

To have a successful HRP,

- ❖ Human Resource Planning must be viewed as an integral part of corporate objectives
- ❖ Backing of top management for human resource planning is absolutely essential
- ❖ Human resource planning responsibilities should be centralized in order to coordinate consultation between different management levels
- ❖ Personnel records must be complete, up-to-date, and readily available.
- ❖ The time horizon of the plan must be long enough to permit any remedial action
- ❖ Plan should be prepared by skill levels rather than by aggregates

## 3.7 Importance of Human Resource planning

Importance of human resources planning specially to large organization includes the following:

1. Improves the utilization of human resources
2. Effectively match personnel activities and future organizational objectives
3. Alternative economies in hiring new workers
4. Expand the human resource management information base to assist other personnel activities and other organizational units
5. Make major and successful demand and local labor market
6. Coordinate different human resources management programs such as affirmative action plans and hiring needs

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## 3.8 Steps [procedures] in Human resource Planning

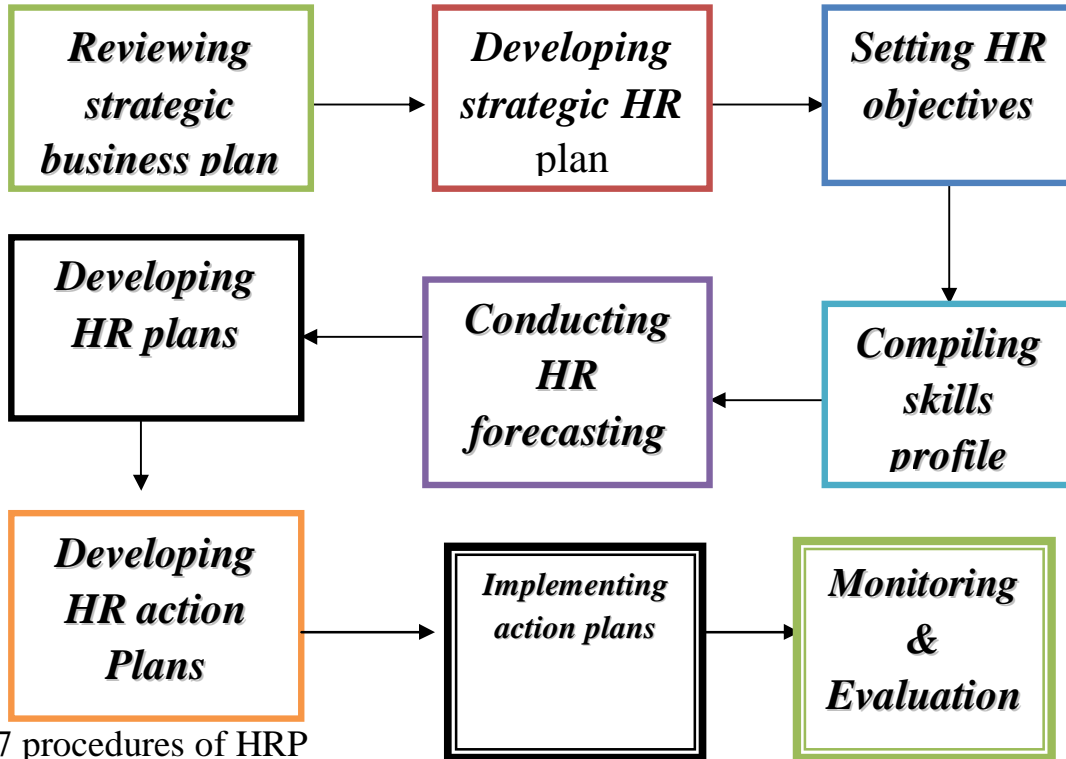Human resource planning process can be summarizing in the following ways:



Fig.3.7 procedures of HRP

## 3.9 Factors Affecting Human Resource planning

HRP is influenced by several considerations. Such as:

- Type and strategy of organization
- Organizational growth  cycle and planning
- Environmental uncertainties
- Time horizons
- Type and quality of forecasting information
- Nature of jobs being filled
- Off-loading the work

*Group discussion points*

*How the above listed conditions affect human resource planning?*

-------------------------------------------------------------------------------------------------

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# UNIT FOUR
# Recruitment and Selection

## Learning objectives

*After completing this unit, you will be able to:*

- *Understand the concept of Recruitment, Selection and Induction*
- *Understand the place of recruitment and selection in HRM*
- *Explain the effectiveness of various selection techniques*

## Introduction

Recruitment and selection is an important issue within human resource management. In any organization that views the human resource as a major source of competitive advantage, attracting, selecting and retaining the right people to the organization will be of great importance. Recruitment and selection is not just important where recruitment to management or professional positions is concerned. The same principle holds true for all the jobs in an organization. For companies that value the commitment and motivation of all their staff, it makes sense to recruit each person extremely carefully to make sure they are getting people with exactly the skills, qualities and attitudes for which they are looking. If the 'wrong' people are recruited, it could prove expensive for an organization. First, they might not be able to do the job, so they will add cost to the organization, second, they may leave and so the whole process of recruitment and selection will have to be repeated, with the implications for cost and time. Third, they may have an adverse effect on existing workers.

There are further reasons why recruitment and selection is assuming greater importance. First, the workforce is becoming increasingly heterogeneous. This is partly due to globalization, partly to the willingness of workers to become 'expat' workers and leave their home country to work abroad. To increase in flexible working (part-time and Tele-working), A second reason is that governments are showing an increasing tendency to intervene in the labor market by passing legislation. An organization that failed to keep to the law could find itself with added costs.

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## 4.1 Recruitment

**What is recruitment?**

**Recruitment** is the process of attracting applicants who may comply with the criteria of a position to be filling an organization. Or

Recruitment is the process of attracting and discovering potential applicants for actual or anticipated organizational vacancies. Or

According to Werther and Davis definition "Recruitment is the process of finding and attracting capable applicants for employment. The process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applicants from which new employees are selected.

Thus, recruitment process is concerned with the identification of possible sources of human resource supply and tapping those sources. It is a "positive" and "continuing" function, which aims at constantly increasing the selection ratio i.e., the number of applicants per job opening, so as to permit adequate selection of a capable and productive work group.

In the total process of acquiring and placing human resources in the organization, recruitment falls in between different sub processes as shown in figure given below.

| Job analysis | → | Manpower planning | → | Recruitment | → | Selection | → | Placement |

Figure 4.1 the place of recruitment at HRM process

**Recruitment Policies and Procedures**

One of the first steps in planning for the recruitment of employees into the organization is to establish proper policies and procedures. A recruitment policy indicates the organizations' code of conduct in this area of activity. A typical policy statement for recruitment may include many relevant issues. In its recruitment activities, the company will:

- ❑ Advertise all vacancies internally and/or externally,
- ❑ respond to every job applicant without any delay,

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- ❏ Inform job applicants the basic details and job conditions of every job advertised,

- ❏ Process all applications with efficiency and courtesy,

- ❏ Seek candidates on the basis of their qualifications,

- ❏ Aim to ensure that every person invited for interview will be given a fair and thorough hearing

- ❏ Not discriminate unfairly against potential applicants on the basis of sex, race, religion, caste, etc.;

- ❏ Not knowingly make any false or exaggerated claims in its recruitment literature or job advertisements.

Once the recruitment policy is made explicit, the company can evolve a detailed procedure to make the whole exercise systematic. Such a systematic approach will enable people within (or outside) the organization to follow a predictable path. The recruitment procedures should, however, be flexible enough to permit personnel department to respond quickly to demands made on them by various departments and by potential candidates.

Recruitment, it should be remembered, is a marketing activity as well as a public relations exercise. When recruiting people, organizations are going out into their external environment and competing with others for suitable candidates. Such activities, therefore, should be conducted in a manner that sustains or enhances the prestige and public image of the organization concerned. Fair and objective recruitment policies and standards would add to the image of the organization in the long run.

## 4.1.1 Features of Recruitment

The following are some features of recruitment function:-

- ➢ Recruitment is a process or a serious action.
- ➢ It is a linking activity as it brings employer and prospective employees together.
- ➢ It is a positive function.
- ➢ The basic function of recruitment is to locate the sources of people to meet the job requirements.
- ➢ It is a pervasive function.
- ➢ Recruitment is a two way function as it takes both recruiter and recruits together.

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## 4.1.2 Purpose of Recruitment

The purpose of recruitment is to invite in a relatively effective manner a pool of job applicants who are potentially qualified to do a particular job.

**Purposes or Uses for proper recruitment**

a) **Greater productivity**: when the recruitment is scientific, productivity increase
b) **Better moral**: When the recruitment is proper, the morale of the work force will be high.
c) **Better public image**: when an organization employs a scientific method, it can get better reputation from the public.
d) **Lower turnover**: when the recruitment is proper, there will be better job adjustments, and then labor turnover will be lower.

## 4.1.3 Factors Governing Recruitment

Environmental factors simply mean the external political, social, legal and economic issues, and internal policy and procedural issues that may influence the recruitment process. If the organization has been operating in this environment, these factors should be taken into account when engaging in recruitment process.

If a firm has a poor image in the market, many of the prospective candidates may not even apply for vacancies advertised by the firm. If the job is not attractive, qualified people may not even apply. And job that is viewed as boring, hazardous, anxiety producing, low paying, or lacking in promotion potential seldom will affect recruitment function.

Recruiting function require money. Sometimes because of limited resources, organizations may not like to carry on the recruiting efforts for long periods of time, this can, ultimately, constrain a recruiter's effort to attract the best person for the job.

## 4.1.4 Sources and Methods of Recruitment

There are two sources of supply from where the potential employees can be drawn both at managerial and operational level.

### a) Internal source

Internal sources refer to the present work force of an organization. In the event of internal vacancy, there are different methods by which employees can be obtained internally. Those who

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are already on the payroll may be upgraded or transferred as from a less desirable or rewarding job to a better job or promoting an employee from a lower level position.

**Merits and Demerits of Recruiting 'People from within' (Internal Source of recruitment)**

| *Merits* | *Demerits* |
|---|---|
| *Economical:* The cost of recruiting internal candidates is minimal. No expenses are incurred on advertising | *Limited Choice:* The organization is forced to select candidates from a limited pool. It may have to sacrifice quality and settle down for less qualified candidates. |
| *Suitable:* The organization can pick the right – candidates having the requisite skills. The candidates can choose a right vacancy where their talents can be fully utilized. | *Inbreeding:* It discourages entry for talented people, available outside an organization. Existing employees may fail to behave in innovative ways and inject necessary dynamism to enterprise activities. |
| *Reliable:* The organization has knowledge about the suitability of a candidature for a position. Known devils are better than unknown angels. | *Inefficiency:* Promotions based on length of service rather than merit, may prove to be a blessing for inefficient candidates. They do not work hard and prove their worth. |
| *Satisfying:* A policy of preferring people from within offers regular promotional avenues for employees. It motivates them to work hard and earn promotions. They will work with loyalty, commitment and enthusiasm. Therefore there are low turnover rate and absenteeism. | *Bone of Contention:* Recruitment from within may lead to infighting among employees aspiring for limited, higher level positions in an organization. As years roll by, the race for premium positions may end up on a bitter note. |

## b) External sources of recruitment

The following external (outside) sources are utilized for recruitment process.

1) **Advertisement –** is the most effective means to search potential employees from outside the organization. Employment advertisement in Newspaper, Journals bulletins are widely used

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as a method of attracting people. An advertisement contains brief statement of the nature of jobs, the type of people required, and procedure for applying for these jobs.

2) **Employment Agencies–** There are specialized agencies, which on receiving requisitions from companies advertise position descriptions in leading newspapers without disclosing the name of the client company. Usually, they provide employment services particularly for selecting higher level and middle level executives. These agencies also undertake total functions of recruiting and selecting personnel on behalf of various organizations.

3) **On Campus Recruitment –** In this method organizations conduct interviews at the campuses of various institute, universities, and collages in search of prospective employees. This source is quite useful for selecting people to the posts of management trainees, technical supervisor or other entry-level positions.

4) **Employee Recommendations –** The idea behind employee recommendations as a source of potential applicants is that the present employees may have specific knowledge of the individuals who may be their friends, relatives, or acquaintances. Employee recommendations are considered to employ personnel particularly at the lower levels.

5) **Labor Unions –** In many organizations labor unions are used as source of manpower supply though at the lower levels. The unions are asked to make recommendations for employment of people as a matter of goodwill and cooperation.

6) **Gate Hiring –** some organizations rely upon the concept of gate hiring to select people who approach on their own for employment in the organization. This method is mostly used in case of unskilled and semi-skilled workers.

7) **Deputation:** Many organizations take people on delegation from other organizations. Such people are given choice either to return to their original organization after a certain time or to opt for the present organization.

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**Merits and Demerits of External Sources of Recruitment**

| Merits | Demerits |
|---|---|
| **Wide Choice:** the organization has the freedom to select candidates from a large pool. Persons with requisite qualifications could be picked up. | **Expensive:** hiring costs could go up substantially. Tapping multifarious sources of recruitment is not an easy task either. |
| **Injection of fresh blood:** People with special skills and knowledge could be hired to stir up the existing employees and pave the way for innovative ways of working | **Time Consuming:** It takes time to advertise screen, to test and to select suitable employees, where suitable ones are not available, the process has to be repeated. |
| **Motivational Force:** It helps in motivating internal employees to work hard and complete with external candidates while seeking career growth. Such a competitive atmosphere would help an employee to work to the best of his abilities. | **De-motivating:** Existing employees who have put in considerable service may resist the process of filling up vacancies from outside. The feeling that their services have not been recognized by the organization forces them to work with less enthusiasm and motivation. |
| **Long Term Benefits:** Talented people could join the ranks, new ideas could find meaningful expression, a competitive atmosphere would compel people to give out their best and earn rewards, etc. | **Uncertainty:** There is no guarantee that the organization, ultimately, will be able to hire the services of suitable candidates. It may end up hiring someone who does not 'fit' and who may not be able to adjust in the new set-up. |

Remark: - It is not necessary that a particular organization will utilize all sources to employ people of all types. Some of the sources are more useful for a particular category of employees. Advertisement and deputation are more useful for employing managerial personnel. Similarly, labor unions and gate hiring are more suitable to employ labor and unskilled personnel.

## 4.2 Employee Selection

The objective of selection process is to determine whether an applicant meets the qualification for a specific job and to choose the applicant who is most likely to perform well in that job. Or Selection process comes after recruitment, selection can be explained in terms of either choosing the fit candidates, or rejecting the unfit candidates, or a combination of both. In other word,

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Candidates are screened by the application of these tools qualified applicants go on to the next handle, while the unqualified are eliminated. Thus , an effective selection is a non-random process because those selected have need chosen on the basis of assumption that they are more likely to be better; employees that those who have been rejected.

**Goals of Selection**

- ❖ To maximize Person/Job/Organizational fit
- ❖ Select the best person for the job
- ❖ To maximum performance, efficiency, effectiveness, profit.

**Selection method standards**

1. **Reliability**: Free from random error, stability or consistency
2. **Validity:** It is the degree to which a predictor or criterion measures what it purports to measure
3. **Utility**: ways to measure value added by selection tool
4. **Legality**: All selection methods must match to existing laws and legal precedents

# 4.2.1 Selection Criteria

Selection decisions are usually based on how an applicant is rated in terms of the likelihood of success on the job. The key job dimensions identified in job analysis and job description provide the basis for determining relevant criteria. The educational qualifications, technical skills and achievements are used frequently as the basis for selection.

**Categories of criteria**

- ✓ **Education:**
  - o Educational accomplishment is a common, cost effective way to screen for these abilities.
  - o To be legal, educational standards must be related to successful performance of the job
  - o Do not set standards higher than required by the job

- ✓ **Experience:**
  - o Many believe that past performance on a similar job is the best indicator of future performance
  - o Employers also consider experience a good indicator of ability and work-related attitudes

- ✓ **Physical characteristics:**

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- o Employers were more likely to hire and pay better wages to taller men
- o Flight attendants and receptionists were hired on the basis of beauty
- o Such practices discriminated against ethnic groups, women, and the handicapped
- ✓ **Other personal characteristics:**
- o Some employers prefer married employees because they are assumed to be "stable" and have a lower turnover rate
- o Other employers prefer single employees, who may be more open to a transfer or lengthy overseas assignment

## 4.2.2 The Selection Process

**Preliminary requirements for successful selection process:**

- ❖ Someone should have authority to select.
- ❖ There must be some standard that prospective employee may be compare, i.e. there should be available, before hand, a comprehensive job description and job satisfaction are developed by job analysis.
- ❖ There must be a sufficient number of applicants from whom the required number of employees may be selected

**The standard selection process has the following steps.**

**1. Screening of Applications**

Prospective employees have to fill up some sort of application forms while applying. These forms have variety of information about the applicants like his personal bio-data, achievements, experience etc. This information's are used to screen the applicants who are found to be qualified for the consideration of employments. Based on the screening of applications, only those candidates are called for further process of selection, which is found to be suitable to meet the job standards of the organization.

**2  Selection Tests**

Selection tests are organized by the organizations to know more about the candidates or to reject the candidates who cannot be called for interview, etc. Selection tests provide information about the attitude, interest, and personality of the candidate, which cannot be known by application forms. These selection tests have different objectives and measure different attributes. These tests may be classified as follows: -

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**(i)**      **Achievement Test - It** is also called performance test or trade test. Achievement is concerned with what one has accomplished. The achievement tests are conducted to measure how well the candidates know the things. Trade tests are designed to measure an applicant's knowledge of a specific trade and to measure what the applicant can do currently. For example, a typing test may measure the typing performance of a typist in terms of speed, accuracy and efficiency.

**(ii)**      **Intelligence Test -** Intelligence test tries to measure the level of intelligence of a candidate. This test generally includes verbal comprehension, word fluency, memory, and inductive, reasoning, number facility. Intelligence test is designed on the basis of age groups. Thus, each age group has different intelligence tests. The basic idea behind intelligence test is to made available people with higher intelligence to the organization, because intelligent employees learn faster than dull employees.

**(iii)**      **Personality Test –** dimensions of personality such as interpersonal competence, dominance-submission, and extroversion. Introversion, self-confidence, leadership ability, patience, ambition are measured through personality tests. The personality test is conducted to predict performance success for jobs that require dealing with people, or jobs that are essentially supervisory or managerial in character.

**(iv)**      **Aptitude Test** – These tests are designed to assess the special aptitudes of the applicants such as clerical aptitude, mechanical aptitude, mathematical aptitude manual dexterity, abilities and skills. These tests used when the vacancy in question requires the possession of a high degree of one or more particular aptitudes for adequate job performance.

**(v)**      **Interest Test** – interest test is conducted to discover a person's area of interest and to identify the kind of jobs that will satisfy him. It is assumed that a person who is interested in a job can do much better than the person who is not interested. Interest test generally measures interest in outdoor activities, mechanical, scientific, artistic, literary, musical, social service etc.

The different tests are used for different purposes. Each of them has the usefulness and limitations in specified areas. Therefore, a combination of tests should be used for selection purpose. These tests should also be related with the nature of posts to be filled up.

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**3. Interview**

Selection tests are normally followed by personal interview of the candidates. Interview is selection technique that enables the interviewer to view the total individual. It consists of interaction between interviewer and applicant. This is the way of finding out overall suitability of candidates for the job. Interview also provides opportunity to give relevant information about the organization to the candidates.

**4. Checking of References**

References are intended to investigate the candidate's background and can be obtained from the following sources-school and college officials, previous employer or other persons of prominence who may be aware of the candidate's behavior and ability. Through references more information about the candidates can be solicited to select the right type of a person for a job.

**5.** **Medical Examination –** medical examination is carried out to ascertain the physical standard and fitness of prospective employees. The medical examination is designed to match the applicant's physical capabilities to job requirements. Medical examination also serves the following purposes.

    (a) To reject those whose physical qualification are insufficient to meet the requirements of the work they are being considered for.

    (b) To obtain the record of the physical condition of the person at the time of hiring.

    (c) To prevent the employment of those with communicable disease.

**6.** **Approval by Appropriate Authority –** on the basis of the above steps, suitable candidates are recommended for selection by the selection committee or personal department. Organizations may designate the various authorities for approval of final selection of candidates for different categories of candidates. For top level managers, Board of Directors may be approving authority, for lower levels, functional heads concerned may be approving authority. When the approval is received, the candidates are informed about their selection and asked to report for duty.

**7. Placement –** after the completion of all formalities, the candidates are placed on their jobs initially on probation basis. The probation period may range from post to post and organization to organization. But in our country context the probation period was 45 days. During the

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probation period, employees are observed keenly and when they complete this period successfully, they become the permanent employees of the organization.

**Probation period according to Ethiopian employment law**  Proclamation No. 1156/2019
**LABOUR PROCLAMATION**

**According to article 11 of revised labor proclamation no. 1156/2019 Probation Period stated as follows**

1. A worker may be employed for a probation period for the purpose of testing his suitability to a job position in which he is anticipated to hold.
2. A worker re-employed by the same employer for the same job shall not be subject to probation.
3. When the parties agree to have a probation period, the agreement shall be made in writing; in such a case, the probation period shall not exceed 60 working days beginning from the first date of employment.
4. Unless the law or work rules or collective agreement provides otherwise, the probationary worker shall have the same right and obligation that a worker who has completed his probation period possesses.
5. If the worker, during his probation, proves to be unfit for the post, the employer can terminate the contract of employment without notice and without being obliged for severance payment or compensation.
6. A worker on probation may terminate his contract of employment without notice as well.
7. If a worker continues to work after the expiry of the probation period, a contract of employment for the intended period or type of work shall be deemed to have been concluded from the beginning of the probation period.

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# 4.2.3 Factors Governing Selection

The main factor affecting the selection process was government laws and regulations (legal consideration).

Organizations and their managers should be aware of the legal environment in which they are operating, and hence the legal issues. Among these, the following discriminatory elements should be noted.

### a. Gender issues

Using criteria for final screening points and decisions that reflect or are based on gender is unpleasant and is not legal unless for specific jobs which require men or women only.

Therefore, an organization and its manager should be aware of this and be adjusted to it.

### b. Race and National Origin

Selection decision practiced by using discrimination in race and national origin is also unpleasant and illegal. Due to this regard selection decisions should be made without regard of these factors.

### c. Physical handicap and physical Requirement

Specification of requirements that restrict physical handicap and/ or physical requirement should be used only when the requirements are necessary for performing that particular job; discriminating individuals based on their physical conditions should not be requested in the selection process.

### d. Religion

A selection decision, made on discrimination of religion, is illegal unless, the organization is working for its own religious sake. In public sector organizations like in Ethiopian civil service system and in any private business company, selection decisions based on religious belief is unacceptable.

### e. Speed of Decision Making

The speed of decision making matters in the selection decision process. The time available to make the selection decision can have a major effect on the selection process.

For some jobs the requirement for selection decision is not within shorter time. The speed of decision making should be taken within shorter time, which in turn can have implication on the selection process.

> **Activity: -** If the selection ratio is low is it possible to predict quality of selection from this result why and why not?

# 4.3 Orientation [Induction]

Induction can defined as a process of introducing the employee to the organization and the work process.

Orientation (Induction) is 'fusion' process' by which the individual identifies himself with the organization and tries to achieve his/her goal with the goal of the organization.

It is also essential to create a more suitable working place for the new employee before he joins his job.

**Content of Induction**

1. Organizational issues Like: - Company history, Name, vision, Mission etc.
2. Employee benefits Like: -Pay Scales, insurance, medical, recreation etc…
3. Introduction Like: -To supervisors, to co-workers, to trainers, to employee…
4. Job Duties Like: - Job location, Job tasks, job safety needs, job objective, relationship with others etc…

# 4.3.1 Purpose of Orientation

A planned induction offers the following benefits:

❖ It creates favorable attitudes in the minds of the employee and this improves the moral and performance of the employees.

❖ It aids learning; it saves time, and trouble.

❖ It gives accurate information to the employee about the organization and the job.

❖ It reduces the rate of employee's turnover: as many new employees can be introverts, they may find it difficult to seek knowledge and acquaintance on.

In general, induction serves the following purposes:

**a. Removes fears**: A newcomer steps into an organization as a stranger. He is new to the people, workplace and work environment. He is not very sure about what he is supposed to do. Induction helps a new employee overcome such fears and perform better on the job. It assists him in knowing more about:

♦ The job, its content, policies, rules and regulations.

♦ The people with whom he is supposed to interact. .

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♦ The terms and conditions of employment.

**b. Creates a good impression:** Another purpose of induction is to make the newcomer feel at home and develop a sense of pride in the organization. Induction helps him to:

♦ Adjust and adapt to new demands of the job.

♦ Get along with people.

♦ Get off to a good start.

Through induction, a new recruit is able to see more clearly as to what he is supposed to do, how good the colleagues are, how important is the job, etc. He/she poses questions and seeks clarifications on issues relating to his/her job. Induction is a positive step, in the sense; it leaves a good impression about the company and the people working there in the minds of new recruits. They begin to take pride in their work and are more committed to their jobs.

**c. Act as a valuable source of information**: Induction serves as a valuable source of information to new recruits. It classifies many things through employee manuals/handbook. Informal discussions with colleagues may also clear the fog surrounding certain issues. The basic purpose of induction is to communicate specific job requirements to the employee, put him at ease and make him feel confident about his abilities.

Some of the benefits of good employee orientation include the following: Strong loyalty to the organization; Greater commitment to organizational values and goals; Low absenteeism; higher job satisfaction and Reduction in turnover.

**Generally induction or orientation has the following purpose:-**

➢ Allowing the newly employed individual to adjust to the organization

➢ To provide information about the tasks and performance expected.

➢ To create a favorable impression on new employees

## 4.3.2 Levels (steps) of Orientation

The HR department may initiate the following steps while organizing the induction program:

♦ Welcome to the organization

♦ Explain about the company.

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- Show the location, department where the new recruit will work. .

- Give the company's manual to the new recruit.

- Provide details about various work groups and the extent of unionism within the company.

- Give details about pay, benefits, holidays, leave, etc.

- Emphasize the importance of attendance or punctuality.

- Explain about future training opportunities and career prospects.

- Clarify doubts, by encouraging the employee to come out with questions.

- Take the employee on a guided tour of buildings, facilities, etc. and

- Hand him over to his supervisor.

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*Activity: - Could you think all elements of the orientation program to be provided to the new employees (by serious consideration) or all at a time? Why?*

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## Test your understanding

1.  A. What is the difference between recruitment and selection?

   B. What is meant by reliability and validity?

   C. How should an HR adviser choose which selection technique to use?

2. A. What is the difference between a job specification and a person specification?

   B. What would influence your use of tests in the selection process?

   C. Is there one best way to recruit and select?

3. A. What is an assessment centre?

   B. Discuss why interviews sometimes fail to select the 'best' person for the job?

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# UNIT FIVE
# Training and Development

## Learning objectives

*After completing this unit, you will be able to:*

- ✓ Explain the objectives of training and development

- ✓ Describe the process of training and development

- ✓ Understand the concept of carrier development

## *For Brain Storming*

Explain the difference between education, training and learning?

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## Education –Vs- Training –Vs- Learning

Mayo and Lank (1994 as cited in Gold et al. 2010) have given the following definitions:

- Education is the exposure to new knowledge, concepts and ideas in a relatively programmed way. It is normally aimed at increasing knowledge, or modifying attitudes and beliefs.

- Training includes those solutions to a learning need that involve being taught or shown a way of doing things. It is essentially skill related.

- Learning is employee need centered and starts with the individual as beneficiary.

Kolb (1984) argues that learning is a knowledge-creating process through transforming experience and Honey and Mumford (1992) say that you can tell when learning has taken place when people can demonstrate that they know something that they did not know before and/or when they can do something they could not do before. From the above, therefore, you can see that learning relates to knowledge, skill and attitudes. These three are sometimes referred to as competences.

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## *Introduction*

Before a given program is designed and delivered the respective goals (training, development) have to be decided. Should the organization strive for the development of the knowledge, skills, or competences of the employees, or rather focus on training programs?

- **The goal of the training process is to enable employees with lower position and skill level to perform better in their present jobs.**
- **Developmental programs considering future organizational objectives aim at the increasing and improvement of the skills of managers and expert professionals.**

Development as a future oriented and strategic objective motivated process promotes adaptation and in some cases establishes the foundation of promotions.

Once we have spent the time to recruit/hire new employees, we want to make sure they not only are trained to do the job but also continue to grow and develop new skills in their jobs. This results in higher productivity for the organization. Training is also a key component in employee motivation. Employees who feel they are developing their skills tend to be happier in their job. This results in increasing employee retention (low turnover rate).

Training is increasing the knowledge and skills of an employee in order to maintain or improve current job performance. Training bridges the gap between job requirements and employees current/present performance.

Training is:

- ❖ A short-term educational process'
- ❖ Systematic and procedural
- ❖ Learn technical knowledge or personal skills
- ❖ Continuous

**Examples of Training Programs**

- ✓ Job skills training, E.g. How to run a particular computer program.
- ✓ Training on communication
- ✓ Team building activities
- ✓ Policy and legal training E.g. Ethics training

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## Activity

Write down all the reasons you can think of as to why training and development is important for organizations and their success?

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## Why is training and development important?

Training has always been an important issue within organizations. However well a company carries out its recruitment activities, it will usually be necessary to equip individual employees with the skills necessary to be able to function fully within the organization. Also, as mentioned above, if a company invests in new technology, it will need to train existing employees. As companies change, individuals have to be trained and developed in order that they can continue to function efficiently. There is nothing new in this. However, for a number of reasons, training has recently become an issue of central concern. Many of the reasons relate to globalization and increasing worldwide competition and the need to control costs.

## Training –VS- Development –VS- Education

|  | Training | Development | Education |
|---|---|---|---|
| **Focus:** | Learn specific behaviors and actions; Demonstrate techniques and processes | Understand information concepts, context; Develop judgments; Expand capacities in assignments | Learn theoretical concepts; Develop a sense of reasoning and judgment |
| **Time Frame:** | Shorter-term | Longer-term | Longer-term |
| **People involved:** | Offered to operatives | Meant for employees in higher positions | Common to all employees |
| **Effectiveness** | **Performance appraisals, cost/benefit analysis, passing tests or certification** | **Qualified people available when needed; Promotion from within possible; HR-based competitive advantage** | **Qualified people available** |

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## Training and Development

Training and development can take a variety of forms. Below is a flavor of some different training and development activities:

- Induction training is undertaken when a new employee joins an organization. It is partly an information giving exercise (explaining how the firm is organized and who works for whom) but it is also part of the socialization process, so that new staff begins to learn the rules and understand 'how we do things around here'. In other words people begin to learn the culture of an organization. The lack of induction training can encourage employees to leave their new job in the first few weeks.

- Remedial skills training: this occurs to fill 'skill gaps' when an employee or group of employees lack the skills necessary to perform their current job task effectively. It is especially important as the pace of technological change is increasing. It would be pointless to invest in new machinery and software if the existing workforce could not use it.

- Developmental training: this concerns the acquisition of competencies (skills, knowledge and attitudes) that the company will find necessary in the future. This type of training is designed to meet long-term corporate needs rather than providing training in specific skills required currently. Developmental training also refers to the preparation given to employees for promotion or for managerial succession, in which case it is called management development and is often linked to Talent Management schemes.

### 5.1 Objectives of Training and Development

### 5.1.1 Objectives of Training

- ❖ The primary objective of training is to establish a sound relationship b/n the worker and his/her job the optimum man-task relationship.
- ❖ To upgrade the skills of worker
- ❖ To develop healthy, constructive attitudes
- ❖ To prepare employees for future assignments
- ❖ To increase productivity
- ❖ To minimize operational errors
- ❖ To enhance employee confidence and morale
- ❖ To bring down costs of production

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**Training needs can arise from the following reasons:**

1. Match employee performance/specifications-with-job-requirements-and organizational needs
2. Organizational changes and complexity Risers
3. Technological advances
4. Job changes

Other reasons can be

      a) To improve productivity or quality

      b) To improve health and safety

      c) To improve organizational culture

The need for training is emphases by the following factors:

❖ **Increased productivity**: adequate training increases needed skills which builds up confidence and satisfaction

❖ **Improvement in employee morale**: training improves skills which builds up confidence and satisfaction

❖ **Availability for future personnel needs of the organization**. Good training programs develop the employees and prepare them for future managerial and executive position.

❖ **Improvement in health and safety:** proper training can help prevent industrial accidents and create a safer work environment.

❖ **Reduced supervision**: a trained employee supervisees himself; he accept responsibility and experience more freedom and autonomy and less supervision

❖ **Personal growth**: the training program give the participants a wider awareness, a sense of self- satisfaction and fulfillment, an alighted philosophy and value system that are the apex of the personal growth

❖ **Organizational stability**: training and development program foster the initiative and creativity of employees which increases a sense of belonging, this preventing a labor obsolescence.

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**What are the major stages involved in designing a training program?**

### 1. Determining training needs

The first stage in developing any training program is to identify the skills deficiencies that exist within the company and determine which employees need to undergo training. This stage is the foundation of the whole process. Unless training needs are properly assessed, the training program introduced may be quite different from what is actually needed.

Companies therefore need to understand the training cycle, which begins with a systematic training needs analysis. Most studies of training look at a systematic approach to training. These days it is recognized that not all learning is as the result of training and people learn while they are working on the job. A systematic approach to learning and training is to:-

- ❖ Identify learning needed
- ❖ Design appropriate learning opportunity
- ❖ Enable learner to undertake the opportunity
- ❖ Evaluate if learning has taken place.

## How to determine the training needs?

Managers can use four procedures to determine the training needs of individuals in their organization. These are:

- ❖ Performance appraisal
- ❖ Analysis of job requirements
- ❖ Organizational analysis
- ❖ Employee survey

There are three types of training input. These are

- ❖ Skills
  - ✓ Simple, mechanical skills
  - ✓ Complex, administrative skills
  - ✓ Communication skills
- ❖ Attitudes
  - ✓ Build favorable attitude of employee towards organization
- ❖ Knowledge

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- ✓ About job, factory, organization
- ✓ Specific knowledge, for example; relating to quality and standards of products

### 2. Organizational analysis

The first issue to consider is whether certain parts of the organization are experiencing inefficiencies, and if so, whether this inefficiency is the result of a lack of training.

## 5.1.2 Objectives of Management Development

- ❖ **To ensure that managers** at all levels of the organization are able to perform their jobs effectively.

- ❖ **To avoid managerial obsolescence**: if the management does not keep pace with new methods and processes and fails to adapt changes, then it will become obsolete and in effective.

- ❖ **To provide for managerial promotion in upper level ranks**- each promoted position requires a new set of skills and abilities and management development techniques prepare the managers for these new responsibilities

- ❖ **To provide opportunity for managers:** to seek new challenges and new venues for personal growth and internal satisfaction.

## 5.2 Process of Training and Development

Effective training and development program follows the following process:

1. **Discover (analyze) the training needs**: training needs can be identified by assessing the current and future business conditions and by matching with the skills and resources available and evaluation of the performance employees.

2. **Design a training or development program system:** that learners and trainers can implement to meet the learning goals. Like: -identify objectives, needed facilities, necessary funding, course content etc…

3. **Develop a training package of resources and materials**: like: - developing audio-visuals, graphics, manuals, etc…

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4. **Implement the training package: -**including delivering the training, support group feedback, clarifying training materials, administrating test and conduct the final evaluation

5. **Evaluating the effectiveness of the training program and follow-up**:

   The effectiveness of the program can be appraised by written and oral tests, by observing the trainees when put on jobs independently and comparing the results after the training program were initiated.

**Evaluation is a very important area of training and development.**

Hamblin (1974) developed a more detailed model with five levels of evaluation, including:

8. Evaluating the training by using the post course questionnaire (sometimes called the 'happy sheet' as trainees tend to voice their opinion on such things as the trainer's expertise and the quantity of food served in breaks!) This is not a very useful stage of evaluation, but it does at least indicate if there were any reasons that stopped a trainee from learning such as a noisy environment.

9. Evaluating the learning in terms of the immediate impact on the trainees' behavior.

10. Evaluating changes in the performance of the job.

11. Evaluating changes in organizational performance. This is a very difficult thing to do.

12. Evaluating changes in the wider contribution that the organization now makes.

<u>**Training Program Framework Development Model**</u>
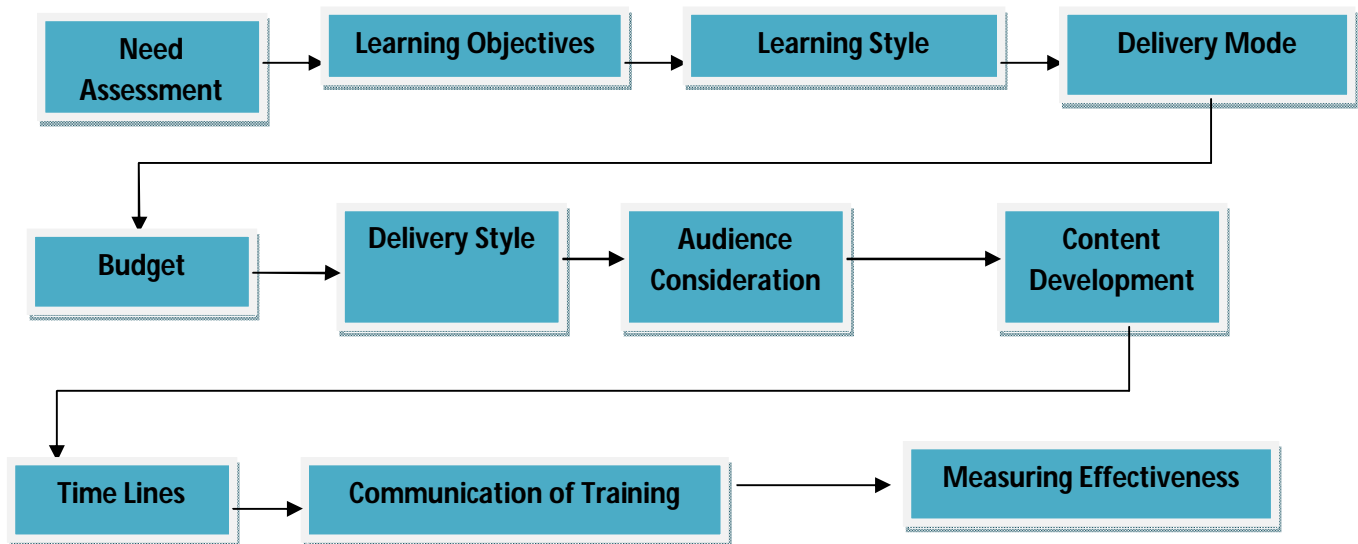


Fig. 5.1 Training program framework

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### 5.3 Training Methods

## A) On-The-job Training

In such type of training, the employee is placed in the real work and shown the work by as experienced employee or supervisor. It makes employees appeal to be immediately productive.

'On-the-job' training can be highly effective, and it is argued that staff learns and retain more of the knowledge imparted by performing the actual process at the place of work. However, problems emerge if the trainer has not been trained themselves in training methods. Additionally, there is the risk that bad or even dangerous working practices can be passed on.

A highly effective and popular and system approach to On the Job training is job instruction training (JIT).

## On the job training programs and the effectiveness of the process

The following chart summarizes the steps of the on the job training pro-grams: needs assessment, training design, implementation of the training program, follow up.
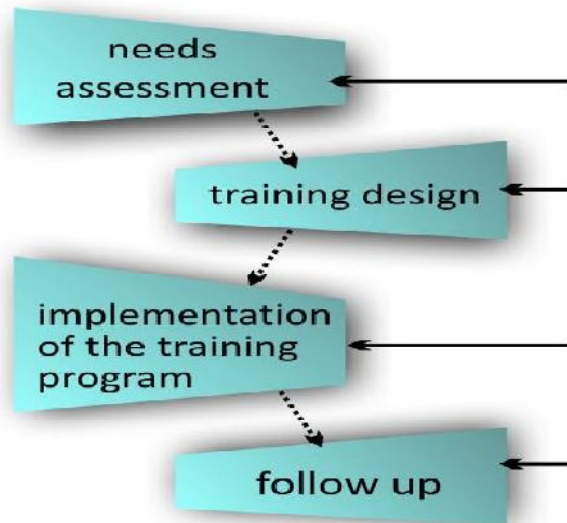


Fig. 5.2 on the job training program process

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**The training design process has to address the following is-sues:**

1. **What is the goal of the training process?** Potential objectives include the promotion of effective and successful performance, facilitation of effective communication with colleagues, clients, or limiting the production of defective goods.

**2. What kind of knowledge or skill should be developed:** Managers might aim at the expansion of management skills, employees want to enhance professional knowledge or hone their communication skills. .

3. **Which is the appropriate training method?** The term: method originating from the Greek methods connotes path or procedure. We use the term as a road to achieve a goal, or a procedure facilitating the fulfillment of an objective. **Instructional methods** are permanent, repetitive components of the teaching or educational process entailing teacher and learner activities applied in the form of differing strategies. The respective methods can take the form of frontal lecture, interactive teaching, or personalized training tailored to employee needs.

**4. What kind of resources is needed for the training process?** The necessary material, personal, and financial re-sources must be identified. Additional issues to be deter-mined: location of the training, instructors, course plans, texts, instruction schedules (class times and numbers), knowledge ascertaining methods etc.

5. **How should the training process be evaluated?** This issue was discussed earlier.

**6. How do we select the participants of the training pro-gram?**. Conditions for entry into training programs can be specified by legal regulations, or the employee's supervisor can make a joint decision with the training provider.

**7. Who should deliver the program?** Instructor eligibility can be regulated by law or requires certain qualifications, and experience.

**8. What type of instructional materials should be prepared?** The text forms should meet the needs expressed by the subject descriptions and course plans.

## B) Off-The-Job Training

It is training given to employees when they are on the vacation. The training can undertake in organization classrooms, vocational schools, and elsewhere.... It could be class lecture, visual reality system.

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'Off the job' training is important in terms of theoretical study or in terms of introducing employees to new and innovative ideas. Problems arise, however, when those ideas do not appear to relate to the work situation. In summary, 'on the job training' is any activity designed to teach new skills or knowledge that takes place while the worker is in their normal place of work.

An example might be that when a new telephone system was installed, all the workers who to use it need would be shown what they needed to do while answering and making live calls.

'Off the job' training is any activity designed to enable a worker to learn new knowledge, change their attitude or teach them a new skill which takes place away from the workplace (for example, in a class room, in a hotel conference room, or in a specialist training situation such as a simulation of an event that could take place at work).

Training program, training methods and training contents should be planned on basis of the training needs.

Training methods and content may not be the same for different categories of employees based on job analysis.

Examples are:
- ❖ Supervisory training
  - ✓ Learn to supervise under guidance of a manager
  - ✓ On-the-job training method
  - ✓ Supplemented by off-the-job training on subjects, such as
    - ➢ Production control
    - ➢ Organization methods
    - ➢ Grievance handling
    - ➢ Leadership qualities, etc
- ❖ Sales training'
  - ✓ On & off-the job methods
  - ✓ Subjects:
    - ➢ Product knowledge, competitors
    - ➢ Sales administration

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- ➢ Skills like making presentations, negotiating, etc.
- ❖ Clerical training
  - ✓ Off-the job
  - ✓ Subjects such as:
    - ➢ Company policies
    - ➢ Organization methods
    - ➢ Knowledge about forms, reports, written communication, etc

Organizations provide training to their employees in the following areas:

1. Company policies and procedures
2. Specific skills
3. Human relations
4. Problem solving
5. Managerial and supervisory skills
6. Apprentice training

## Role of human resource management in training

- ❖ Determining the training needs in co-operation with line-managers
- ❖ Formulating training objectives
- ❖ Choosing a trainer or training's company
- ❖ Instructing the trainers
- ❖ Informing the employees in co-operation with the line-managers
- ❖ Evaluating the results of a training

Activity

As Human resource manager, how to set objective for specific training program?

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# UNIT SIX
# Performance Appraisal (Performance Evaluation)

## Learning objectives

*After completing this unit, you will be able to:*

➢ Understand the definition and concept of performance evaluation

➢ Understand the purpose of performance appraisal

➢ List out performance appraisal steps

➢ Explain problems related to performance appraisal

## Introduction

In simple terms, performance appraisal may be understood as the assessment of an individual's performance in a systematic way. The performance of employees can be measured against the following factors: -**job knowledge**, **quality and quantity of output**, **initiative**, **leadership abilities, supervision, dependability**, **co-operation**, **judgment**, **versatility**, **health** and the alike. However, assessment should not be confined to past performance alone. Potentials of the employee for future performance must also be assessed.

A formal definition of performance appraisal is: it is the process of evaluating how well employees do their jobs compared with a set of standards and communicating that information to those employees. In other words, it is the systematic evaluation of the individual with respect to his/her performance on the job and his or her potential for development.

Performance appraisal is about employee performance; not about the job. In the current world, organizations need high performance. Therefore, to ensure whether employees perform according to the plan, the manager may use performance appraisal. The information of performance appraisal may use for different purposes like for salary administration and promotion. It also uses to evaluate the result of recruitment, selection and training activities.

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## 6.1 The concept and interpretation of performance appraisal

The concept of performance, due to its subjective content is hard to explain. **Reznek's** definition highlights the complexity of the concept.

 **Performance is the utilization of knowledge, skill, and aptitude at a given quality level during the fulfillment of a work task85.**

The key is utilization indicating the attitude of the employee toward the given work. Consequently this perspective emphasizes not only the absolute value of knowledge, skill, and aptitude, but the use of the given work performance. One of the most important factors behind utilization is motivation. Consequently, despite an existing ability to perform a task, without appropriate motivation the given performance level will be below the worker's potential. Utilization also depends on the compatibility of the employee's attributes (skill, ability) with the respective work area criteria. **Thus performance can defined as the level of implementation of a determined or expected requirement at a given work area**.

Performance can be described by a function indicating if any performance elements are valued at zero, the final result is zero as well.
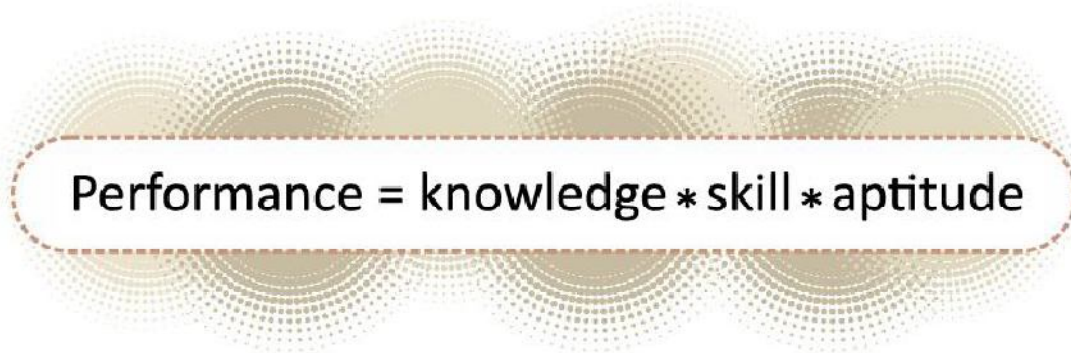
$$Performance = knowledge * skill * aptitude$$

Fig. 6.1 *the components of the performance concept*

## The concept of performance evaluation

While the concept of performance is not easy to define, performance evaluation is necessary to assess how the given tasks are fulfilled in the respective work areas.

 **Performance evaluation is a written assessment of employees according to a previously established schedule.**

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## 6.2 Basic principles of performance evaluation

Performance evaluation depends on basic principles that have to be taken into consideration on a permanent basis.

**1. The principle of developmental intent:** Evaluators have to keep in mind that employees prefer developmental evaluation to being taken to task. The evaluation should be the foundation of the awarding process and promotion. The reports could point out certain deficiencies helping the employee to address the problem areas and assisting managers in making decision regarding the particular employee. The overall goal is the identification of areas in need of development and improvement.

**2. The principle of motivation:** Employees perform better, work more and are more open to performance evaluation if they are informed of the given results, that is receive feedback. The respective objectives should be realistic and within the range of the given employee's achievement capacity. Moreover, the employees should have a part in the establishment of goals as well. Consequently, the respective work performances have to be observed and compared to the expectations, customs, and norms.

**3. The principle of interactive and multidirectional evaluation:** Performance evaluation is not exclusively an employee and employer concern. The criteria for authentic evaluation include the opinion of persons with relevant information, external partners, or clients.

**4. The principle of inclusion:** In order to avoid the failure of the interview process partly by rejection, partly by a reluctance to accept innovations feedback is crucial. Employees subject to the evaluation process should be informed on the objective, details, methods, frequency, date, and expected time of performance evaluation along with the respective results and consequences.

**5. The principle of feasibility:** A given organization has to elaborate an evaluation system which does not entail unbearable burdens. Consequently the evaluation system should be cost effective with a predictable resource need. The necessary resources include professional evaluators capable of objective un-biased or non-prejudiced assessment, and possessing appropriate communication skills in order to inform the given employee about the results of the evaluation process in a proper fashion.

**6. The principle of free choice:** A the fields and aspects of performance evaluation naturally differ in each organization. While certain features are present in all evaluation schemes, the

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given organization should develop its performance evaluation system in sync with its other systems including training and quality management.

## 6.3 Purpose of Performance Appraisal (evaluation of performance)

Data relating to performance assessment of employees are recorded, stored, and used for several purposes.

The main purposes of employee assessment are:

- ❑ To effect promotions based on competence and performance
- ❑ To confirm the services of probationary employees upon their completing the probationary period satisfactorily.
- ❑ To assess the training and development needs of employees.
- ❑ To decide upon a pay raise
- ❑ To let employees know where they stand insofar as their performance is concerned and to assist them with constructive criticism and guidance for the purpose of their development.
- ❑ To improve communication. Performance appraisal provides a format for dialogue between the superior and the subordinate, and improves understanding of personal goals and concerns. This can also have the effect of increasing the trust between the rater and the rate.
- ❑ Finally, performance appraisal can be used to determine whether HR programs such as selection, training, and transfers have been effective or not.

## 6.4 Performance Appraisal Steps

There are seven steps involved in performance appraisal. These are:

### 1. Establish standards of performance for each position and criteria for evaluation.

- ❖ Performance appraisal standards are established on job description and specification. The standard should be clear and include quality of work, cost of work, quantity of work and time to be assigned.

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Evaluation criteria should be:

1. **Relevant:** Reliable and valid measure to evaluate job output.
2. **Unbiased**: Based on characteristics, not the person.
3. **Significant**: Related to enterprise goal.
4. **Practical**: that is measurable.

## 2. Set polices on when, how often and who evaluates

**When should be done**? Arbitrary dates when the person was hired or near a single calendar, date or single day approach is good.

**How often should done?**

Annually or Semi annually or more often

**Who should be the appraiser?**

The appraiser may be any person who has thorough knowledge about the job content, contents to appraised, standards of contents, and who observes the employee while performing a job.

The most typical appraisers are supervisors, peers, subordinates, employee themselves, users of service and consultants.

## 3. Communicate performance expectation to employees frequently

Inform these standards to all the employees including appraisers.

## 4. Measure actual performance

As per the evaluation method used in the organization and instructions given for appraisal, evaluate actual performance of employees through observation, interview, records, and reports.

## 5. Compare actual performance with standards

Comparing actual performance with standard sets and finds if there is any deviation.

Appraising employee's potential for growth and advancement.

## 6. Discuss the appraisal result with employee

This is a very challenging step in the appraisal process as it involves presenting accurate appraisal to the employee and the person accepts the appraisal in a constructive manner.

## 7. If it is necessary, initiate corrective action

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First, arrange for training and development of employee in order to ensure improve performance. It could also involve making suggestions for some changes to be made in the standard, job analysis, or other internal or external factors to facilitate effective performance of employee.

Second adjust the difference permanently by coaching, counseling, special assignment and projects, person may be deputed for formal training; decision-making responsibility and authority may be delegated to subordinates.

## 6.5 Problems Associated With Performance Appraisal

The most common problems seen in performance appraisal include the following:

**Lack of Objectivity:** Some traits used for evaluating performance are difficult to measure and thus lack objectivity. These factors may include loyalty, attitude, and personality, etc...

**Halo effect:** It is the tendency of the superior to allow his good impression of one or two important work characteristics of an individual to carry over the total evaluation. In such a case, the superior rates all the characteristics of a person much higher than they should be. For example, if the superior is a person who is punctual, a punctual worker may get a high rating on practically every factor though such factors have little to do with punctuality.

**Recent behavior bias:** raters base their evaluation on the employees' recent behavior. They may not be a representative of the overall performance of the employee throughout the evaluation period.

**Personal bias**: rates having related employees' personal characteristics, race, religion, gender, or age.

## 6.6 Performance Appraisal Method

## Methods of appraisal

### A. Common appraisal methods: (Traditional Appraisal Method)

### 1.     Straight ranking method

Straight Ranking is an appraisal system characterized by the systematic ordering of employees from **best to worst**, based upon some **single criteria.** In the ranking method, comparison of an individual is being done against the other member of the work group. The rater ranks his

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subordinates from the best to the worst. He assign first rated to the person he judges to be **the best,** second rank to the **second best** and so on.

## 2.    Paired comparison Method

Under this method, each individual is compared to other individuals in pairs once at a time.

The raters compare each one of these individuals with the other member and come out with the following results. For example, if there are five person to be compared, then **A's ,** performance is compared with B,C,D,E and arrive at decision who is better. Similarly **B's** performance is compared with all others individually especially **C, D, and E**

  A was preferred over four others Rank  I

  B was preferred over three others Rank  II

  C was preferred over Two others Rank  III

  D was preferred over one others Rank  IV

  E was preferred over none other Rank  V

## *Sample of Paired Comparison performance Evaluation*

In this method, each employee is compared with other employees on one- on one basis, usually based on one trait only.

**The number of possible pairs for a given number of employees is ascertained by the following formula:**

**N (N-1)/2**

Where N = the total number of employees to be evaluated.

Let this be exemplified with an imaginary example.

If the following five teachers have to be evaluated by the Vice dean of a college:

(MR. K), (MR. M) (MR. R), (MR. V), and (MR. B), the above formula gives 5 (5 -1) / 2 or 10 pairs.

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**These are:-**

K with M
K with R          M with R
K with V          M with V          R with V
K with B          M with B          R with B          V with B
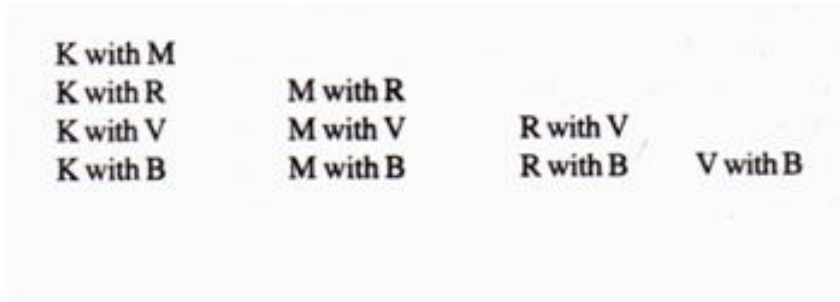
## 3. Graphic Rating scale method

In the graphic rating scale method, traits or characteristics of individuals are rated. Some of the traits used for operative employees are quantity of work, quality of work, ability to learn initiative cooperative, knowledge of worker, dependability, analytical ability, emotional ability, for managers creativity, leadership abilities, planning ability, judgment, express, and decision making.

The rating scale requires the rater to provide a subjective evaluation of an individual's performance along a scale from low to high.

These evaluation is based on the opinions of the rater, and in many cases, the criteria are not directly related to job performance. Responses may give numerical values to allow an average score computed and compared.

**Table6.1.Shows the rating for performance evaluation**

| Variables | Excellent | Good | Acceptable | Fair | Poor |
|---|---|---|---|---|---|
| *Numerical values* | 5 | 4 | 3 | 2 | 1 |
| *Dependability* | | | | | |
| *Initiative* | | | | | |
| *Overall output* | | | | | |
| *Attendance* | | | | | |
| *Cooperation* | | | | | |
| *Quality of work* | | | | | |
| Results | | | | | |
| Total | | | | | |

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# Sample on Rating Scales Performance Evaluation Method Or Graphic Rating Scale

Rating Scales Method is commonly used method for assessing the performance of the employees and well-known traditional method of performance appraisal of employees.

Depending upon the job of employee under this method of appraisal traits like **attitude**, **regularity, accountability** etc., are rated with scale from 1 to 10. **1 indicates negative feedback** and **10 indicates positive feedback** as shown below.
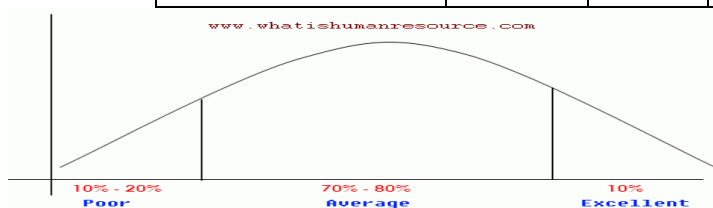
**Example: -Attitude of employee towards his superiors, colleagues and customers**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|----|

**Extremely**                                                          **Excellent**

**Poor**

## Example of Graphic Rating Scale Method of Performance Evaluation

| Performance Trait | Excellent | Good | Average | Fair | Poor |
|-------------------|-----------|------|---------|------|------|
| Attitude | 5 | 4 | 3 | 2 | 1 |
| Knowledge of Work | 5 | 4 | 3 | 2 | 1 |
| Managerial Skills | 5 | 4 | 3 | 2 | 1 |
| Team Work | 5 | 4 | 3 | 2 | 1 |



www.whatishumanresource.com

10% - 20%      70% - 80%      10%
Poor           Average       Excellent

## 4. Basic Checklist

The checklist method requires the rater to select **words or statements** that describe the employee's performance and characteristics. The human resource department may assign weights to different items on the checklist depending on irrelevant personality traits.

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In the basic checklist appraisal system the appraiser reviews the lists of statements and checks those descriptive of the employee.

 Example of simple checklist are

      1. Obtain customer signatures on delivery receipts.

      2. Operate truck in an unsafe manner.

      3. Require assistance to complete route deliveries. .

      4. Submit ideas to improve the company.

      5. Make errors in deliveries.

## *Sample on Check-List Method of Performance Evaluation*

The basic purpose of utilizing check-list method is to ease the evaluation burden upon the rater. In this method, a series of statements, i.e., questions with their answers in 'yes' or 'no' are prepared by the HR department (see the sample). The check-list is, then, presented to the rater to tick appropriate answers relevant to the evaluator. Each question carries a weight-age in relationship to their importance.

**Sample check list for appraising university teachers**

| | Yes | No |
|---|---|---|
| 1. Is regular on the job? | ----- | ---- |
| 2. Does maintain discipline well? | ----- | ----- |
| 3. Does show consistent behaviour to all students? | ----- | ---- |
| 4. Is interested in (teaching) job? | ----- | ----- |
| 5. Does ever make mistakes? | ----- | ---- |
| 6. Does show favouritism to particular students? | ----- | ----- |
| 7. Is willing to help colleagues? | ----- | ---- |

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## 5. Performance Test and observation

With a limited number of jobs, performance appraisals may base a test of knowledge or skills. These tests are appropriate when a company relies on a pay-for knowledge or pay-for-skill approach to compensation, rewarding, and employees primarily because of the skills or job knowledge they have mastered. The test may be of the paper-and-pencil variety or may require and actual demonstration of skills. It is more appropriate to measure potential than performance. Practicality may suffer if the costs of test development or administration are high.

## B. Other performance appraisal methods (Modern Appraisal Method)

## 1. Self Appraisals

Getting employees to conduct a self-appraisal cab is a useful evaluation technique if the goal of evaluation is to further self-development. When employees evaluate themselves, defensive behavior is less likely to occur and self-improvement is thus more likely.

When self-appraisals are used to determine areas of needed improvement, they can help users set personal goals for the future. The risk is that the employee will be too lenient or too critical of his/her performance. The important dimension of self-appraisal is the employee's involvement in and commitment to the improvement process.

### Sample of Self performance appraisal method

### BSC Based Department Head's <u>Self-performance Evaluation</u> Instrument (Format)

This evaluation instrument is designed to measure Department Head's Performance with regard to learning- teaching, research, community service and managerial and leadership competence. Because the evaluation is about one's own performance, you are kindly requested to honestly answer each item.

**Name of Instructor _____ Academic Year _____**

**Department _____ Semester _____**

**Instructions:**

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- Indicate your choice about your own performance corresponding to the specific performance indicators) Specific performance variables).
- Use "√" mark to indicate your choice.

| S. No | Major performance variables | Specific performance variables | Level of performance (choice) | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 5 | 4 | 3 | 2 | 1 | 0 |
| 1. | Classroom instruction and management | Instructor's class attendance as per schedule and proper use of allocated time | No missed class and proper use of allocated time | 1 day class missed and proper use of allocated time | 2 days class missed per schedule | 3 days class missed per schedule | Missed more than 3 days | I don't know |
| 2. | Teaching materials preparation | Quality of teaching material prepared | Accepted after one review by peer/ assigned body | Accepted after two review by peer/ assigned body | Accepted after three review by peer/ assigned body | Accepted after four review by peer/ assigned body | | |
| | | Timelines of teaching material prepared | As per the scheduled time | 10% late submission | 20% late submission | 30% late submission | | |
| 3. | Involving students in learning-teaching process | Instructor ensures active participation of students | Always | Sometimes | occasionally | Rarely | | |

## 2. Management by Objectives

The heart of the MBO approach consists of goals that are objectively measurable and mutually agreed on by the employee and the manager. Since an employee gets to participate in setting his/her goals, the expectation is that employees will be motivated to achieve those goals. Moreover, since they can measure their progress, employees can adjust their behavior to ensure attainment of the objectives. However, to adjust their efforts, employees must receive performance feedback on a timely basis.

Objective also helps the employee and supervisor discuss the specific development needs of the employee, which can make future training and development efforts appear more relevant to the employee. When done correctly, performance discussions focus on the job's objectives, not on personality variables. Biases are reduced to the extent that goal attainment can be measured objectively.

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## 3. Assessment Centers

Assessment centers are a form of standardized employee appraisal that relies on multiple types of evaluation and multiple raters.

They are usually applied to managers who appear to have the potential to perform more jobs that are responsible. The process puts selected employees through in depth interviews, psychological tests, personal background histories, and peer ratings by other attendees, leaderless group discussions, ratings by psychologists and managers, and simulated work exercises to evaluate their potential. Decision making exercises, computer based business games, and other job like opportunities that test the employee in realistic ways. These activities are usually performed during a few days at a location physically removed from the job site. The psychologists and managers, who do the rating, pool their estimates to arrive at a conclusion about each member of the group.

The results assist management in training, development and placement decisions. Assessment centers are both time consuming and costly.

## 4. 36O-degree Feedback

Where multiple raters are involved in evaluating performance, the technique is called 360-degree appraisal. The 360-degree technique is understood as systematic collection of performance data on an individual or group, derived from a number of stakeholders - the immediate supervisor, team members, customers, peers, and self.
The 360-degree appraisal provides a broader perspective about an employee's performance. In addition, the technique facilitates greater self-development of the employees. For one's development, multi-source feedback is highly useful. It enables an employee to compare his or her perceptions about self with perceptions of others.

Besides, the 360-degree appraisal provides formalized communication links between an employee and his or her customers. It makes the employee feel much more accountable to his or her internal or external customers. The technique is particularly helpful in assessing soft

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skills possessed by employees. By design, the 360-degree appraisal is effective in identifying and measuring interpersonal skills, customer satisfaction, and team-building skills.

# Sample of 360 Degree performance evaluation Form

**Person being assessed: -** ............................................................

Profile relationship

**A.       You are this person's**...        Manager      Peer        Customer

| 1 | 2 | 3 |

From your professional experience, please rate the person using the following scale:

|  | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|---|
| 1.  Delegate effectively | 1 | 2 | 3 | 4 | 5 |
| 2.  Is interested in finding solutions to problems and pro-actively does so. | 1 | 2 | 3 | 4 | 5 |
| 3.  Is interested in continually improving the department. | 1 | 2 | 3 | 4 | 5 |
| 4.  Leads initiatives to continuously improve service delivery to all internal and external customers. | 1 | 2 | 3 | 4 | 5 |
| 5.  Involves other people in the problem solving process | 1 | 2 | 3 | 4 | 5 |
| 6.  Makes well reasoned & timely decisions. | 1 | 2 | 3 | 4 | 5 |
| 7.  Shares reason for decision, not just the conclusions. | 1 | 2 | 3 | 4 | 5 |
| 8.  Asks for your opinion, feedback and ideas when making decisions. | 1 | 2 | 3 | 4 | 5 |

**B. General Remarks: Strengths / Areas for Improvement.**

_____

_____

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# UNIT SEVEN
# Compensation

## Learning objectives

*After completing this unit, you will be able to:*

➢ Understand the meaning and purpose of Compensation

➢ List out the factors affecting Compensation

➢ Explain various employee benefits and services

## Introduction

Developing an effective and appropriate compensation system is an important part of The HRM process. Employees are not working for money alone, but it is a very important reason for working. An effective and appropriate compensation system can help attract and retain competent and talented individuals who can help the organization to accomplish its goals.

*Thus, formulation and administration of a sound compensation is the prime responsibility of any organization.*

Organizational compensation can include many different types of rewards and benefits.
However, the development and administration of a sound compensation system is not only important, but also a complex managerial function.

It is complex because:

➢ Often, many problems between unions and management or internal conflicts relate to the question of compensation.

➢ Compensation costs are often one of the largest parts of the total cost of production.

➢ Thus, the compensation system influences the survival and growth of an organization to agreed extent.

➢ The influence of compensation over distribution of income, consumption, savings, employment rates and prices is also significant. This goes however beyond the scope of HRM and is the subject of economics.

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# 7.1 Definition and Importance of Compensation

## 7.1.1 Definitions

*For Brain-Storming: -*

**What wage and salary mean? Are they the same? If no, what is their difference?**

---------------------------------------------------------------------------------------------------------------

---------------------------------------------------------------------------------------------------------------

-----------------------------------------

**Wage: -** is the compensation paid by the employers for the services of hourly, daily, weekly and fortnightly employees. It also means the compensation paid to production and maintenance or blue-collar employees.

**Salary: -** is the compensation paid to personnel whose output cannot be measured, such as clerical and managerial staff. It pays periodically (4 weeks, 1 month). Because nowadays all employees are treated as human resources and considered equal, wage and salary can be used interchangeable.

**Normal wage or salary**:  is the *direct compensation* paid to an employee compensating his services to an organization. It is also known as basic pay.

As far as the organization is concerned employee compensation packages are designed to do three things

(1) To attract capable employees to the organization

(2) To motivate them towards superior performance

(3) To retain their services over an extended period of time.

## According to Ethiopian revised labor proclamation No. 1156/2019

**Article 53:-**

1/ "Wages" means the regular payment to which a worker is entitled in return for the performance of the work that he performs under a contract of employment.

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2/ for the purposes of this Proclamation, the following payments shall not be considered as wages:

a) Over-time pay;

b) Amount received by way of per-diems, hardship allowances, transport allowance, relocation expenses, and similar allowance payable to the worker on the occasion of travel or change of his residence;

c) Bonus;

d) Commission;

e) Other incentives paid for additional work results;

f) Service charge received from customers.

**Remind: -** The above listed issues had known as monitory based fringe benefits (additional payments).

**According to Ethiopian revised labor proclamation No.** 1156/2019
**MODE AND EXECUTION OF PAYMENT**
**Article 55**

1/ Wages shall be paid in cash, provided, however, that where the employer and workers agree, it may be paid in kind. Wages paid in kind may not exceed the market value in the area of the payment in kind and in no case may exceed 30% of the wages paid in cash.

2/ A Regulation of the Council of Ministers shall determine the powers and responsibilities of a Wage Board which shall comprise representatives of the Government, employees and trade unions together with other stakeholders that will periodically revise minimum wages based on studies which take into account the country's economic development, labor market and other considerations.

*Generally, Compensation is adequate and equitable remuneration of personnel for their contributions to the achievement of organizational objectives.*

*Compensation is a key factor in attracting and keeping the best employees and ensuring that your organization has the competitive edge in an increasingly competitive world.*

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## *Why management formulates compensation system entire the organization?*

Management has to formulate and administer compensation policy and systems very thoroughly. Because:

- ❖ Most of the employees' satisfaction and work performance base on pay and other benefits (Supplementary compensation).
- ❖ Employees compare their pay of different employees with their skill, knowledge and performance.

The Five phases of reward

| The Modalities of Reward | Specific Descriptions |
|---|---|
| Wage | A wage is usually a financial compensation, received by a worker in exchange for their labor. |
| Salary | A salary is a form of periodic payment from an employer to an employee, which may be specified in an employment contract. It is contrasted with piece wages, where each job, hour or other unit is paid separately, rather than on a periodic basis. |
| Compensation | Compensation is something similar with pay or salary, typically a monetary payment for services rendered, as in an employment. Some benefits may be concluded. |
| Total Compensation | Total compensation includes pay, benefits, flexible schedules, education assistance, training courses, and workplace opportunities to help you get the most out of your career and personal life. |
| Total Reward | Total reward covers all the elements that employees value in working for their employer. It emphasizes the integrity of remuneration and is put forward in contrast to total compensation. Although at most times it is thought as the same as total compensation, total reward remains the most new word in the category of remuneration or reward. |

## 7.1.2 Importance and Objectives of a compensation system and administration

Objectives of a compensation system and administration are numerous and sometimes conflicting with each other. The most important objectives are:

- ❖ To acquire qualified and competent personnel: Qualified and competent people join the best-paid organizations. Career decisions are often made upon the amount of compensation paid

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❖ To retain the best employees, if the salary level does not compare favorably with that of other similar organizations, employees quit the present one and join other organizations.

❖ To secure internal and external equity

❖ To ensure desired behavior

❖ Good rewards reinforce desired behavior like performance, loyalty, accepting new responsibilities and changes, etc.

❖ To keep labor and administrative costs in line with the ability of the organization to pay

❖ To pay according to the content and difficulty of the job and in tune with the efforts of the employee

❖ To simplify collective bargaining procedures and negotiations

❖ To comply with compensation legislation

To achieve the above objectives, organizations should have a systematic approach of compensation system and administration. These approaches are

## a) Job evaluation

All jobs will be analyzed and graded to establish the pattern of internal relationships. It is the process of determining relative worth of jobs. It includes selecting suitable job evaluation techniques, classifying jobs into various categories and determining the relative value of jobs in the various categories.

## b) Wage and salary ranges

Assign salary ranges to the various categories of jobs. Then each job will have to be graded in a category.

## c) Wage and salary adjusted

Overall salary grades of the organization might be adjusted based on the data and information collected about the salary level of similar organizations.

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## *Principles of compensation systems and administration*

There are several principles of compensation plans, systems and policies. The most important are;

- ❖ Compensation plans and policies should be sufficiently flexible.
- ❖ Job evaluation must be done scientifically.
- ❖ Compensation administration plans must be always be consistent with overall organization plans and programs.
- ❖ Compensation administration plans and programs should be in conformity with the social and economic objectives of the country
  - ✓ Equal income distribution
  - ✓ Controlling inflation
- ❖ Compensation administration plans and programmers should be responsive to the changing local and national conditions.
- ❖ Keep the compensation administration as simple as possible

# 7.2 Factors Affecting Compensation

**Factors affecting the salary levels**

Generally, a large number of factors influence the salary level in an organization.

The most important are:

- ❖ **Wage and salary rates** in comparable industries
  - ✓ Normally an organization has to pay at least equal to the average rate for similar jobs in similar organizations

- ❖ **Firm's ability to pay**
  - ✓ A firm cannot pay more than its ability to pay in the long run. The paying capacity of an organization is based upon:
  - ✓ Profitability
  - ✓ Expenses
  - ✓ Trends in prices

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✓ Total cost of employees (Salaries, allowances, costs of fringe benefits) Trade unions demand higher wages if the financial position of an organization is strong.

❖ **Cost of living**

✓ Employees expect that their purchasing poser be maintained at least at the same level. (Inflation correction)

❖ **Productivity**

✓ A new development in the determination of salary levels

✓ Productivity increase is due to employees contribution to the organization

✓ However the exact relationship between the contribution of certain job and the productivity is difficult to measure

✓ But changes in productivity have an impact on salary levels

❖ **Union pressures and strategies**

✓ Salary is also often influenced by the strength of the unions, their bargaining power and their strategies. "Real hourly earnings have advanced more sharply in highly organized industries"

❖ **Government legislation**

✓ Government legislation will influence salary levels. Relevant legislation might concern:

➢ Minimum wage

➢ Compensation for overtime work

➢ Retirement plans

# 7.3 Employee Benefits and Services (Fringe benefits)

These benefits are provided by the organization to employees above all of their pay. The organization expects the following benefits in return to the benefits provided by the organization to the employees. OR

Fringe benefits are various extra benefits provided to employees, in addition to the compensation paid in the form of wage and salary. It can be **monetary** and **non-monetary**

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**Need for fringe benefits**

Many organizations have been extending the fringe benefits to their employees, for the following reasons:

- ❖ Employee demands
  - ✓ Reduction of the tax burden
- ❖ Trade union demands
  - ✓ Competition among trade unions within an organization
- ❖ Employer's preference
  - ✓ Motivation for better contribution
  - ✓ Improves morale
  - ✓ Effective advertisement
- ❖ Social security
  - ✓ Safety measures, compensation in case of involvement of workers in work-related accidents, medical facilities,
  - ✓ To provide security to employees
- ❖ Improve Human Relations
  - ✓ Satisfy the worker's economic, social and psychological needs

## Objectives of fringe benefits

- ❖ Create and improve harmonious industrial relations.
- ❖ Boost employees moral
- ❖ Motivate employees by identifying and satisfying their unsatisfied needs
- ❖ Provide qualitative work environment and work life
- ❖ Provide security to the employees against social risks like old age benefits and maternity benefits
- ❖ Protect the health of employees and provide safety to the employees against incidents
- ❖ Promote employees welfare by providing welfare measures like recreational facilities.

*Some of the major benefits provided by the organizations to their employees are*

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**1. Payment for time not worked:** Earlier organization paid employees only for the time that they actually spent on the job. Over the years, however payment for certain amount of time away from work has become common. The two major types of payment for time not worked are vacations and holiday.

**2. Vacations (Annual leave):** Vacation length g generally depends on employee length of service with the organization. A Schedule designed by the organizations for vacation may be as follows:

According to Ethiopian revised labor proclamation No. 1156/2019 of Article 77 Amount of Annual Leave

1/ a worker pursuant to this Article shall be entitled to uninterrupted annual leave with pay. Such leave shall in no case be less than:
A) Sixteen (16) working days for the first year of service;
B) Sixteen (16) working days plus one working day for every additional two years service.

**3. Holidays:** - Most organizations provide holidays with pay for their employees. The number and days of holidays differ from country to country. The holidays may relate to the important festivals national important days of the country.

*Other paid days off:* There are a number of miscellaneous types of non-working times that the companies paid for. Like:- Sick leave, jury duty death in family military obligations, marriage etc.

**Like: - Ethiopian revised labor proclamation No. 1156/2019 state Condition of SPECIAL LEAVES**

**81. Leave for family events**
1/ A worker shall been titled to leave with pay for three working days where;
a) He concludes marriage; or
b) His spouse, descendants, ascendants, brother, sister, uncle, aunt relative whether by consanguinity or affinity dies entitled 3 working days leave with pay.
2/ a male employee shall be entitled to three consecutive day's paternity leave with full pay

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3/ a worker shall be entitled to leave without pay for up to five consecutive days in the case of exceptional and serious events. However, such leave may be granted only twice in a budget year.

**Based on Ethiopian revised labor proclamation No. 1156/2019 state Condition of sick leave under article:-**

**85. Duration of Leave**

1/ Where a worker, after having completed his probation, is rendered incapable of working due to sickness other than employment injury, he shall be entitled to a sick leave.

2/ the leave referred to in Sub-Article (1) of this Article shall, in no case, be more than six months counted consecutively or separately in the course of any twelve months' period starting from the first day of his sickness.

3/ Where a worker absents himself from work due to sickness, he shall, except where the employer is in a position to be aware of the sickness or it is impractical, notify the employer on the day following his absence.

4/ Without prejudice to stipulations in collective agreement or work rules, a worker shall be entitled to sick leave up on presenting a valid medical certificate issued by a duly recognized medical facility.

**According to article 88 of revised labor proclamation No,1156/2019 state condition of Maternity Leave as follows:-**

1/ An employer shall grant leave to a pregnant worker with pay, for medical examination connected with her pregnancy, provided, however, that she may be required to present a medical certificate of her examination.

2/ A pregnant worker shall, upon the recommendation of a physician, be entitled to a leave with pay.

3/ A pregnant worker shall be granted a period of 30 consecutive days of leave with pay of pre-natal leave and a period of 90 consecutive days of leave post- natal.

**2. Insurance Benefit:** Employers provide or subsidize a variety of insurance plan for employees. These include health insurance, life insurance, disability insurance and other employment related plans.

**3. Provide or facilitate Cafeteria service**

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**4. Facilitate or organized Child care Center entire the organization**

**5. Educational tuition (Educational Facilities)**

**6. Employee Assistance program**

Human resource department responsibilities for benefits are substantial. These involve day-to-day administration, as well as the evaluation of costs and returns of benefits and the communication of benefits to employees in the interest of the organization

## Comparison of different pay programs

|  | Individual Incentives | Merit Pay | Merit Bonus | Gain Sharing | Profit Sharing | Ownership | Skill Based Pay |
|---|---|---|---|---|---|---|---|
| Payment Method | Bonus | Changes in base pay | Bonus | Bonus | Bonus | Equity changes | Changes in base pay |
| Payout Frequency | Weekly | Annually | Annually | Monthly or Quarterly | Semi-annually or Annually | When stock sold | When skill required |
| Performance Management | Output, productivity, sales volume | Performance Rating | Performance Rating | Production or controllable cost | Profit | Stock value | Skill acquision |
| Coverage | Direct labor | All employees | All employees | Production or service unit | Total organization | Total organization | All employees |

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## 7.4 New developments in compensation management

### What do we currently see?

**Employee attraction and retention in today's economic environment is complicated. Why?**

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- ✓ Employers say they are having problems attracting critical skill and high-performing employees

**The employment deal is still changing**

- ✓ Most organizations expect employees to work more hours than they did prior to the recession and over half expect this to continue

- ✓ This strain has fallen particularly hard on professional level employees

**Employers must take a long-term view to lead successfully in this uncertain environment**

- ✓ Key principles can serve as guides for sustainable talent and rewards programs

### *What are the common methods to share the profits of a company for employees?*

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The concept of profit-sharing started around 1880s and international cooperative congress held in perish in 1889 considered the issue of profit sharing and defined it as "an arrangement by which employee receive a share, fixed in advance, of profit, thus profit sharing, as its name suggest, is the distribution of a portion of an organization profit among employee at the end of financial year. The basic idea behind profit sharing is that the organization profit is earned through the cooperative approach of all organization members and, therefore should share that just like shareholders get dividend for the investment in their capital.

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The newest development is to do **profit sharing**. The idea behind this is that if every employee is allows to share in the profits, they are likely to avoid wasting time, raw materials and would try their best to save tools and machinery.

The most common method to calculate the profit share for the employees is to divide the profit above a certain level by the number of employees.

**Basis of Profit Sharing**

**1. Individual Basis.** Each worker may be paid that share of the profit which the concern has earned due t his efforts. In this way, a direct relationship between his effort and reward will be established. But it is very difficult to find out individual's contribution to the profit.

**2. Departmental Basis.** The profit earned by the particular department is shared by the employees of the department. For this purpose, each department may have its own arrangement.

**3. Unit Basis.** The profit earned by the unit is distributed among the employees and the employer of the unit. Thus efforts of the workers are duly rewarded.

**4. Locality Basis.** The profits of all the industrial units in a particular locality are pooled and divided among the workers and employers of the locality in a predetermined ratio.

**5. Industry Basis.** The profits of all units belonging to a particular industry are added together and divided between the employers and the employee in the given ratio. In this way, the workers of the unit having losses, May also get the shares in the profits of the industry.

Another method is to make the employees **buy a share in the company's capital**. The philosophy behind this is that if the employees want more and more participation in the management they should also share in the ownership.

**Advantages of the Profit-Sharing Scheme**

**(i) Increased Productivity.** The scheme creates an interest and a desire among the workers to work whole heartedly for the concern, because they realize that increase in output or a reduction in cost will benefit not only the employer but also to their personal advantage.

**(ii) Improved Industrial Relations.** Industrial unrest and strike come to an end and are replaced by the community of interests. The management and workers cooperate to maximize the profits of the concern and thus ensure industrial peace and better industrial relations.

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**(iii) Increased Earning for Workers.** It is an additional earning thus contributes materially to the welfare of the workers. The lump sum paid to them can be sued for some constructive purpose. It also ensures greater economic security.

**(iv) Stabilization of Labor Force.** The workers, who leave the concern during the course of year, lose their share of profit hence the scheme is a positive incentive to the workers to stick on their jobs. Thus, it ensures stabilization of labor.

**(v) Improvement in supervision and Administration.** As the workers are directly linked with the share of profit and then their morale is keep thigh. They do not need strict supervision. Disciplined workers only can keep the standard of administration high.

**(vi) Realization of Social Justice.** It achieves some measure of social justice by relating earning of the workers to the company's financial position and by affording them the place of equal partners in an industrial enterprise.

**(vii) Sense of Responsibility.** The worker is self-motivated and feels a sense of responsibility as he is interested in the prosperity of the concern.

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# UNIT EIGHT
# Integration and Maintenance

## Learning objectives

*After completing this unit, you will be able to:*

- ✓ Understand the concept of collective bargaining and grievance handling
- ✓ Explain the concept of employee discipline

# Introduction

## The concept and objectives of the integration

The successful integration of a new employee is crucial for the organization. The integration process, a consciously designed and arranged human resource management effort facilitates the realization of this goal.

## What is integration?

*"Integration is an interactive process during which the new hire becomes a functional part of the work processes of the given organization, develops positive social connections with his fellow workers and supervisors, along with forming a comprehensive perspective of the company in such fields as knowledge, professional networks, and expectations."*

**The main objective of the integration process** is to enable the new worker to become a useful member of the organization in the shortest time possible. The realization of this goal depends on the new employee's attitude as well. Consequently, if needed the worker should ask questions, work overtime, or prepare at home for the new tasks. Thus integration at the same time fulfils important work place socialization functions as well.

**The objectives of the integration program:**
- ➢ conscious promotion of the integration of newly hired workers,
- ➢ introduction to the work organization, promoting familiarity with the main features of the new place of employment,
- ➢ promoting a harmonious supervisor-employee relationship,

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➢ promoting independent and conscious work performance,

➢ establishing the conditions of high standard work arrangement design,

➢ Guaranteeing continuous development and training.

# 8.1 Employee Discipline

**Discipline** means working, co-operating and behaving in a normal way as a responsible person.

Some of the employees, for various reasons, deviate from the expected standards of behavior. Then, it becomes essential to have a constructive program of discipline to deal with these violations.

### *No organization can grow without discipline.*

Employee discipline is respecting the rules and regulation of an organization. It is important when an employee deviates from the expected standards of behavior.

Discipline is administers when an employee violates company policy or falls short of work expectations, and managers must react to solve the situation. Discipline usually progresses through a series of steps warning, reprimand, probation, suspension, disciplinary transfer, demotion and discharge until the problem is solve or eliminated. Some ineffective managers may ask to go for retraining or development; others may be "prompted" to a position with a more impressive title, but less responsibility.

**The role of human resource manager in employee discipline**

The HRM manager has a crucial role to play in discipline in an organization. He has numerous responsibilities, such as:

❖ Advising and assisting the top and line management in determining and developing appropriate disciplinary procedure.

❖ Assisting in communicating the disciplinary procedure and its application in the same way to all employees

❖ Seeing that the disciplinary policy complies with the legislation

❖ Looking after the disciplinary action as fair and impartial and according to the rules of the organization.

❖ Training supervisors and executives in dealing with disciplinary problems

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## Disciplinary procedure

*__Disciplinary procedures can consist of the following stages:__*

1. **Send a letter to the employee calling him for an explanation**:-When the management of an organization concludes that an act of misconduct needs disciplinary action, the concerned employee should issue a letter, in which it indicates clearly, what the charges of indiscipline or misconduct are.

2. **Consideration of the explanation***: -* If the employee admits, there is no need for further investigation. In addition, when the employer is satisfied with the explanation, there is no need for further investigation or any disciplinary action.

3. **Hold an enquiry investigation:-**The investigation should be in line with the principles of justice. The accused employee must be given a reasonable opportunity to hear. An independent, trained enquiry officer should do the enquiry. The enquiry officer should do some independent fact-finding. She/he should report his findings and suggest the nature of the disciplinary action to a disciplinary authority. The disciplinary authority makes the final decision.

4. **Consider enquiry results and make final order of punishment**:-When the misconduct of an employee is prove, the manager may take disciplinary action against him. While doing so, the manager may consider the employee's previous record, effects of his action on other employees and consult others before deciding on the exact punishment.

5. **Follow-up:-**After taken the disciplinary action, there should be a proper follow-up. The disciplinary action should not make the employee repeat his mistake.

# 8.2. Labor Relation (Labor Union)

A labor union or trade union is an organization of workers formed to promote protects and improve through collective action the social, economic and political interests of its members. Unions developed as a reaction to the use of management decision-making power in ways employees thought were excessive or illegitimate. The reaction has cantered most often on basic economic issues. They also have been highly involved in establishing ownership rights in jobs by increasing job security and limiting the rights of employers to transfer, lay- off or dismiss their members.

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*Ethiopian revised labor proclamation No, 1156/2019 states the following issues:-*

**TRADE UNIONS AND EMPLOYERS' ASSOCIATIONS**

**Article 113, The Right to Form associations**

1/ Workers and employers shall have the right to establish and organize Trade Unions or employers' associations, respectively, and actively participate there in:

2/ In this Proclamation:

a) "Trade Union" means an association formed by workers;

b) "Employers Association" means an association established by employers;

c) "Federation" means an organization established by more than one trade unions or employers' association;

d) "Confederation" means an organization established by more than one trade union federations or employer's federations.

**Article 114, Formation of Associations**

1/ A trade union may be established in an under taking where the number of workers is ten or more; provided, however, that the number of members of the union shall not be less than ten.

2/ workers who work in different undertakings but in similar activities which have less than ten workers may form a general trade union, provided, however, that the number of the members of the union shall not be less than ten.

3/ Trade unions may jointly form Trade Union federation and federations may jointly form Trade Union confederations as well.

4/ Employers' associations may jointly form employers' federation and employer's federations may jointly form employers' confederation as well.

5/ No trade union or employers' association may form a confederation without forming Trade Union or Employers'' Federations.

6/ Any Federation or Confederation of trade unions or employers' associations may join international organizations of trade unions or employers.

7/ No worker may belong to more than one trade union at any given time for the same employment. Where this provision is not observed, the latest member ship shall prevail; and where the formalities of membership were simultaneous, all of them shall be without effect.

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8/ Notwithstanding Sub-Article (4) of this Article, any employer may join an established employers' Federation.

**Article 115 Function of Associations**

**Associations** shall have the following functions:

1/ to observe the conditions of work and fulfill the obligations set forth in this Proclamation; protect the rights and interests of their members, in particular, represent members in collective bargaining and labor disputes before the competent organ when so requested or authorized by their members; provided, however, that:

a) where there exist more than one Trade Unions at a given undertaking, the trade union which will be the exclusive bargaining agent and undertake consultation with authorities, is the one which secures 50% plus and more than one membership of all employees of the undertaking;

b) The organization which secured the majority membership of the workers shall be recognized by the Ministry or the appropriate Authority;

c) If an organization subsequently failed to secure the majority membership of workers, the other organization that secure majority shall be recognized instead.

2/ to ensure that laws, regulations, directives and declarations are known to and be complied with and implemented by members;

3/ to initiate laws and regulations pertaining to labor relations and to participate actively during their formulation and amendments;

4/ to discharge other tasks provided for in the bylaws of their respective organizations.

## Major Activities of Labour Union

The overriding activity of labor unions is the representation of members through collective bargaining agreements.

➢ The **first major activity** is organizing a majority of employees within a work unit.

➢ A **second major activity** is negotiating with the employer over the terms and conditions of the employment relationship. This activity establishes rules and governance system, a job structure with wage rates and internal staffing patterns, and a system for resolving disputes about the meaning of the rules.

➢ The **third major activity** is the joint administration of the agreement with management.

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## Objectives of Labor Unions

The promotion and protection of interests of the working class is the basic goal. The philosophy, the theory as well as social and economic program of the labor union movement is all related to this supreme goal. This generic goal consists of a series of specific goals given here.

a) Improved economic status

b) Shorter working day

c) Improvement in working and living conditions

d) Income security i.e. provident fund, pension and compensation against work injury, unemployment and lay-off etc…

e) Better health, housing and education facilities

f) Human treatment from supervisor and others

g) Industrial democracy and greater voice of workers in the matter of management

h) Improving social and political status

## Mechanism for Achieving Labor Union Objective

a) *Recognition by the employer*

First count is achieved, if and when the trade union secures recognition of the employer. In such event it becomes agent of the employees and a platform for dialogue and negotiation.

b) **Collective action and bargaining**

It is a powerful mechanism through a labor union can obtain better term for the employees from the employer.

c) *Union Security*

This is achieved through a closed shop, a union shop or an agency shop or similar arrangement which provided the trade union control on hiring, supervision and discharge or workers.

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d) *Negotiated agreements*

The demands put up by a TU are often settled through union – management negotiation. In case of any deadlock or at the request of either of the parties, government may also intervene and join the negotiation. Such events are called tripartite negotiation (third party negotiation).

*e) Political influence*

All major trade unions in the country are aligned to one or other political party. Trade union at times may take advantage of such party leaders for achieving certain demands.

*f) Welfare funds & Insurance*

Some trade unions build up huge funds for the welfare of members in case of victimization or any other contingency like work stoppage etc.

## The Effects of Labour Union

### a. Effects on Employer

Unions generally bargain for wage increases. Evidence shows that union wages are higher than in comparable non-union firms. The package of benefits employees receive under union contract is a larger proportion of total compensation than in non- union firms. Pay structures in unionized organizations are generally flatter than in non-union firms, and pay increase systems are most often based on job level and seniority and less often on performance or other measures devised by management.

Employee turnover in union establishment is lower than in non-union organizations. Seniority usually plays a major role in promotion decisions. Thus, employees build up greater expected returns as they increase their length of service. Unionized employees are older and are more experienced, other things being equal than their non-union counterparts. Despite the higher productivity levels, unionized firms are not as profitable as non-union organizations.

### b. Effects on Employees

Union particularly increases the pay levels of younger and less well educated employees. Employee turnover is lower in unionized organizations. Layoff and discharge likelihood are comparatively less in union establishment.

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The satisfaction level of unionized employee is not higher than that of non- union employees, even though their wage levels are higher. Reasons for the phenomenon may be that union leaders might be inculcating the sense of job dissatisfaction to increase member interests in negotiating improvements. Secondly, in most of the cases it was found that most of the employees are not dissatisfied with their jobs but dissatisfied with their employer.

*Merits of Trade Unions (Labor unions)*

1. Make workers conscious about their right
2. Keep workers unite and save from explores
3. Maintain peaceful employer employed relations
4. Put pressure on job's
5. Help workers during difficulties illness
6. Bargain for better wages and benefits

*DEMERITS of LABOR UNION*

1. Sometimes strike declared on minor ground
2. Not tell to workers about their duties, but rights and duties should equally treat
3. Not want to adapt quick methods of production due to fear of retrenchment.
4. Political parties provide leadership to unions and they do not care about interest of workers.

# 8.3 Collective Bargaining

Collective bargaining is the process whereby representatives of management and workers negotiate over wages, hours, grievance procedure and other terms and conditions of employment. It is a procedure by which the terms and conditions of workers are regulated by agreements between their bargaining agents and employers.

Collective bargaining refers to the negotiation, administration and interpretation of a written agreement between two parties that covers a specific period of time. This agreement or contract lays out in specific terms the conditions of employment; that is, what is expected of employees and what limits there are in management authority.

According to Revised Ethiopian labor proclamation No, 1156/2019

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Article **125** :-

1/ "Collective Agreement" (**የ ጋ ብረ ት ስ ምምነ ት** ) means an agreement on conditions of work concluded in writing between representatives of one or more trade unions and one or more employers or representatives or agents of employers associations.

2/ "Collective bargaining" (**የጓብረት ድርድር**) means a negotiation process between employers and workers organizations or their representatives concerning conditions of work in order to reach at collective agreement or the renewal or modifications thereof.

**The basic objective of collective bargaining** is to arrive at an agreement on wages and other conditions of employment

**Article 129 of revised labor proclamation No, 1156/2019 of Ethiopia set Subject Matter of a Collective Agreement**

Matters concerning employment relations and conditions of work as well as relations of employers and their associations with trade unions may be determined by a collective agreement.

**Article 130 of revised labor proclamation No, 1156/2019 of Ethiopia set Contents of the Collective Agreement**

Without prejudice to the generality of Article 129 of this Proclamation, the following may, among other things, be determined by collective agreement:

1. Matters specified by the provisions of this Proclamation or other laws to be regulated by collective agreement;
2. the conditions for maintenance of occupational safety and health and the manner of improving social services;
3. workers' participation, particularly, in matters pertaining to promotion, wages, transfer, reduction and discipline;
4. conditions of work, on work rules and grievance procedures;
5. apportionment of working hours and interval break times;
6. parties covered by the collective agreement and its duration of validity;
7. on the establishment and working system of bipartite social dialogue
8. On the establishment of daycare

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**The underlying idea of collective bargaining** is that

- The employer and employee relations should not be decided unilaterally or with the intervention of any third party.
- Both parties must reconcile their differences voluntarily through negotiations,
- Both should bargain from a position of strength: there should be no attempt to exploit the weaknesses or exposure of one party.
- Both parties have, more or less, realized the importance of peaceful co-existence for their mutual benefit and continued progress.

As to bargaining behavior both the management and the union have a duty to bargain with each other in "good faith." The parties are showing good faith in collective bargaining when:

♦ Both parties are willing to meet and confer with each other at reasonable time and place.

♦ Both parties are willing to negotiate over wages, hours, and conditions of employment (the mandatory bargaining topics).

♦ The parties sign a written contract that formalizes their agreement and binds them to it.

♦ Each party gives the other a 60-day notice of termination or modification of the labor agreement before it expires.

In general, good faith bargaining means treating the other party reasonably even when disagreements arise.

## Procedure for Collective Bargaining

According to article 131 of revised Ethiopian labor proclamation No.1156/2019 state that:-

1. A party desiring to initiate a collective bargaining may request the other party in writing. It shall also prepare and submit draft proposal necessary for the negotiation.

2. The requested party shall within 10 working days of receiving the request, appear for collective bargaining.

3. The parties shall before commencing collective bargaining draw up the rules of procedure for bargaining.

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4. Each party shall have the duty to bargain in good faith.

5. Issues on which the parties could not reach agreement by negotiations in good faith may be submitted to the competent Labor Tribunal.

6. Parties to a collective agreement shall commence renegotiation, at least three months before its period of expiry, to amend or replace it. However if the renegotiation is not finalized within three months subsequent to the date of its expiry, the provisions of the collective agreement pertaining to wages and other benefits, unless their validity is extended by a written agreement of the negotiating parties, shall cease to be operative.

## Collective Bargaining Process

The process of collective bargaining involves six major steps:

- ♦ Preparing for negotiations;
- ♦ Identifying bargaining issues;
- ♦ Negotiation;
- ♦ Reaching and ratifying the agreement;
- ♦ Administration of the agreement

### 1. Preparing for negotiations

From the management side the negotiators are required to:

- ♦ Prepare specific proposals for changes in the contract language;
- ♦ Determine the general size of the economic package the company proposes to offer;
- ♦ Prepare statistical displays and supportive data for use in negotiation, and
- ♦ Prepare a bargaining book for company negotiations, a compilation of information on issues that will be discussed, giving an analysis of the effect of each case, its use in other companies, and other facts.

From the employees' side, the union should collect information in at least three areas:

- ♦ The financial position of the company and its ability to pay;

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♦ The attitude of the management towards various issues, as reflected in past negotiations or inferred from negotiations in similar companies.

♦ The attitudes and desires of the employees.

## 2. Identifying Bargaining Issues

The bargaining topics can be categorized into two: mandatory and permissive.

### *Mandatory bargaining topics are*

a. **Wages** (i.e. base pay rates, overtime pay rates, retirement benefits, health benefits, travel pay and pay incentives, etc.),

b. **Hours** (overtime, holidays, vacation, shifts, flextime, and parental leave, etc.)

c. **Employment conditions** (layoff, promotions, seniority provisions, safety rules, work rules, grievance procedures, union shop and job descriptions, etc.).

Permissive bargaining topics may be discussed during collective bargaining if both parties agree to do so, but neither party is obliged to bargain on these topics.

## 3. Negotiation

Preparations having made and issues being identified, the next logical step in the collective-bargaining process is negotiation. The negotiating phase begins with each side presenting its initial demands.

Both parties are likely to take opening positions that favor their goals but leave them some room to negotiate.

**For example**, on the topic of pay raises, the union may initially ask for 8 percent but be willing to go as low as 5 percent. Management may initially offer the union 2 percent but be willing to go as high as 6 percent.

At which point will the parties reach agreement, 5 percent or 6 percent? The party that understands how to use its bargaining power will probably be able to achieve settlement closer to its initial bargaining position. Bargaining power is one party's ability to get the other party agree to its terms. If management has greater bargaining power than the union, it is likely to get the union to agree to a 5 percent pay increase.

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An important aspect of a party's bargaining power is how it is perceived by the other party. Each party can engage in behaviors that shape the other party's perceptions. Management that acts in a powerful and intimidating manner may influence the union to make additional concessions. However, aggressive posturing by management may backfire and cause union negotiators to make fewer concessions.

Parties in negotiations have several tactical alternatives. Two bargaining tactics are often used to increase bargaining power: distributive bargaining and integrative bargaining.

- ♦ **Distributive Bargaining:** It focuses on convincing your counterpart in negotiations that the cost of disagreeing with your terms would be very high. In collective bargaining the cost of disagreement is often a strike. Distributive bargaining tactics tend to be used when the two sides are competing for very limited resources.

- ♦ **Integrative Bargaining:** It focuses on convincing your counterpart in negotiations that the benefits of agreeing with your terms would be very high. It is similar to a problem-solving session in which both parties are seeking mutually beneficial alternatives.

### 4. Settlement and contract agreement

After an initial agreement has been made, the two sides usually return to their respective constituencies to determine whether what they have informally agreed upon is acceptable. In other words, a labor contract cannot be finalized until the bargaining representatives on both sides go back to their organizations and obtain approval of the contract.

Union negotiators typically ask the members to vote on the contract. Most unions require a majority of union members to approve the contract.

### 5. Administration of the agreement

Signing the agreement is not the end of the collective bargaining; rather it is the beginning of the process. The agreement must be implemented according to the letter and spirit of the provisions of the agreement.

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The HR manager plays crucial role in the day-to-day administration of the contract. He or she advises on matters of discipline and works to resolve grievances arising out of the agreement.

# 8.4 Grievance Handling

## *What are the difference between grievance and compliant?*

Dissatisfaction or any negative state or feeling of an employee on work related issues in his/her organization, made orally known by one employee to another, it can be considered as **complaint**. *A complaint becomes grievance when this dissatisfaction, which is mostly related to work*, is brought formally for the notice of the management.

Efficient grievance management is an important aspect of the Human Resource Management. There can be several aspects of HRM practices in an organization, which cause feelings of discontent and/or unhappiness on part of the individual workers.

If individual grievances are unattended and unresolved, they might become collective disputes.

Grievance is cause due to the difference between employee expectations and management practices.

Employees expect proper implementation of the country's laws and regulation and company policies and procedures. Also sometimes management behavior can be cause for grievances.

A grievance is usually more formal in character than a complaint. It has, most of the times, a connection with the company's operations or policy. It must involve an interpretation or application of the labor contract or the other legislation.

## Conditions for a grievance procedure

The efficiency of a grievance procedure depends on the fulfillment of certain conditions. These are as follows:

- Conformity with legislation
- Clarity
- Simplicity
- Promptness
- Training
- Follow-up and evaluation

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## *Grievance handling procedure*

A grievance procedure should be clear on whom to approach and how long the respective persons can take to formulate an answer.

The **first step** in every grievance procedure is to approach your own supervisor or superior and inform him or her about the grievance orally. If it is not handling to satisfaction, i.e. no answer or not a satisfying answer,

**The next step** is taking the grievance to the next higher manager or department head. Answers should be given within a certain time limit, normally two days.

If the employee gets no answer or the decision given to him by the department head is not acceptable, then normally you can submit **a written grievance form to an official Grievance Committee.**

A Grievance Committee consists of representatives of both the employer and employees. This Grievance Committee shall communicate its recommendations to the manager within seven days of the grievance reaching the committee.

If the grievance committee reached a unanimous decision, the management shall implement these. In case, the decision was not unanimous; the different views shall record and placed before the manager for a decision. The manager shall communicate its decision within a few days. The worker has the right to appeal against the manager's decision. Sometimes an official of a labor union will assist the worker in his appeal.

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# UNIT NINE

## PROMOTIONS, TRANSFERS AND SEPARATIONS

### *Learning objectives*

*After completing this chapter, you will be able to:*

- ❖ *Understand the concept of transfer, promotion and separation*
- ❖ *Discuss the purpose and basis of promotion*
- ❖ *Explain type transfer and the problems arise in relation to transfer*
- ❖ *Understand the concepts about demotion and separation and the necessity of policies*

## Introduction

There are two types of employee mobility in an organization, internal and external.

**External mobility** refers to the movement of an employee from one organization to another seeking better employment/placement based on his or her skill and experience and the requirements and needs of various organizations or an organization seeking external candidates for a vacancy because they are not convinced there are suitable internal candidates. This situation in the development of both individuals and organizations results in external mobility or employee turnover.

An employee prefers most of the times **internal mobility** as long as he/she is sure of getting suitable placement/employment within the organization. However, employees who are not satisfied with their career in the present organization may seek suitable employment in other organizations.

The three types of internal mobility:

*Promotions:* the movement of employees to higher level jobs, in order to meet the demand for higher order skills

*Transfers:* the movement of employees from one job to another, in the same level of organizational hierarchy.

*Demotion:* re-assignment of a lower level job to an employee.

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# 9.1 Transfer

**Transfer** is the movement of an employee from one job to another in the same level of organizational hierarchy.

## 9.1.1 Purpose of Transfer

The transfer are generally affected to build up a more satisfactory work team and to achieve the following purposes.

- ❖ To increase the effectiveness of the organization.
- ❖ To increase versatility and competence of the key positions.
- ❖ To deal with fluctuations in work requirements.
- ❖ To correct incompatibilities in employee relations.
- ❖ To correct erroneous placement.
- ❖ To adjust workforce.
- ❖ To punish employees

## 9.1.2. Reasons for Transfer

Transfers are of three categories, i.e. Employee initiated, company initiated and public-initiated (political) transfers.

**Employee initiated** transfers or personal transfers are primarily in the interest of the employee and according to his needs and wishes.

**Reasons for employee-initiated transfers** can be:

- ❖ Health and illnesses
- ❖ Relief from uncomfortable circumstances (climate)
- ❖ Education
- ❖ Family related problems
- ❖ To avoid conflicts with superiors

**Company initiated** transfers are at the initiative of the company. Reasons can be:

- ❖ Lack of the right type of human resources in a certain location
- ❖ Absenteeism of employees
- ❖ Fluctuation in production
- ❖ Change in business activities, technology, organizational structure, etc.
- ❖ Improve employee job satisfaction.

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**Public initiated** transfers are initiating through politician or governments for the following reasons:

- ❖ Employee behavior is against the social norms
- ❖ The functioning of an employee is against the public interest

*Transfers can be either permanent or temporary.*

## Problems with transfer

Transfers benefit both the employees and the organization, but sometimes some problems can be associated with transfers. These are:

- ❖ Adjustment problems from the employee to the new job, location, environment, superior and colleagues
- ❖ Transfer from one place to another cause much inconvenience and cost to the employee and his family members relating to housing, transport, educa6tion of the children etc.
- ❖ Company initiated transfers might reduce loss in motivation of the employee and his/her contribution to the organization.

## Transfer policy

The problems with transfer can minimize through formulation a systematic transfer policy. Another reason for clearly specifying a transfer policy is that otherwise superiors may transfer their subordinates they do not like without a valid reason.

A systematic transfer policy should contain at least the following items:

- ❖ Specifications of the circumstances under which an employee will transferee in case of a company initiated transfer.
- ❖ Specification of superior who is authorized and responsible to initiate transfer
- ❖ Jobs from and to which transfers will be made, based on job specification and classification, etc.
- ❖ Norms to decide priority when two or more employees request for transfer
- ❖ Specification of pay, allowances, benefits that are to allow to the employee in the new job.
- ❖ Specification of other facilities to be extended to the transferee like special leave during the period of transfer, special allowance for packaging luggage, transportation, etc.

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## 9.1.3 Types of Transfer

There are several types of transfer. Some of them are:-

### A. Production transfers

A shortage or surplus of the labor force is common in different departments in a plant or several plants in an organization. Surplus employees in a department have to be laid-off, unless they are transferred to another department. Such kind of transfer we call that production transfer.

### B. Replacement Transfers

Replacement transfers, too, are intended to avoid imminent lay-offs, particularly, of senior employees. A junior employee may be replaced by a senior employee to avoid lying off the later. A replacement transfer program is used when all the operations are declining and is designed to retain long-service employees as long as possible.

### C. Versatility Transfer

Versatility transfers to make employees versatile and competent in more than one skill. Versatile options are valuable assets during rush periods and periods when work is dull. Versatile transfers may be used as a preparation for production or replacement transfer.

### D. Shift transfers

Generally speaking, industrial establishments operate more than one shift. Transfers between shifts are common, such transfers being made mostly on a rotation basis. Such kind of transfers may be done on special requests from employees.

### E. Remedial Transfer

Remedial transfers are done at the request of employees and are, therefore, called personal transfers. It takes place because the initial placement of an employee may have been faulty or the worker may not get along with his or her supervisor or with other workers in the department. He or she may be getting too old in his or her regular job, or the type of job or working conditions may not be well-adapted to his or her present health or accident record. If the job is repetitive, the worker may stagnate and would benefit by transfer to a different kind of work. Such kind of transfer we call that remedial transfer.

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# 9.2 Promotion

Vacancies can be filled either from internal or external sources. If the organization prefers to fill a vacancy only by internal candidates and it assigns a higher level job, most of the times by using some promotional tests-to a selected employee, it is called promotion.

If an organization, starts a selection procedure for both external and internal candidates and the internal candidates gets the job it is not called promotion.

A promotion involves an increase in status, responsibilities and pay. But in certain cases only the pay increases and the other elements remain stagnant. In other cases, the status only increases without a corresponding increase in pay or responsibilities..

Thus, the main conditions for promotion are:

- ❖ Assignment of a higher-level job to an employee, than what he/she is presently performing
- ❖ The employee will be delegated with greater responsibility and authority than what he has earlier
- ❖ Promotion normally accompanied by higher pay.

Sometimes, **for honorary reasons** or because of a probation period, promotion does not come with higher pay. Promotions can be permanent or temporary.

## 9.2.1. Purposes of promotion

Organizations promote the employees with a view to achieve the following purposes:

- ❖ To use the employee skills, knowledge and experience at the appropriate level in the organizational hierarchy, resulting in organizational effectiveness and employee satisfaction.
- ❖ To develop competitive spirit and motivate employees to acquire the skill, knowledge, etc. necessary to obtain higher-level jobs.
- ❖ To develop competent (qualified internal source of employees) ready to take up higher level jobs in the changing environment
- ❖ To promote interest in training and development program and team development areas
- ❖ To build loyalty and boost morale

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❖ To reward committed and loyal employees

❖ To reduce labor turnover

## 9.2.2 Types of Promotion

Promotions may be classified into the following types.

### i. Horizontal Promotion

This type of promotion involves an increase in responsibilities and pay, and a change in designation. But the employee concerned does not transgress (go beyond the limit) the job classification.

For e.g. lower division clerk will be promoted to upper division clerk. In this case there is no change in the nature of the job.

### ii. Vertical Promotion

This type of promotion results in greater responsibility, prestige and pay, together with a change in the nature of the job.

### iii. Dry Promotion

Dry promotions are sometimes given in lieu of increases in remuneration. Designations are different but no change in responsibilities.

## 9.2.3. Bases of promotion

Management of most organizations uses **merit/achievement/qualities** as a basis for promotion.

**Merit** is an employee's skills, knowledge, ability, efficiency and achievements as measured from educational, training and past employment and performance appraisal record.

Sometimes **seniority,** which is length of services, is use as a basis for promotion.

If **favoritism** is use as a basis for promotion, employees are promoting on basis of friendship, political ideas or corruption.

Sometimes promotions may base merit **and seniority**. If two or more employees with the same level of merits are eligible for promotion, the employee with the most **seniority** will get the position.

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## 9.2.4. Problems with promotion

❖ **It disappoints some employees**. Some employees who are not promoted will disappoint when their colleagues with similar qualifications and experience are promoted. These employees may lose their motivation and contribute less to the organization.

❖ **Some employees refuse promotion**. There is a general tendency that employees accept promotion. However, sometimes employees refuse promotion. This might be the case when a promotion includes a transfer to an unwanted location. Another reason for refusing a promotion might be that the employee feels he might not be able to cope with the workload and responsibilities that comes with a job at a higher level. In addition, personal circumstances (illness of family members, education) might be a reason to refuse promotion.

❖ **Some superiors will not release their subordinates**. The main reason for superiors not to release a subordinate is that they feel they cannot miss that person in their department.

## 9.2.5. Promotion policy

Problems of promotion can overcome with a clear **promotion policy**. It is thus advice that each organization makes its own promotion policy.

The most important basic characteristics of a promotion policy:

❖ It should be consistent in such a way that the policy should apply uniformly to all employees, independent of the background of the person.

❖ It should be fair and impartial. In other words it should not allow favoritism.

❖ It should ensure open policy, in the sense that every eligible employee should be considered for promotion, rather than a closed system which consider only a class of employees.

❖ It should contain clear norms and criteria for judging merit, seniority, potentiality, etc.

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**The contents of promotion policy:**

Promotion policies should contain at least the following items:

- ❖ Percentage of vacancies to be filled by promotions in each job family or job class
- ❖ The basis for promotion, i.e. merit, seniority or a combination of these two
- ❖ The norms to judge merit, tests to be used to measure merit and potentiality, norms to measure seniority, etc…
- ❖ Necessary qualifications, level of performance on the present job, level of potentialities to possess by employees to considered for promotion.
- ❖ Establishment of clear-cut promotion channels from one level of job to another, from one department to another, etc.
- ❖ Mode of acquiring the new skills, knowledge and facilities that offered by the organization like guidance by superiors, training facilities, leave facilities, for acquiring higher academic qualification, etc.
- ❖ Their present superiors or head of the departments should make provision (regulations) for immediate relief of the promoted candidate.

# 9.3 Demotions

**What is demotion?**

The other type of internal mobility is demotion. It is the opposite of promotion. Demotion is the assignment of a lower level job to an employee. In the new position, the employee has lower level pay. Organizations use demotions less frequently as it affects employee career, prospects and morale.

# Reasons for demotions

Demotions are necessary for the following reasons:

### i. Unsuitability of the employee to the higher level of job:

Employee may promote based on past performance and seniority. However, some of the employees promoted on those bases may not meet the job requirements of the higher-level job.

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Such employees may be demoted the lower level jobs, where their skill, knowledge and aptitude fit the job requirements. It happens often that employees are promoted to a level where they are not competent anymore.

### ii. Bad business conditions:

Generally, bad business conditions forces the organization to reduce production, close certain departments of close complete factories. Consequently, organizations minimize the number of employees. Junior employees will fire demoted under such conditions.

### iii. New technology and new methods of operation:

New technology and new methods often demand new and higher level skills. If the existing employees do not develop themselves to meet those new requirements, organizations demote them to lower level jobs, which are suitable.

### iv. Disciplinary ground:

Employees are demoting on disciplinary grounds. This is an extreme step and as such, organizations rarely use this measure.

# 9.3 Separation and Labor Turnover

The final operative function of HRM is separation of the employee from the organization in order to return him or her to society.

The three main processes of separation are;

(1) The retirement of older employees

(2) The layoff or release of qualified younger employees no longer needed by the organization

 (3) The discharge of employees who do not meet the organizations expectations.

## 9.3.1 Types of Separation

a. **Resignation or voluntary quit** by employees when they are dissatisfied with the present job and/or organization, or when they can get better employment in another organization. When the employee him/herself initiates a termination, it is called a **resignation.** There are resignations, which are avoidable, and others, which are unavoidable. For example, avoidable resignations indicator room for some improvement in the organizational climate. The Human Resource Department should investigate the real reasons behind

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such a resignation. A study of exit interviews over a time may disclose a fixed pattern suggesting improvements in the Human resource Management function in aspects such as the nature of supervision, compensation structure, promotional policies, etc.

b. **Layoff from work**: Organizations terminate the services of employees because the number of jobs are reduced or eliminated, due to bad business conditions, change in technology or lack of materials or other causes.

c. **Firing, discharge, or dismissal**: Organizations terminate the services of employees if they are dissatisfied with the performance or conduct/behavior of employees or sometimes when an employee has lack of qualifications.

As a safeguard, responsibility for firing should not only rest by the immediate supervisor. The approval of the next higher manager should generally be taken.

Firing can be on the ground of unsatisfactory performance, misconduct or lack of qualifications for the job.

Unsatisfactory performance refers to persistent failure on part of the employee to perform his assigned tasks or duties or to meet the required standards for the job.

d. **Retirement and death** will terminate the contract between employer and employee.

e. **Misconduct** refers to willful violation by an employee of the rules of the organization. It would include insubordination, dishonesty and calls for extreme action.

# 9.3.2 Employee Turnover (Labor Turnover)

Labor turnover is a familiar term used to describe the permanent withdrawal of employees from an organization.

**Turnover** means shifting of employees into and out of an organization. It is defined as the rate of change in the employees of an organization during a definite period. It measures the extent to which old employees leave and new employees enter into an organization.

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Annual manpower turnover = **Leavers over 12 months X 100 %**
                           **Average manpower over same period**

The employee turnover rate is usually calculated by dividing the number of employees separated from the company they were working for by the base number of jobs during the period. Employees who transfer to other positions within the same organization are not considered in the calculation, as well as those who retired, had their job phased-out or were terminated due to downsizing.

Turnover rates for employees can be measured and compared over time and across companies using what is commonly referred to as the employee turnover index.

    The index is calculated as follows:

## TTR = [S/N] x 100

TTR = total turnover rate

S = number of employees separated in the period

N = average number of employees in the unit in the period

Similarly, the rates can computed separately for different types of separations like voluntary quit, lay-off, etc. These formulae are useful to compute and compare the rates with those of other organizations for the same period and of the same organization for the past years. The comparison shows trends in the turnover rates and the magnitude of the problem and indicates the effects of external mobility.

Certain level of external mobility is inevitable due to death, retirement, and layoff. It is desirable as it enables a certain healthy flow of new human resources into the organization. However, turnover or mobility beyond that level confronts managers with many problems like transferring human resources among various departments and job or recruiting new employees. This will increase the cost of induction, training and placement as well as increase the rates of incidents, wastage and decreasing productivity.

Though external mobility is in some case good for the employees, it also causes problems in many cases. These problems include discontinuation in service, loss of salary, disadvantage in getting various fringe benefits that are tie to the length of service, like bonus, retirement benefits, etc.

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## Types of Turnover

There are a few generally accepted models of employee turnover. The first model suggests that turnover is **either voluntary or involuntary**. Suggesting that an employee has chosen to leave the organization (voluntary) or they have been forced to leave (involuntary).

Below average performers may be forced out of an organization with threats of firing or with unattractive hours or assignments, yet if the employee initiates the terminations they are recorded as voluntary. These types of employee initiated resignations are not truly a function of the employees desire to leave and, therefore, should be treated separately.

The second model that has been generally described as **job related, non job related and lack of fit within the organization.**

Job-related turnover includes employees who left the organization due to reasons that were somewhat within the control of the employer. Such factors would include dissatisfaction with working conditions, supervising conflicts or salary discrepancies. Non-job related turnover occurs when an employee leaves the organization due to things in the employee's personal life that impact their performance in the workplace. Examples of these would be relocation, family problems, marital issues, emotional instability or mental health, addictions, and chemical abuse. The third type of turnover is due to the employee's lack of fit within the organization. Examples of this type of turnover would include employees who were so uncomfortable in the work environment that they could not continue the employment. The discomfort may be due to many reasons. Possibly they are not fully qualified and they are having difficulty fulfilling the position, or perhaps the employee is qualified but does not work best in the work environment he or she is being placed in. These are just a few examples of an employee's lack of fit within the organization.

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# UNIT TEN

## HUMAN RESOURCE MANAGEMENT AND GENDER BASED EMPOWERMENT

*Learning objectives*

*After completing this chapter, you will be able to:*

❖ *explain the concept of equal employment opportunity*

❖ *describe the nature of work force diversity management*

❖ *describe the concept of gender based empowerment*

## 10.1 Equal Employment Opportunity

**Equal employment opportunity (EEO)** is a broad concept holding that individuals should have equal treatment in all employment-related actions. Individuals who are covered under equal employment laws are protected from illegal discrimination, which occurs when individuals having a common characteristic are discriminated against based on that characteristic.

*Equal Employment Opportunity means:*

- o provide equal access to all available jobs, training, and promotional opportunities
- o provide similar benefits and services to everyone
- o apply all policies and practices consistently to applicants and staff
- o do not differentiate among applicants or employees on the basis of race, color, national origin, religion, sex, physical or mental disability, medical condition, ancestry, marital status, or age.

Various laws have been passed to protect individuals who share certain characteristics, such as race, age, or gender. Those having the designated characteristics are referred to as a protected class or as members of a protected group. A protected class is composed of individuals who fall within a group identified for protection under equal employment laws and regulations. Many of the protected classes historically have been subjected to illegal discrimination.

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Notice that what the firm is providing is equal employment opportunity for *qualified* individuals to be considered for employment. To remedy areas in which it appears that individuals in protected classes have not had equal employment opportunities, some employers have developed affirmative action policies.

Civil right laws, judicial interpretations of the laws, and many sets of guidelines have outlawed discrimination based on race, religion, national origin, age, sex and physical disability. In short they have attempted to frame national policy on equal employment opportunity (EEO).

*EEO implies at least two things.*

1. Evaluation of candidates for jobs in terms of characteristics that really do make difference between success and failure.
   Example: - In selection, promotion, performance appraisal and layoff
2. fair and equal treatment of employees on the job
   For example: - equal pay for equal work, equal benefits, freedom from sexual harassment etc…

## The equal pay act

The equal pay act requires that men and women who do same job in the same organization should be paid the same rate of pay for that is substantially equal in skill, effort, responsibility and working conditions. Same pay means that no difference is acceptable. Equal pay for equal work, according to Ethiopian federal civil servants proclamation no. 515/2007.

**Remind that:** - Pay differentials are legal and appropriate if they are based on seniority, merit, quantity of work, or any factor other than sex.

## 10.2. Workforce diversity and its Management

## Introduction to Diversity

Diversity is defined as the differences between people. These differences can include race, gender, sexual orientation, religion, background, socioeconomic status, and much more.

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Diversity, when talking about it from the human resource management (HRM) perspective, tends to focus more on a set of policies to meet compliance standards.

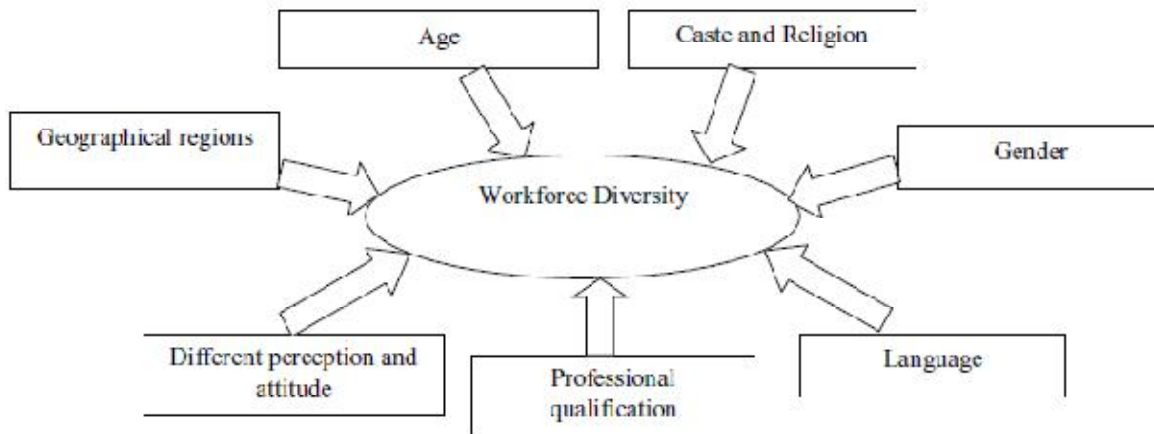Diversity simply refers to human characteristics that make people different from one another.



Fig. 10.1 Work force diversity

Individual characteristics over which a person has little or no control include: - biologically determined characteristics. Such as: - race, sex, age and certain physical attributes, as well as the family and society into which he/she is born. Those factors exert a powerful influence on individual identity and directly affect how a person relates to other people.

The other category is characteristics that people can adopt, drop or modify during their lives through conscious choice and deliberate efforts. These include work background, income, marital status, military experience, political beliefs, geographic location and education.

**Note that:** - Managing diversity means establishing a heterogeneous workforce to perform to its potential in an equitable work environment.

## **The Nature of Diversity**

The existence of diversity is apparent in most organizations. As suggested in a number of studies, diversity has both positive and negative consequences. On the positive side, it provides organizations opportunities to tap a broader, more diverse set of people, ideas, and experiences. Diversity is particularly valuable in a business organization because it often reflects the diversity

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of customers and the marketplace. By capitalizing on the diversity internally, business organizations may be able to adapt better to the subtle differences in various customer markets.

On the negative side, diversity may initially lead to increased tensions and conflicts in the workplace. In some organizations, people who are part of well established groups with relatively similar backgrounds and racial or ethnic heritages have demonstrated reluctance to accept people who are "different."

Fortunately, outright hostility and physical resistance have occurred in relatively few work situations. But tensions have increased in other circumstances as diversity efforts have been instituted in work settings. Communication difficulties and conflicts between workers may occur more often in organizations having greater diversity of people. Consequently, organizations must be *proactive* not only in addressing diversity concerns by existing employees but also in supporting individuals with different backgrounds and heritages.

One of the best things we can do for our organizations is to have a diverse workforce, with people from a variety of perspectives. This diversity leads to profitability and the ability to better serve customers.

## *Why manage workforce diversity?*

If the organization management body does not effectively manage work force diversity may cause the following problems entire the organization.

- ✓ Have negative impact on productivity and team work.
- ✓ Poor organizational resource control specially human resource
- ✓ To being illegal, excluding certain people from participation in an organization.

If the organization management body does effectively manage work force diversity may cause the following problems entire the organization.

- ➢ to survive and prosper in an increasingly heterogeneous society
- ➢ Organizations must capitalize on employee diversity as a source of competitive advantage

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There are 5 reasons diversity has become a dominant activity in managing an organizations human resources.

1. The shift from a manufacturing to a service economy,
2. Globalization of markets
3. New business strategies that require more teamwork
4. Mergers and alliances that require different corporate culture to work together,
5. The changing labor market.

## Diversity Management in the Future of Human Resources Management

Diversity has progressively developed into an important topic in human resources management. Organizations that aim to be actual international players cannot avoid the incorporation of diverse expertise into their management teams. The subsequent developmental stages of the global economy will conduct in better public consciousness of the notion of globalization and its effects. Arising from the current stage of cost management, downsizing and staff cuts, the issue of management recruiting will be tracked more intensively in the nearest future. Before long, human resources managers will once again boast superior requirements for highly capable managerial staff, irrespective of disparities in their nationality, sex and culture etc.

Again, organizations that effectively manage diversity tend to be more attractive to new employs and in addition diversity goes well with positive public relations work since the concept is founded on the fundamental principles of value, equal treatment, fairness and justice. Organizations that discriminate will in future lose money, competitive edge and advantage since organizations must now compulsorily function only with careful consideration of social interests.

Organizations require all employees to display optimum performance in the workplace for its long term success. Consequently, they have no choice but to locate means of respecting all employees in their own merits, despite their disparities with the others. In addition, diversity seems innate to the younger generation and these days, the trademarks of international organizations principally include multi-cultural messages. This development in communications will increase since in future diversity will be even easier to sell and organizations will be able to

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utilize diversity management in projecting themselves as contemporary and progressive both internally and externally.

**Tips: - Consider the following point when you create diverse work environment**

❖ Do you test your assumptions before acting on them?

❖ Do you believe there is only one right way of doing things, or that

❖ There are a number of valid ways that accomplish the same goal?

❖ Do you convey that to staff?

❖ Do you have honest relationships with each staff member you supervise?

❖ Are you comfortable with each of them?

❖ Do you know what motivates them, what their goals are, and how they like to be recognized?

❖ Are you able to give negative feedback to someone who is culturally different from you?

❖ When you have open positions, do you insist on a diverse screening committee and make additional outreach efforts to ensure that a diverse pool of candidates has applied?

❖ When you hire a new employee, do you not only explain job responsibilities and expectations clearly but orient the person to the campus and department culture and unwritten rules?

❖ Do you rigorously examine your unit's existing policies, practices, and procedures to ensure that they do not differentially impact different groups? When they do, do you change them?

❖ Are you willing to listen to constructive feedback from your staff about ways to improve the work environment?

❖ Do you implement staff suggestions and acknowledge their contribution?

❖ Do you take immediate action with people you supervise when they behave in ways that show disrespect for others in the workplace, such as inappropriate jokes and offensive terms?

❖ Do you make good faith efforts to meet your affirmative action goals?

❖ Do you have a good understanding of institutional isms such as racism and sexism and how they manifest themselves in the workplace?

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- ❖ Do you ensure that assignments and opportunities for advancement are accessible to everyone?
- ❖ What policies, practices, and ways of thinking have differential impact on different groups?
- ❖ What organizational changes should be made to meet the needs of a diverse workforce?

## 10.3 Gender relation and woman empowerment at work place

**Gender: -** It refers to the social attributes and opportunities associated with male and female and the relationship between women and men.

## Gender at Work

Gender at work envisions a world that values and respects women's human rights and cultures of equality, especially gender equality, we understand that to change systems of power that hold inequality in place, relationships between people, institutions and work.

There are several factors that influence women's participation at work place. Based on several research results among those factors social norms are the key factor.

Social norms are a key factor underlying deprivations and constraints throughout the lifecycle. Norms affect women's work by dictating the way they spend their time and undervaluing their potential. Housework, child-rearing, and elderly care are often considered primarily women's responsibility. Further, nearly four in 10 people globally (close to one-half in developing countries) agree that, when jobs are scarce, men should have more right to jobs than women.9 Research shows that women are frequently disadvantaged by gender biases in performance and hiring evaluations.

Gender equality in the world of work is multidimensional. Broadly, key dimensions include labor force participation, employment, firm and farming characteristics, earnings, and job quality. The last is the most difficult to measure and varies by context. However, full-time wage employment is a strong predictor of subjective well-being, and jobs that provide higher earnings, benefits, rights, and opportunities for skills development are more likely to expand women's associations.

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## What is Empowerment?

To define empowerment as having two key components:-

1. For leaders to truly empower employees, they must delegate leadership and decision making down to the lowest level possible. Employees are often the closest to the problem and have the most information and as such can often make the best decision.

2. The second component of empowerment, and the one most often over looked, is equipping followers with the resources, knowledge and skills necessary to make good decisions.

Employee empowerment involves employees in their work by allowing them to make decisions and act upon those decisions, with the support of the organization. Employees who are not micromanaged and who have the power to determine the sequence of their own work day, for example, tend to be more satisfied than those who are not empowered. Empowerment can include the following:

❑ Encourage innovation or new ways of doing things.

❑ Make sure employees have the information they need to do their jobs; for example, they are not dependent on managers for information in decision making.

❑ Use management styles that allow for participation, feedback, and ideas from employees.

*Please critically observe the table below*

| Empowered Employee | Non-Empowered Employee |
|---|---|
| Self- determined | Other- determined |
| Sense of meaning | Not sure if what they do is important |
| High competence | Low competence |
| High influence | Low influence |

### WOMEN IN THE WORKFORCE

The entry of women into the workforce has major social and economic consequences. One major consequence of having an increased percentage of women in the workforce is that balancing work and family issues will continue to grow in importance. Also, as more women enter the workforce, greater diversity will be found in organizations. Some other implications for HR management of more women working include the following:

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- ➢ Greater flexibility in work patterns and schedules to accommodate women with family responsibilities, part-time work interests, or other pressures.
- ➢ More variety in benefits programs and HR policies, including child-care assistance and parental-leave programs.
- ➢ Job placement assistance for working spouses whose mates are offered relocation transfers.
- ➢ Greater employer awareness of gender-related legal issues such as sexual harassment and sex discrimination.



Fig. 10.2 Diversity management, equal employment opportunity, affirmative action

**Affirmative Action**

**Affirmative action** occurs when employers identify problem areas, set goals, and take positive steps to guarantee equal employment opportunities for people in a protected class. Affirmative action focuses on hiring, training, and promoting of Protected class members where they are underrepresented in an organization in relation to their availability in the labor markets from which recruiting occurs. Sometimes employers have instituted affirmative action voluntarily.

The purpose of affirmative action is to ensure equal employment opportunity by requiring all federal contractors to take affirmative action to prevent discrimination in employment practices and to report on their progress. Specifically, affirmative action requires contractors to implement affirmative action plans to assure equal employment opportunity for underutilized minorities and women, people with disabilities.

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## Discussion point

*"There is no chance for the welfare of the world unless the condition of women is improved".*
*Do you agree? Why? Or Why not?*

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## *What does it mean women empowerment?*

In the field of development economics women's empowerment is defined as the process through which women acquire the ability to make strategic life choices in a context where this ability was previously denied to them (Kabeer, 1999).

Women's empowerment is the process of having and using resources in and a genetic manner to reach certain achievements. Similarly, psychological research suggests that women's empowerment is a process that enables people to act on and improve issues that are important for their individual lives, their communities, and their society. These definitions stress the expansion of women's individual capacities and a free exercise of personal choice.

Women empowerment means emancipation of women from the vicious grips of social, economical, political, caste and gender-based discrimination. It means granting women the freedom to make life choices. Women Empowerment itself elaborates that Social Rights, Political Rights, Economic stability, judicial strength and all other rights should be also equal to women. There should be no discrimination between men and woman.

Empowerment of women is basically the manner of enhancement of social, economic, cultural and political standing of women, the conventionally disadvantaged, neglected ones, in the society. Several researches have shown that women are more likely than men to expend a large proportion of their household income in the welfare of their children and education.

When women are properly empowered to earn, collect assets and enhance their financial security, they develop capability for industrial support and spur economic growth by creating new jobs as well as spread out the pool of talents and human resources accessible in a country.

It is increasingly recognized that women who are involved in business are the new drivers for sustainable growth, and are the emerging stars of economies in developing countries

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In the simplest words, empowering the women means developing the society by creating such a social system where they can take decisions freely for their individual development and the evolution of society in general.

Empowerment is the procedure by which the women accomplish increased control and engagement in decision making which ultimately helps to attain equal foundation with men in various spheres-social, cultural, economic, political and civil.

Women's empowerment is an important goal in achieving sustainable development at national and international level.

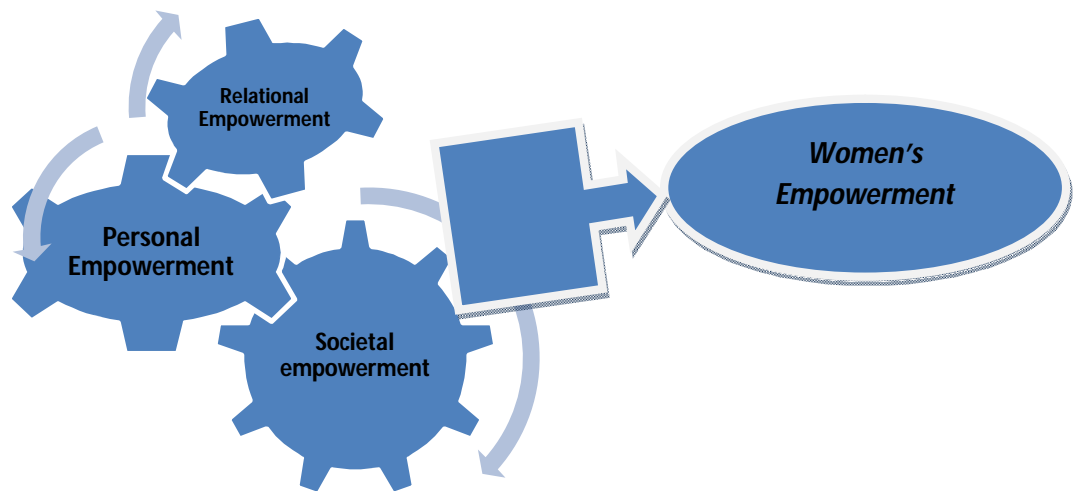**Dimensional Model of Women Empowerment**



*Fig. 10.3 Dimensional model of women empowerment*

The core premise of the above model is to differentiate between three different dimensions of women's empowerment, namely (1) personal empowerment, referring to individual's personal beliefs as well as actions, (2) relational empowerment, referring to beliefs as well as actions in relation to relevant others, and (3) societal empowerment, referring to the situation of women in the broader societal context to understand how women's empowerment may develop.

## Activity

*How affirmative action to ensure equal employment opportunity?*

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