

Personnel Management

A MANAGEMENT GUIDE

13



NATIONAL PRODUCTIVITY COUNCIL

ABOUT NPC

The National Productivity Council is an autonomous organisation registered as a Society. It is tripartite in its constitution and representatives of Government, employers, workers and various other interests participate in its working. Established in 1958, the Council conducts its activities in collaboration with institutions and organisations interested in the Productivity Drive. Besides its headquarters at New Delhi, NPC operates through eight Regional Directorates. Its activities are further extended by a nation-wide network of forty-seven Local Productivity Councils.

The purpose of NPC is to stimulate productivity consciousness in the country and to provide service with a view to maximising the utilisation of available resources of men, machines, materials, and power; to wage war against waste; and to help secure for the people of the country a better and higher standard of living. To this end, NPC collects and disseminates information about techniques and procedures of productivity. In collaboration with Local Productivity Councils and various institutions and organisations, it organises and conducts training programmes for various levels of Management in the subjects of productivity. It has also organised an advisory service for industries to facilitate the introduction of productivity techniques.

Recognising that for a more intensive productivity effort, the training and other activities of NPC, designed to acquaint management with productivity techniques, should be supported by demonstration of their validity and value in application, NPC offers a Productivity Survey and Implementation Service (PSIS) to industry. The demand for this service has been rapidly growing. This Service is intended to assist industry adopt techniques of higher management and operational efficiency consistent with the economic and social aspirations of the community. PSIS is a highly competent consultancy service concerned with the investigation of management and operational practices and problems, and recommendation of measures of improvement and their implementation. NPC has established a special Fuel Efficiency Service. It has set up cells for servicing small scale industries. It has introduced a National Scheme of Supervisory Development under which an examination is held and certificates awarded to successful candidates. NPC also conducts a two-year practice-oriented programme for training in Industrial Engineering for first class graduates in Engineering disciplines.

NPC publications include pamphlets, manuals and Reports of Productivity Teams. NPC utilises audio-visual media of films, radio, and exhibitions for propagating the concept and techniques of productivity. Through these media NPC seeks to carry the message of productivity and create the appropriate climate for increasing national productivity.

PERSONNEL MANAGEMENT

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NATIONAL PRODUCTIVITY COUNCIL

1975

First Edition, 1970
Second Edition, 1973
Third Edition, 1975

NOTE

*The material published in this booklet was originally issued in NPC's series of **Supervisory Guides**. As the material has been designed not only to be of help to supervisors, but also to managerial personnel and students of management, it has now been issued as a **Management Guide**.*

Price : Rs. 3

CONTENTS

<i>CHAPTER</i>	<i>Page</i>
PREFACE	v
1. PERSONNEL ACTIVITIES	1
Trends	
Objectives	
Approach	
Functions	
2. FORECASTING MANPOWER NEEDS	5
Why Forecast	
Methods	
Conclusion	
3. SELECTING EMPLOYEES	11
Situation	
Selection	
Basic Steps	
Conclusion	
4. DEVELOPING EMPLOYEES	19
The Need	
Objectives	
Problems	
Plans	
Factors of Success	
5. SERVICING EMPLOYEES	24
Scope	
Performance Review	
Improvements	
Promotions	
Transfers	
Discipline	
Remedies	
Grievances	

Turnover
Control
Personnel Records
Uses
Improvements

6. PERSONNEL AUDIT	35
Introduction	
Types of Audit	
Methods	
Conclusion	
7. QUESTIONS	40
8. SUGGESTED READING	42

PREFACE

Practically the world over, there has been increasing recognition that the development of supervisory skills can significantly contribute to the improvement of productivity in an enterprise. From its inception in 1958, the National Productivity Council has laid stress on supervisory development in its programmes, but since it needed a more concerted drive, it introduced during the Asian Productivity Year—1970 a nation-wide scheme to prepare candidates through self-study and classroom or enterprise-level guidance for a professional qualifying examination leading to the award of the National Certificate in Supervision.

We are happy that the response to the NPC scheme has been quite good. Managements of all forward-looking enterprises have evinced considerable interest, and over four thousand candidates in all have appeared for the Examination during the last three years. In implementing the NPC's Supervisory Development Scheme, some of the Local Productivity Councils have extended their cooperation and support. The success of any self-study scheme ultimately depends on making available adequate study material prepared by competent experts, and written in a lucid and simple style. NPC has brought out as many as 27 *Management Guides* so far which attempt to give a basic understanding of the various topics included in the syllabus.

This *Guide on Personnel Management* has been prepared by Dr. M. Yoga, Director, Management Services, N.P.C., New Delhi. It has to be stressed that the NPC *Management Guides* are not intended as a substitute for enterprise-level assistance for supervisory development by way of training, demonstration, seminars, etc., but mainly as complementary to these activities.

These Guides are also designed to be of help to managerial personnel as well as students of management who wish to have some basic understanding of the science and practice of management.

G.R. DALVI
Executive Director
National Productivity Council

I. Personnel Activities

Trends

Managements of large as well as small organizations have begun to put increasing emphasis on their personnel programmes and activities. As the number of professional managers increases, so do personnel programmes. However, personnel management in India has not yet gained universal acceptance from managements, unions and employees. The managements' interest in this field is mainly in response to demands from the unions and governments. It is encouraging to find that personnel activities are receiving increasing support, whatever may have been the original motivation. The unions and their members have grown increasingly assertive about their role and rights in the world of work. This is due to the increasing level of education and feeling of strength in their ability to move managements to action. As there is a substantial body of labour legislation which has to be implemented in industrial units, it has become necessary for top managements to seek professional help. In addition to legislating, governments also take an active part in steering employment relationship with a view to ensuring harmony. All these pressures have built up considerable demand for professional men in the personnel field. Institutions of higher education have started training programmes in the personnel field. A considerable body of knowledge and literature has been built up to aid the practitioners. Professional associations have been active in the field to promote specialised service. Even though personnel management is emerging as a distinct and important function, line managers and supervisors still play a key role in effectively implementing policies and programmes.

Objectives

To obtain capable people, to man the organization at all levels, it is necessary to know what they will be required to do. This implies that functions of the organization have been defined and positions located. There is need for definition of responsibilities and duties of positions along with their network of inter-relationships. The next step is to determine the qualifications necessary for the effective performance of each position. After the organization plan has been determined, people possessing the desired qualifications or potentialities are appointed. Assembling the required number of qualified men is the basic objective of personnel management.

In order that the organization's purposes may be achieved, each person needs to know what is expected of him. He wants to understand the scope of his responsibilities and the policies within the limits of which he must work in fulfilling his responsibilities. He possesses or is given the opportunity to acquire the knowledge, skills, authority and help necessary for effective performance in his position. His performance is appraised and he is informed periodically of the extent to which he is measuring up to the expected standards. Effective performance is rewarded and improvement encouraged. Provision is made for transfers and re-training where needed to make the most effective use of the individual capabilities and to facilitate prompt replacement of the incompetent. To ensure the continuity of an effective organization, this whole process is kept dynamic, providing for the planned development of all people within the organization, so that their potentialities may be utilised to the fullest extent.

The willingness to work to achieve the organization's purposes depends upon each individual's expectation that he can satisfy his needs through his work. He must, therefore, be fairly compensated for his efforts, protected as far as possible against insecurity from illness, accident, old age and against arbitrary actions against superiors. He expects to obtain special satisfaction from his association on the job. With all the good planning and sincere efforts, problems arise which come in the way of superior performance and satisfaction. These problems have to be dealt with as and when they arise. Prevention of recurrence of problems involves change in procedures, policies and individuals. It is the objective of personnel management to keep adjusting group performance to the needs of the organization.

Approach

Personnel practices with a forward look gain acceptance of managements as well as employees. They take a long-term view and plan ahead to meet anticipated situations. Preventive measures are obviously preferable to curative actions. They are less expensive and more effective. This approach does not exclude the possibility of problems springing up in an unexpected manner calling for immediate corrective actions. There is no guarantee that serious conflicts and disturbances can be avoided by preventive measures. This uncertainty is due to a large number of factors affecting employment relationships and some of these factors are far beyond the control of the organization. Solutions to labour problems may be founded on one's own experiences, on the experiences of others, and on scientific analysis of problems. The availability of tested techniques for analysing problems and solving them enables the personnel specialists to make a systematic and long-term approach to promotion of co-ordinated group work. The long-term preventive approach is being emphasised because there are very few personnel problems which can be solved at short notice.

Functions

To start with, personnel function was heavily oriented to legal activities involving implementation of labour legislation. In some of the companies the accent is on welfare activities. However, as a result of developments in the field of social sciences and accumulated experience in the personnel field, there is a growing trend towards emphasising those personnel activities which lead to assembling an adequate work group, employee development and proper utilisation of manpower. The main area of work of the specialists is in the field of formation of policies, development of systems and implementation of personnel procedures. Considerable work is involved in linking personnel function with the total activities of the organization. In the ultimate analysis every manager and supervisor functions as a personnel man. In order to build up active support at the grass roots, the personnel specialist needs to work closely with people at all levels in an advisory capacity. Exerting influence on the functioning of groups through immediate superiors is crucial to the effectiveness of personnel programmes. Determining the utility of personnel activities in as many specific terms as possible is a key responsibility.

While a few programmes of personnel management have been put in operation initially, most of those in existence today are the result of gradual development undertaken as the need for each step has become apparent. The present state of development in the field is such that a great many concerns have room for expansion or regularisation of their formal personnel activities, a situation which provides great opportunity for doing an excellent job of organization. The question is whether top management is sufficiently aware of the potentialities of adequate personnel organization to devote the necessary time, thought and investment to its development.

The wisdom of establishing any personnel activity or service without first making sure of the need is open to serious question. Many a department has floundered as a result of an over ambitious programme unsupported by real need or because employees sensed a paternalistic attitude on the part of management. A careful preliminary analysis of both company needs and employee desires will save false starts, wasted effort and unnecessary expense. It is better to initiate the programme on a modest scale offering only those services which have been shown to be necessary than to embark on large-scale operations immediately. For one thing, it is possible to do a better job of uniting the personnel department to the rest of the organization if attention can be concentrated on proving the value of a few services, rather than a large and varied assortment. Once the prestige of the department has been established, the advantage or expansion of services can be undertaken with much less sales effort. This process can be eased still further, if

the newly established personnel department is undertaking to offer services which, while formally available in the company, were scattered and uncoordinated. It is generally considered desirable to set up the personnel programme in such a way that one office exercises staff supervision over all the employee relations and service activities of the company. This type of organization makes it possible to have uniformity of administration where such uniformity is desirable and feasible. In multi-unit companies, local conditions or local union contracts may dictate a certain degree of flexibility, but the central personnel office will be aware of the deviations and can make such adjustments in overall policy and practices as are required.

2. Forecasting Manpower Needs

Why Forecast

The progressive top managements have realised that it is necessary to project future requirements of manpower on a systematic basis so as to match their production plans. This step is of critical importance to the success of the undertakings, job satisfaction of employees and cordial union-management relations. There are several other powerful influences in the economic environment, which put the accent on systematic forecasting of manpower needs and optimum utilisation of the human resources.

In the absence of objective and systematic plans for manning organizations, recruitment is made to meet immediate needs, as and when they arise. Only after vacancies occur or their occurrence is a certainty are steps taken to find replacements. New positions are created and filled on the basis of urgent emergencies. Although this method is simple to follow, it possesses little else that is commendable. It results in hurried and hence poorly made selections. Any delay involved in securing the right type of persons may aggravate interruptions to production. It is also waste of executive time spent in searching for required skills. Therefore, its continued use can probably be condoned only when the appointments that have to be made are few and far between. But where recruitment of personnel is sizable and a regular activity, advance preparations in the form of manpower projections become a necessity for effective and coordinated work of different departments concerned.

The efficiency of an organization mainly depends upon the appropriate number and qualities of employees. When recruitment is not closely linked with predetermined organizational needs, external pressures, persistent efforts of organized groups, and irrational attitudes of employers play a disproportionate role in manning industries with too many men. A large number of older industries and a sizable number of new ones are faced with the problem of redundant employees. This situation has led to inflation of labour costs, dilution of productivity, and problems of indiscipline. There is statutory protection to workers and termination of employment is fraught with so many complications that reduction of work force is virtually impossible. The trade unions are keen on maintaining the existing strength of employees. Their efforts are often directed to increase the number employed and

to resist any move to reduce the strength. While recognising the basis of union approach to the problem of redundancy, managements are making steady progress towards a solution by careful, objective and tight planning. These plans aim at improving organizational efficiency and productivity as rapidly as opposing forces would allow.

Financial investment in human resources is increasing at a very rapid rate, making it imperative that the investment be in capable personnel. The wage bill in every industry has been going up and this trend is likely to continue. In addition, there are other costs involved in selecting, training and maintaining employees at a high level of efficiency. There are hidden costs due to under-utilisation and employee dissatisfaction. The job of assembling the work-force and replenishing it according to the demands of production schedules has become very expensive. Managements are using manpower projection techniques to provide themselves with time and information necessary for selecting persons, who are capable of giving a fair return on investment.

The rapid rate of industrialization is creating many employment opportunities leading to problems of high turnover. Often the technical personnel who have received training in an industry leave that organization for jobs elsewhere because of the better terms available to them. Managements are caught in a difficult situation when there is no second line to take over positions that become vacant. This is particularly true in the case of small industries. Some of the factories complain that their plants have become training schools rather than production units. There are predictable losses of personnel due to retirement and unpredictable losses due to promotions and resignations. The twin problems of inadequate supply of skilled persons as well as turnover are likely to continue in future also. Manpower forecasting is an effective way by means of which industries become aware of their personnel requirements well in advance, so that they can use a variety of procedures to overcome the crippling effects of lack of qualified personnel on production schedules and productivity. This is being done both at the enterprise level as well as national level.

Rapid technological development has prompted industries to modernise their machinery, streamline production methods and develop competitive efficiency. The survival and prosperity of industries depend upon successful management of these changes. Employers find it necessary to improve their manpower by training existing employees and recruiting better qualified persons to cope with the new demands made on them by changed circumstances. Change of job specifications, use of sophisticated selection procedures, and freedom to choose suitable persons from within or outside are essential for this purpose. Decisions in this area need to

take into consideration the point of view of unions that all promotions should be based on seniority irrespective of merit. Mutual adjustments on a realistic basis have been made possible by manpower forecasting.

Economic changes such as recessions, booms, mergers, expansion and development of competition affect manpower needs of industries. Variations in personnel requirements may result either from increase or decrease in production and the volume of business activity. Such variations are difficult to foresee. Random changes within the broad swings of business cycles are particularly troublesome from the point of view of matching manpower with production plans. Although forecasts in such instances are likely to be more or less in error, they facilitate selection practices, training arrangements and effective coordination. Anticipation of needs and preparation of manpower to meet the ebbs and crests of business activity develop capacity for survival and cushion the shock of being overtaken by unexpected developments.

Methods

Sales forecast is the basic foundation upon which the estimate of labour requirement is built. The existence of a sellers market in the case of most of the products and services makes managements to lay inadequate emphasis on sales forecast. Until sales for a definite period in the future are estimated, it becomes difficult to follow the logical sequence leading to the predetermination of labour needs. The quantum of manpower need for different departments depends upon factory production schedules which in turn are derived from sales forecast and inventory policies. Every company makes sales forecast, whose accuracy varies depending upon the sources of information, methodology used, and professional skill applied. There are several sources from which required information is secured. Past sales are used to devise a pattern for the future. This pre-supposes that cyclical and seasonal fluctuations in the past are likely to be projected in the future with a high degree of accuracy. Estimates of sales are obtained from local sales unit or salesmen. This method assumes that personnel in local units are best able to determine how sales are likely to go in their areas and that a summary of such estimates is an excellent forecast for future events. Estimates of purchasing power of the consumers are used in some cases as additional information. Further interpretation of local and national trends in business are also used to calculate what future sales are likely to be. Factors such as taxation, legislation and general business conditions have an important effect upon company sales possibilities. Generally a combination of these sources of information is used. The sales estimates are likely to contain a margin of error because it involves an interpretation of future possibilities. Notwithstanding a margin of error, sales estimates are

extremely useful and constitute a step in the direction of realistic manpower estimates.

As sales fluctuate more than is desired for purposes of production and the demand is not matched with the supply, most companies do not produce strictly to sales forecast. It is noticed that production costs, selling price and gradual emergence of competitors are playing a significant role in fluctuations of sales. However, a production schedule is worked out which levels out the peaks and valleys of the sales estimates. In other words, production schedule is stabilised as far as possible. After factory schedules are computed, departmental workloads are fixed. The departmental workloads are converted into man-hours in terms of different skills required. This information is used to determine how many employees of various types are required to achieve the total production target. Statistics regarding the availability of employees of the required types is obtained from the different departments. These two classes of information are compared to compute the labour to be added to or removed from the Pay Roll. An equation from this problem resolves itself into Total Labour Requirements *less* available labour *equals* labour to be added to, or removed from, the Pay Roll. The computation for estimating manpower needed begins with a listing of the present labour force according to types and departments. From this is subtracted the estimated number of employees who are likely to leave the Pay Roll for various reasons. This task of estimation is seldom easy. However, from a careful study of the trends regarding turnover, marriages and absenteeism and so on, it is possible to establish reliable estimates. The difference between the net available labour force and what is required for achieving the production targets indicates the redundant personnel or the number of additional employees required depending upon the circumstances.

The employment of additional personnel is not necessarily the first step in adjusting the work force to higher levels of production. It may be possible to re-group jobs so as to utilise more effectively the time of each employee. This plan may be followed if some people are not working full time or up to full capacity. Another method is to schedule present employees on an overtime basis. Overtime is particularly appropriate if the increase in production and employment is likely to be temporary or seasonal. In such instances, the costs of overtime are likely to be less than the additional cost of selecting, training, inducting and maintaining new personnel.

In cases where adjustments have to be made to lower production and employment levels, the company will have to think of provisions to be made for such reduction. A detailed programme of reduction stating the stages, priorities and work adjustments among the remaining personnel is worked out in a systematic

manner. The unions are kept informed or consulted depending upon the rapport between management and representatives of employees. Provision is made to pay compensation and other financial benefits earned by employees. Mechanics of release and financial benefits payable constitute the core of the programme of reduction.

Forecasting of manpower needs is not strictly an arithmetical process. A number of relevant factors in the situation are taken into consideration and necessary revisions made in the forecast. As a consequence of methods improvement, balancing of operations, layout and materials handling improvements and other similar changes, labour productivity has been increasing at a rapid rate. Factors such as introduction of new machines, variety reduction procedures, and substitution of materials also affect production levels and productivity. Hence the need to take labour productivity data into consideration in evolving requirements of personnel. This is done by determination of past labour productivity growth, projecting the trends into the future and modifying the forecasts suitably. Employment trends and sources of personnel also affect the decisions regarding manpower. The growing trend towards drawing a large number of executives from within the organization as well as the general upgrading of minimum qualifications influence manpower planning of companies. Age distribution of employees and the promotional potential in the organization are additional sources of information in forecasting.

The manpower forecasting is done annually and revisions are effected whenever new information indicates that changes are needed. Once the total company manpower forecast is made, the annual future employee cost can be estimated and the expected total wage bill determined. Some companies make estimates for a longer period such as three to five years, but such cases are rare. The successive estimates beyond a two-year period are likely to contain a wide margin of error when all categories are taken into consideration. However, long range planning becomes essential in the case of executives at the higher level as grooming takes longer time. The cost estimates are compared with the profit plans for feasibility and revisions are made when necessary. Many large companies instruct their different operating units to make their own individual forecasts and then the overall projections are developed from these.

Conclusion

While the value and importance of forecasting manpower needs is generally realised, only a few companies have established it as an integral part of business. Organizations engaged in expansion, diversification of production, modernization of equipment and reorganization have made more successful efforts than others. Lack

of adequate information systems hinders flow of timely and requisite data with reference to present and future needs. Manpower forecasting being comparatively new to managements as well as unions, widespread acceptance is yet to come. Middle managements tend to think that the system is too much in advance of the present situation in industry. The unions consider the implications of forecasting as damaging to their long-term interests. But the modest progress made so far indicates that manpower planning and implementation of it make economic sense. The pay off is in profit terms through achievement of targeted production and not in interesting statistics.

3. Selecting Employees

Situation

Whatever be the vacancy, it is likely to attract a very large number of applicants from both within and outside the organization. Systematic procedures are essential for selecting suitable persons from among the applicants. High degree of professional skill, considerable time and money are needed to develop effective selection procedures which are appropriate for screening applicants for a wide variety of jobs. Forecasting of manpower needs provides the necessary information and time required for development and utilisation of objective employment procedures. It is also desirable to build up the image of the company by adopting up-to-date selection procedures which inspire the confidence of employees as well as the society. It also serves as a deterrent to undue pressures from individuals and institutions.

Many firms pride themselves on a policy of promotion from within, in which case personnel selection becomes largely a problem of uncovering potential among existing employees and fostering that potential through a carefully planned programme of employee development. But rapid growth of industry, specialization of functions, new technology, increased complexity of business, and new management concepts may result in manpower requirements which cannot be met with the talents available among the existing employees. This is usually due to poor educational background of employees, lack of facilities to train and lack of long-term employee development programmes. The company may be forced to undertake recruitment of persons from outside. There is a growing trend towards combining promotees with fresh employees at all levels. The proportions of the mixture vary with such factors as management-union agreements, company policy, and nature of jobs.

The problem of employee selection assumes greater importance with the realization that all efforts at improving efficiency of organization are ultimately dependent for their full effectiveness on the techniques adopted to assemble adequately qualified and mutually compatible work groups. Most companies assume that the difficulties experienced in getting the right type of persons is due to shortage of executive, supervisory and skilled manpower. But there is also another view that the so-called shortage of required type of personnel is not a scarcity of qualified persons but a dearth of effective methods of recruiting talents. Further, it cannot be said by any

stretch of imagination that a quest for qualified personnel is conducted with anything approaching the same degree of orderliness and precision employed in the other functions of industry.

Selection

Those in charge of recruitment are advised in advance of prospective requirements. Frequently, departments requiring employees file requisitions with the personnel department. The employees division can anticipate all these requisitions when they have yearly staffing schedules with them. The next step is to advertise the vacancies within the organization or in the newspapers. Either one or both types of advertising is done depending upon the policy and convention. The applications received are screened with a view to selecting some for further examination by means of testing and interviewing. It is clear that selection involves a series of critical evaluations, all intended to separate the more promising candidates from those considered as unlikely to meet the requirements of job. Candidates are rejected as they fail to get over one or another of these barriers. Selection is essentially a process of appraising the probabilities of individual success or failure in employment. It is an estimate as to whether an applicant can meet the demands of a particular job, of long-term employment and advancement in the organization. The aim of selection procedures is not merely to provide a filtering device to deal with a large number of applicants but to aid in choosing the right man. This positive aspect needs to be stressed more than the negative phase.

Matching qualifications of the individual with requirements of job results in superior performance, job satisfaction, and monetary benefits to the individual. A group of suitable employees can make substantial contribution to the prosperity of the organization. It will also reduce to some extent turnover, absenteeism and grievances. The selected employee develops a new confidence in his ability. The morale of the group is high where selection is unbiased and fair to all concerned. Many studies have shown that employees selected for their abilities and aptitudes for a given job learn more quickly than others. It reduces the cost of training, which is the first evidence of the validity of selection procedures.

Individuals differ in their physical characteristics as well as capacities. Some persons have more of a certain ability than others. Consequently, some persons are better qualified to do a job than others. Several valuable tools and techniques have been developed to obtain information about the applicants and to assess their qualifications for the job available. Thus selection and placement procedures aim at getting the right man into the right jobs. Some of these procedures have been extensively used in industrial units and others are comparatively new developments. It is necessary to remember that however refined some of the selection techniques might be, they cannot

replace human judgment. These procedures help in obtaining detailed, accurate and relevant information about applicants. All the information obtained from the candidates may be broadly classified under headings such as appearance, education, experience, general ability, special abilities, social skills, family background, health, bio-data, personality and interests. The choice of technique depends upon the type of information required. Once it is gathered, such information will have to be interpreted to determine the employability of candidates.

Basic Steps

Recruitment policies serve as guides in deciding specific issues and permit standardization of procedures. These policies usually apply to areas such as qualifications, relaxation limits, preference to certain groups, weightages for different qualities, constitution of interview boards and testing procedures. Once the general procedure is evolved and implemented, policies make it easy to deal with unusual situations. It is clear that policies do provide for a certain degree of freedom and discretion within limits. Wide variations in screening procedures are likely to occur in the absence of stated policies, resulting in conflicts among selectors and widespread distrust in management. Periodic review and revision of policies based on the experience of company personnel involved in recruitment is essential. Each policy must be expanded and made more specific to be meaningful and useful as a guide for individual recruitment programmes.

In order to set up procedures for recruiting new employees and also for better utilising the services of the existing employees, it is necessary that manpower requirements of the company, in terms of different types of employees as well as the time when required, be determined as accurately as possible for a specific period. The staffing schedules usually contain full details regarding the recruitment to be made during the coming year. In a few cases the schedules may cover longer periods. Such advanced planning for required personnel is necessary for organizing selection, training, promotions and transfers.

A statement of optimum employment standards or qualifications generally stated in terms of type and quality of experience required, educational background required and other special characteristics needed for successful performance on the job, is a highly important selection method. It is the first screening device and, if carefully prepared, can increase the validity of the selection process as a whole. By careful description of the background and characteristics of the persons needed for a particular position, many undesirable candidates can be eliminated at the outset. A thorough job and worker analyses are the best tools for determining such information about a job.

The vacancies are advertised through notice boards within the company and through newspapers for the general public. The content of the advertisement should be carefully drawn so that it attracts really potential candidates and a comparatively smaller number. A vague advertisement is likely to draw a very large number of applications, resulting in a heavy load of initial screening. Blind advertisements are usually put in to avoid likely pressures on the company to employ one or the other candidates. But the disadvantage lies in not drawing really good candidates. The location of the advertisement should be such as to attract immediate attention. The top right corner is considered the best location followed by top left. The design of display, size, colour and style contribute to the attractiveness and effectiveness of advertisements.

Application forms provide basic and valuable information about the applicants. It is usual to seek information on educational career, details of experience, family background, extra-curricular activities and a few other personal data. This information serves as a basis for filtering out those applicants who do not conform to the minimum qualifications for the job. On the positive side, it provides a starting point for further exploration during the time of interview. The relevancy of the items included and the design of the form go a long way in making it an effective tool for selection purposes.

It is common to test the skills by means of practical work done by the applicants. Such tests are usually given to persons seeking positions such as stenographer, typist, turner, pattern maker, welder and mechanic. It is desirable that a system of testing is evolved whereby specific tests are carefully designed for various trades and for various levels in each trade. In addition to making the applicants carry out a piece of work, written tests are given to examine the knowledge, both in the trade as well as the general field. The proper use of written tests in personnel selection programmes yields a number of advantages. First, to the extent they are valid, they measure factors important to job success. In addition, they provide an opportunity for a large number of employees to compete for the jobs without adding substantially to the cost of selection process. If no written tests are used, the number of employees permitted to compete must be limited, as it is usually expensive to evaluate every employee by such relatively costly devices as individual interview and supervisory appraisal. Written tests can be used to eliminate a substantial portion of ineligible employees, making it possible to limit more expensive methods to those candidates showing the most promise in written tests. The use of written tests has the advantage of improving the morale. The rejected employees are generally less displeased to know that their rejection is based on objective evidence rather than on someone's poor opinion of them. A large number of psychological tests have been used to determine the intelligence level, special abilities and trade

knowledge. These tests provide a fairly accurate measure, of key abilities required for a variety of jobs, within a comparatively short time. The duration of each test may range from about 10 minutes to 30 minutes. It is usual to administer a battery of tests to the applicants, each testing session lasting about three hours. Large groups of about 50 applicants can be tested in one session. The administration of the test requires some degree of skill which can be gained by specialised training in test administration. The scoring of the tests can be simplified to the extent where a clerical worker can do the scoring. Some companies use machines for scoring purposes. The test results are presented in the form of a report to the Interview Board in advance of scheduled interviews.

Individual interview is probably the most widely used selection device in the world. It involves the interviewing of each candidate by one or more interviewers. All the members of the Interview Board may sit together in one place or each one of them may interview the candidates separately and their judgment pooled. It is rarely that only one member carries out the interview. The special value of this type of interview is that it affords an opportunity to develop a clear total picture of the individual candidate and also enables interviewers to probe more deeply into areas which appear significant to the candidate's probable success on the job. The discrepancies in the information obtained from different sources about the candidate can be clarified and accounted for during the interview. The basic problems of the interview arise from the fact that the interview, when poorly conducted, results in making unwarranted inferences from the limited data obtained in an artificial situation by incompetent observers. Control of each of these deficiencies leads to improvement of interview. Provided the interview is well planned, standardised and the interviewers are skilful, this technique can provide important information about the candidates. In order to ensure that the interviews are effective and they yield valid results, it is necessary that the interviewers are trained in the art of questioning, relating information drawn from different sources and interpreting the information. It is essential that the interview time is not wasted by asking questions for which information is already available in the application form, marks card and test results. The questions put to the applicant should be such as to draw the applicant out so that a major portion of talking is done by the interviewee. The conversation between the interviewers and the interviewee flows smoothly when there are no interruptions and when there is complete privacy. A good start for the conversation can be given by attentive reception given to the candidate and by informal discussion at the beginning of the interview. It is usual to let the candidate ask questions at the end of the interview. It is a good practice to announce as to how and when the candidate would be informed of the results. When several candidates are being interviewed, it is a practice to do the rating immediately after the interviewing is over. Hence the arrangement for a brief interval between any two interview sessions.

Group interview is becoming popular as a tool for evaluating the social skills of candidates. This ability is important in certain jobs. This method involves the evaluation of a group of candidates while they discuss an assigned problem. The group members discuss the topic among themselves while the raters observe and evaluate their behaviour. Each rater records his evaluation of each candidate on a rating sheet and these are consolidated at the end of the interview. The group interview provides direct information on such aspects as the ability to present and defend one's point of view in a meeting, poise during the discussion of a problem, the ability to persuade the group of the value of the particular course of action and the role that the candidate may prefer to take in a group situation.

The optimum number in a group may be kept at ten.

The arrangement for the group should be such as to provide face-to-face contact for all the members.

The duration of the group interview may be kept at 45 minutes.

The group is presented with the problem for discussion just before the start of group interview.

In order to achieve good results it is important that the size of the discussion room permits the raters to sit neither too far of nor too near the candidates.

If the group is slow in warming up or is splintered into small groups, it is better to let them continue without interruption for a few minutes. If the group does not go on with the discussion in a fairly organized manner, one of the raters may bring them on to the line. Only one rater should take over the responsibility of doing all the explanations as far as possible.

The ratings may be recorded in the case of all the candidates with reference to all the characteristics stated in the rating form.

It would be easier to start marking the outstanding individuals first and come down to the other later.

The raters may start marking on the rating sheet about 15 minutes after the group session is begun. This will give enough material to base their evaluation.

The ratings made by individual raters may be tabulated and a common judgment arrived at in the case of each candidate.

It is important that the problem presented earlier is within the technical competence of all the members of the group.

The situation is designed in a leaderless manner. The group is not assigned a leader nor is it asked to elect one.

Open testimonials and letters of recommendation have no value at all considering the fact that all of them have a favourable tone and that they are not analytical in assessing the candidates. However, if the assessment of the candidates is obtained directly from the referee on a prescribed form it might have some value. Checking with the referee may be done only in the case of candidates who have come up to the final stage.

Medical report is an essential document in deciding whether a candidate may or may not be employed. It sometimes happens that the candidate is asked to give answers regarding his health. Experience has shown that either the candidate does not understand many of the items or he gives false information. Where health standards are statutorily fixed, or play a key role, the medical examination may be located earlier to interviewing and testing. There are also problems involved in fixing up the health standards for various types of jobs. However, medical report regarding the health of candidates is an essential document for selection purposes.

Conclusion

It has been said with some justification that these selection methods are more useful for assessing knowledge and intellectual abilities than personality characteristics which play a very important role in the adjustments of the individual to work situations. This does not mean that methods for evaluating personality are not available, but it does imply that the value of these methods has not as yet been fully determined by extensive research and trial in industrial situations. Because of intermingling of knowledge, abilities and personality characteristics, the measurement of any one of these areas results in the indirect measurement of the others too. For example, obtaining a high score on a professional knowledge test indicates that the candidate has, in addition to intelligence and training, such characteristics as persistence, good work habits and motivation necessary to master a complex field. This fact is not meant to indicate that an achievement test is an adequate substitute for a personality evaluation; the attempt is rather to indicate that the commission of a direct measure for rating personality does not necessarily mean that the selection methods have not covered the subject at least in part.

While there is considerable scope for improving the selection procedures, they do render very definite help in matching the qualifications of individuals with the requirements of jobs. They also help in separating persons with potential from a very large number of applicants. It is necessary to have a well planned selection

procedure to ensure that the right type of persons are being recruited. These selected persons have the necessary abilities and there is a good chance of their performing well on the job. In other words, selection procedure states what a man can do. But what he will do on the job is a different aspect. A man with a high degree of required abilities gives superior performance provided the job is challenging, supervision is appropriate, pay is attractive, recognition is given and opportunities offered for moving up.

4. Developing Employees

The Need

The new employee is likely to start his job in the organization with enthusiasm and hope. It is absolutely necessary that this initial enthusiasm and hope is kept active in order to enable the employee to maintain a high level of performance over a period of time. Quite often the employee loses his enthusiasm as the years roll by and settles down to an uninspiring and gloomy routine. These feelings of dissatisfaction are likely to crystallise into chronic pessimism when he reaches the maximum of his grade and has no opportunity to look forward to taking on higher responsibilities. Many employees settle into this state of stagnation and dissatisfaction without the organization noticing this transition from enthusiasm to indifference. A few employees who have drive and ability tend to leave the organization. Under such circumstances, a time comes when a large number of employees in an organization are functioning at levels lower than what they are capable of and also creating a variety of problems in the smooth functioning of the organization. An organization will do well to keep a watch over the changing attitudes and performance of their employees. It is possible for the organization to take remedial action in the case of many employees, by helping, encouraging and controlling the employee performance.

With the establishment of new industries and the expansion of the existing ones, a tremendous demand is generated for skilled and experienced personnel. Such personnel is in short supply. However, it has been found that there are people with potential who could be developed to take on the responsibilities of any given job. Many companies have found they could manage very well by following a policy of 'promotion from within'. This involves scouting for talent among the employees of the organization and grooming them for specific higher positions. Such an approach is not only workable from the point of view of management, but very welcome from the point of view of the employees. Implementation of such a policy implies that the organization makes a massive effort to develop their employees.

Experience as well as research have shown that a large number of the employees are under-utilised by any organization. There are two ways of dealing with

this problem, one of which is to enlarge the scope of the job and gear up the performance levels. The second way is to impart skill, knowledge and experience to those who have the potential ability for better performance. It is not uncommon to come across a number of enthusiastic and able employees, whose performance is below par, because they lack the knowledge and experience to turn out a better performance.

Those employees who are capable of high-level performance on the job fail to maintain that level, because of the fact that the organization does not give recognition to their achievements. Financial as well as non-financial awards can keep up a high level performance. This means that the organization is aware of the strength and weaknesses of their employees' performance. It calls for periodic evaluation of performance and counselling the employee with a view to either maintaining or building up performance to the maximum possible level.

Objectives

Managers and supervisors complain about the shortcomings of their subordinates. The operatives do complain about the shortcomings of their superiors. It is possible to diagnose the weaknesses and strong points of the employees with a view to initiating systematic efforts to correct such deficiencies. More often than not, informal diagnosis of such shortcomings is made and there is a tendency to live with them. One of the objectives of employee development is to correct the deficiencies and to further strengthen their strong points.

Any job tends to become a blind routine over the years. Situations such as organizational changes and process changes make a demand on the employees' knowledge, experience and skill. These changes are coming so fast in modern industry that it becomes necessary for any employee, particularly at the higher levels, to keep up-to-date with the developments in his field. It is a source of strength both to the individual employee as well as the organization to be abreast of changes in their respective fields. The second objective of employee development is to keep up-to-date with the developments in one's own area of work.

Hope of moving ahead in the organization is a basic and common aspiration of most employees. A good number of them can be groomed for higher positions. This system of ensuring a certain degree of growth of the employees within the organization contributes to better morale in the group and substantially motivates the employees to be active on their jobs. It is true that the scope for development is comparatively limited, particularly at the lower levels. But it pays to plan and implement a system which enables the employees starting at the lowest level to move to higher positions. The third objective of helping employees to qualify

themselves for higher positions is considered as a crux of all employees development programmes.

Problems

One factor that has been discouraging many of the industrial enterprises from planning and operating a comprehensive employee development programme is the cost involved. Generally the negative aspect of this cost has been given importance while the problem of losses arising from absence of proper personnel and the corresponding expenditure in carrying out the work with less experienced, untrained and raw personnel has not received proper attention. As in the case of all other preventive measures, costs are certainly involved but these costs would produce commensurate rewards in the form of ensuring a steady flow of efficient personnel to meet the needs of the industry at all times. The cost of a training programme is always less than the cost of not training.

An increasing number of companies are making financial provision for training and developing their employees. Some of these companies are handicapped by lack of skilled personnel who could carry out the responsibilities of systematic training for all eligible employees. Assessment of the employees, diagnosing their pattern of abilities, development of career plans, determination of training needs, provision of facilities for development, and periodic evaluation of the function require a high degree of skill and experience, which is not available in plenty in our situation. Many institutions and industries have made a beginning in building up the personnel required for this type of work. Provided that the efforts of these industries are maintained over a period of time and other industries create a demand for such personnel, it is likely that expert personnel in the field will grow.

A large number of the employees at all levels have compromised with the inevitable situation which does not allow them to develop and progress. They fight shy of making efforts to improve themselves. The reasons they put forward in defence of their stand is age, lack of facilities, lack of opportunities, lack of encouragement and lack of better prospects. It requires a high degree of self-confidence, some dissatisfaction with their existing job and a strong drive for achievements to overcome the obstacles of further development. An organization is in a strategic position to offer opportunities and facilities for these employees.

Many organizations feel that it is not advisable to provide facilities for their employees for acquisition of knowledge and skill. The logic behind this view is that the employee is likely to be more dissatisfied in his existing job once he acquires additional qualifications. The organization feels that it is not in a position to give opportunities to the employees to move up. The argument is seemingly convincing but it is doubtful if it is true in the case of all their eligible employees.

Another aspect of such a situation is that the employee's dissatisfaction is likely to increase when he sees no way out of his existing unsatisfactory work situations. The policies and actions of some of the organizations seem to be based on the principle that young new blood is better suited for higher level jobs in the organization than persons from the rank and file. This point of view seems to be growing in popularity in many industrial concerns even though there is no adequate evidence to prove that this policy is correct.

Plans

A large number of organizations are using external facilities for training their employees. It is not uncommon to find that there are no overall plans for using the external facilities and particularly in choosing the facilities to suit the needs of the employees. Frequently, the facilities are used on an *ad hoc* basis which is unlikely to yield any substantial benefit to the organization.

It is necessary that the organization draws up the manpower needs during the immediate future and locates possibilities from amongst their present employees. In cases where their present employees can be considered for future vacancies, a systematic plan will have to be developed to train such persons. The basic requirement for ensuring adequate returns on the money spent on training the employees is a comprehensive plan which is suited to the needs of the organization as well as the employees.

Even when a detailed plan has been drawn up, it is not necessarily implemented for various reasons, such as the busy schedule of the employees, indifference of the superiors and changes in the organization or set-up. It happens that some member of the top management waxes enthusiastic over a new scheme and gets it accepted by forceful presentation. But the plan is not accepted, and has not taken roots in the organization. Hence, the quick waning of enthusiasm for development programmes.

New employees need to be introduced to their assignments, working arrangements, fellow workers, and company rules. It is not only a new man who needs introducing; any one who is changing jobs within the company needs some kind of orientation as he is a stranger to the job and work group he is moving into. A carefully planned friendly introduction can aid in bridging the gap between unfamiliarity, uncertainty, and fear on the one hand, and satisfaction, efficiency and loyalty to the work group on the other. It helps the employee feel at home and adjust quickly to the duties and responsibilities in the work group. The induction may be started in the Personnel Department; but it is the supervisor who normally follows it up with detailed briefing.

A large number of programmes catering to various groups of employees such as craftsmen, supervisors, staff and managers are organized on the premises of companies. A sizable portion of the programmes are conducted with the help of managers and supervisors who have the necessary ability and aptitude. In fact, most on-the-job training programmes are considered as a line responsibility. Where this departmental activity is sizable, specialists are entrusted with the work of identifying needs, opportunities for training, selection of trainees, preparation of programmes, aids and conducting sessions.

Factors of Success

A master plan of development covering all the eligible employees in the organization is the first step in making the programme effective. This includes career plans worked out for each of the selected employees.

To the extent that the programmes drawn up are based upon the training needs, they are likely to be acceptable and beneficial. Use of programmes on an *ad hoc* basis is practically useless.

Facilities both internal and external are essential for employees to devote their time and attention to the programme. Sometimes the company meets all the expenses and in some cases the employee also makes an investment in terms of time and finance. What is required is selection of programmes and institutions where the employee gains knowledge and experience.

In order to enthuse the employees to take advantage of such facilities, it is necessary to publicise the programmes to develop employees. It is essential that the employee is willing to use these programmes. What is more, it should be clear to the employee that his participation in these programmes leads him to a specific objective or position. Otherwise, participation in such programmes will be one of the ways in which the employee marks his time.

Wherever possible, additional skill and experience gained should be considered as a qualification for promotion and this should be made known to all the employees concerned.

Provision should be made to follow up and evaluate the benefits of such programmes to the individual as well as the organization. This is not often done. It pays to review the efforts of the organization to develop their employees and make the programme increasingly effective by taking remedial action wherever necessary.

5. Servicing Employees

Scope

Wherever continuous team work is necessary, there is need for aiding and controlling the activities of individuals. This is done in order to maximise contributions and satisfaction of the members of the team. Employees need periodic information as to how they are performing on their jobs. When they meet with problems, help is required. On occasions when one or the other employee is going out of line, it is necessary to adjust his work habits and attitudes with encouraging words or through punitive action. All this involves constant alertness and careful observation of the work and behaviour of employees. Some of these servicing activities are done at regular periodic intervals and others are carried out as and when the occasion arises. However, all efforts are made to introduce some sort of system in carrying out all the servicing activities. The basic objective of servicing activities is to encourage cooperative action and discourage disruptive tendencies.

The Personnel Division usually takes the initiative in providing formal procedures for ensuring continuous team work. However, observation of performance, critical evaluation, diagnosis of problems and remedial action are largely done by immediate superiors located in different work spots. The general approach consists of preventive action followed by appropriate remedies in cases where situations arise in spite of all the care taken to prevent them. Experience has shown that a sizable number of the problems of team work can be anticipated and prevention planned. Unexpected situations do arise and demand the resourcefulness of both the Personnel Division as well as the line authority. The degree of mutual understanding between the Personnel Division and members of other departments as well as uniformity of procedures followed contribute to the effectiveness of servicing activities.

Performance Review

There is a natural desire on the part of an employee to know the strengths and weaknesses of his performance. The immediate superior needs to think analytically and constructively about his subordinates. The system of performance review carried out at periodic intervals of once or twice a year meets the needs of the

employee as well as his superior. The knowledge that his activities are subject to periodic review motivates the employee to greater effort. The results of assessment of the employees provides the superior with a factual basis for a mutual discussion with a view to improving the performance and coordinating the efforts of different subordinates. This also provides data for consistent and realistic approach to the employee and his problems. One of the aids used in carrying out the review is a standardised rating form, which contains several essential qualities required for satisfactory performance on the job. The system is likely to be meaningful when relevant information from all possible sources is drawn and combined with the ratings. The benefits derived from the operation of systematic performance review will depend upon the nature of the plan, supervisory acceptance, and the way in which the results are used. A well designed plan, fairly administered, can be of considerable value to both management and employees.

All too often employees are justified in complaining that their supervisors fail to let them know how they are getting along or what they can and should do to improve their performance. Use of performance review is an excellent device which the supervisor may use in approaching employees for the purpose of constructively guiding them in the direction of better performance. It is also a reminder to the supervisor about the need for such action. Discussions based on periodic reviews of employee performance strengthen the supervisor-subordinate relationship. It is essential that the employees' views are considered and appropriate help offered while going over the results of the review.

It is in the common interest of all concerned to promote or transfer employees to positions where they can utilise their abilities most effectively. Performance review can aid in proper placement, by providing reliable information regarding the strengths and weaknesses of employees. The extent of change from one job to the other should be such that the concerned employee can manage and benefit from it. This implies that careful differentiation should be made between the performance of the individual on his present job and his potentiality for performance at a higher level job. Effective performance on one job does not necessarily give assurance of an employee's potentialities for greater responsibilities. These potentialities need to be evaluated separately. It is usual to consider the results of performance review as one of the main factors for promoting employees.

Significant differences exist in the performance of different employees holding the same kind of job. Often these differences are due to the abilities, enthusiasm, ambition and work habits of the employees. Some companies have provided a system of merit increases in pay which is linked to the performance of the individual. The immediate superior can give up to three increments to an employee during the

course of a year if the performance merits the award. Payment by results forms a part of salary administration. When the employees know that their performance is going to make a difference in their pay packets, they are likely to be stimulated to give superior performance.

The results of performance review can be used in designing suitable training programmes. It can aid in identifying areas of skill and knowledge in which the employees are not up to par, thus pointing up deficiencies which may be corrected by suitable additional training. Taking the individual's needs into consideration in designing a training programme ensures the interest of the employee as well as specific benefits to the organization. The review can help in identifying individuals whose strong potentialities can be developed by special training. Generally this aspect of training programmes is not emphasised.

Performance review is useless unless it is discussed with the concerned employee. This involves an interview between a superior or some other company representative and the employee in question. An improperly conducted interview can do more harm than good. The objectives of employees' self-improvement are laudable, but the company needs to consider carefully the desirability of inaugurating a programme that will fail or succeed depending upon the ability of superiors to conduct an interview with the employees in question. During the interview it is desirable to present both the criticisms as well as compliments in a balanced manner. Appreciation of some aspects of performance puts the employee in a receptive mood to receive critical comments. Criticism and reprimand where necessary should be based upon facts and objective situations. Emphasis on personalities involved is likely to result in emotional exchanges without achieving any beneficial results. The main aim of the interview is to evolve constructive ideas which go to improve the performance of the employee. Supervisor and other personnel, whose responsibility it is to discuss the review with the concerned employee, may often require special training before they are able to do this smoothly and effectively. It requires tact, objectivity and a sincere interest in helping the man as well as the business. Many companies have found it beneficial to carry out a series of training conferences to teach supervisors how to inform their men of weak points without offending them. When this result has been accomplished, a long step would have been taken towards solidarity in the work group and towards upgrading the performance of the employees.

Improvements

There is scope for improving the forms and procedures used for review of performance. It is necessary that the traits selected for inclusion in the rating form should be thoroughly discussed with the concerned managers and supervisors before

they are accepted. Appropriate forms can be developed for different work groups. Each form and the procedure of recording judgments should be discussed and an agreed system for carrying out the assessment evolved. It is also necessary to determine the uses to which the results may be put. The system of assessment should be so arranged that a superior rates a limited number of his subordinates at any given time. This pacing of assessments provides an opportunity to the officer concerned to consider carefully the employees' performance and record his views.

The review may be based upon the consideration of personnel characteristics of the employee as shown in his performance, objective evidence, and achievements or deficiencies and views of persons who are in close contact with the employee. This would mean a more comprehensive approach and a broader coverage of information available. The assessment should be as specific and intelligible as possible. Merely attaching numerical values to judgments is no guarantee of clarity.

Judging job performance is a skill which needs to be practised and mastered. Good production men and good supervisors are not necessarily good at rating performance unless they have been trained. The subjective evaluation of intangible qualities is difficult. There is need to eliminate favourable or unfavourable bias in order to ensure proper assessment. Companies that have organized training for the raters in using the performance review procedures have found that time and money spent on this training is a good investment.

Promotions

Promotion involves movement to a position of higher responsibilities and status with increased earning. This is the usual way of recruitment for higher level jobs and those which require specialized qualifications. At other levels promotions are governed by policies of the company and agreement with the union. The promotion policies of organization are symbolic of the attitude of management to employees. These opportunities for earning higher incomes along with status and privileges stimulate employees to exercise their abilities. The extent to which opportunities are provided for advancement influence the morale of the work group.

There is a widespread demand from the employees for explicit policies and system-based promotions. The interest, skill, ability and experience of the employee are taken into consideration along with the organizational needs in taking decisions on promotions. The performance review, additional training, test performance and seniority, form the main basis of any promotion. A few companies have made attempts to draw up promotion charts which indicate how an employee can move to higher positions. These charts are based upon job descriptions, qualifications for the job, and inter-relationships among the jobs. They also indicate lines

of progression and how an employee can equip himself for the next higher job. Wherever possible provision is made for the employee gaining experience and knowledge required to qualify himself for a promotion. It is also possible to take into consideration age distribution in the organization in deciding promotions. All these efforts contribute to making promotions systematic and generally acceptable to the employees.

Unions emphasise seniority to a considerable extent. They view merit as a basis of seniority with some reservation. This is understandable considering the fact that while seniority can be determined with a high degree of objectivity, assessment of merit is likely to be prejudiced one way or the other. Managements on the other hand feel that their freedom is considerably constricted when exclusive emphasis is put upon seniority. Further, it is essential that the incumbent to a higher position has the necessary qualifications and experience in order to do well on the job. It is desirable and practicable to consider both seniority as well as merit, with agreed weightages, in promoting employees. Career advancement or even the hope of upward movement has a far reaching influence on the performance, behaviour and adjustment of the employees.

Transfers

Managements realise the hazards of continued inbreeding when a group of people continue to remain in the same positions. Some employees are transferred with a view to introducing new faces into the group. The expectation is that this change will tune up the performance of the group. Transfers are made systematically to develop the flexibility and versatility of some employees. It also helps the individual to have varied and broad experience. It may serve as a solution to monotony, frustration and internal conflicts in the group.

Decisions regarding transfer need to take into consideration not only the background of the employee but also his interest in a change of job. This is particularly important since many employees resist the idea of breaking away from a group they are used to and adjusting themselves to a new work situation. Sometimes the problems of seniority are involved. Certain transfers are offered to more experienced employees while others are forced upon comparatively new members of the organization. Too frequent transfers may have disruptive effect on the employees and lack of motivation to achieve specific results. The question of transfer needs careful consideration. Guiding principles for effective transfers are essential if the system is to yield expected benefits to both the individual as well as the organization.

Discipline

In order that a group of people work together harmoniously, it is necessary for them to observe certain rules of conduct and work. For example, in an industrial

concern employees need to conform to rules relating to starting time, lunch time, safety, smoking, insubordination, and so on. Normally people find it easier to abide by rules, if they know the meaning of the rules and necessity for them. Rules are obeyed if employees see that everyone obeys them and that those who violate them are penalized. Company rules are definite statements of what to do and what not to do. Some of these are unwritten while others are written. However, all employees should be made to understand these regulations soon after they enter the company. During induction period, the employees get to know all the important rules they are expected to obey. It is up to the supervisor to inform the employees about the rules as well as enforce them consistently. When a rule of conduct is violated, it is necessary to investigate both the rule and the violators. If there is a general violation of the rule, then the emphasis of the investigation should be put on the rule. It may be that there is something wrong with the rule itself or its enforcement. Even if the supervisor does not have the power to change the rules, he does have the responsibility for enforcing them and so he should make recommendations for revision of those rules that do not work well. If on the other hand there is general compliance with the rule, but it is violated by certain groups or habitual offenders, it is necessary to focus attention on the violations to get at the reasons.

It is the experience of many companies that most of the discipline problems involve individual violations. Studies in industries have shown that three-fourths of violations are of a minor nature. Many companies have found that absenteeism and late coming account for nearly 80 per cent of all recorded violations. An interesting aspect of indiscipline is that a large number of minor discourtesies and poor service do not attract attention, much less punishment. Even though it is generally accepted that indiscipline costs money with no beneficial results, the actual cost figures are not known. These features of indiscipline have special implications.

Remedies

Considerable effort, care and consultation are required in building company rules and healthy conventions. The rules should take into consideration the existing situation in the organization as well as the reactions of the employees in order that they meet the needs. Application of this criteria is likely to result in scrapping a number of company rules and revising several others. A clear statement of what is expected of the employees and what is prohibited helps considerably in applying the rules. Publicising new rules, notifying changes and periodically reviewing them helps in building up conformity. The most powerful means of encouraging law-abiding behaviour on the part of the employees is to set a personal example. Far too often managerial and supervisory personnel, who are charged with the responsibility of enforcing regulations, find themselves violating them repeatedly. The alert subordinates

who recognise the gap between what is preached and practised do not feel the need to follow rules. Consistent, fair and firm administration of company rules, along with standard penalties appropriate to violations, prompt more disciplined behaviour on the part of employees. Consistency in awarding penalties is a must in large organizations where there are plenty of chances for wide variation in approach. Consultation with unions at various stages from the point of making rules to awarding penalties provides a climate for coordinated approach to problems in indiscipline. It is not meant to seek the approval of the union through consultation but to exchange views and incorporate as many suggestions as are practicable in developing procedures for dealing with cases of indiscipline. The supervisory personnel who are in daily contact with the employees and others in line authority play a significant role in maintaining discipline.

Grievances

Grievance means any dissatisfaction arising out of any activity, policy, supervision or service connected with the company. Whether expressed or not, and whether valid or not, grievances need to be handled promptly and effectively, because dissatisfied employees tend to lower productivity as well as morale. In practice, a grievance is often based on emotion rather than logic. Whatever factual content there is, it is exaggerated to a considerable extent. While this is true of a fairly large number of grievances, some genuine ones are brought to the notice of superiors. In the absence of a formal procedure, it is unlikely that all grievances receive attention and efforts to correct the situation. Some grievances lose force with the passage of time and others remain unattended. A crisis may snowball into a big conflict when there are too many unsolved grievances. It calls for a clearly stated procedure by means of which employees can seek remedies for their problems. While the personnel department may assist through programmed development and procedural designs, the process of handling grievances remains the primary responsibility of line management.

Grievance procedure is a formal method, mutually agreed to by the management and union for dealing with grievances. It specifies the persons to whom grievances may be referred, sets time limit for solving the referred problems and also indicates the way grievances should be filed at various stages. The existence of the formal procedure provides clear opportunities to employees to seek reappraisal of their grievances. The fact that there is a time limit within which a decision has to be taken at any particular level creates the feeling of confidence in the sincerity of management in dealing with employees' problems. It has been the experience of some companies that when a grievance procedure is introduced, the number of grievances shoot up initially. It is natural for employees to overuse an opportunity

that is newly introduced. But soon adjustments take place resulting in an easy and helpful communication among the different levels of the organization. Designing a procedure and circulating a write-up on it to all the people concerned does not in itself make handling of grievances any more effective. It merely provides a framework within which the process of dealing with grievances can take place in an orderly manner. The essence of grievance handling lies in the face-to-face contacts, discussions and a helpful approach to problems on the part of managements as well as unions. Sincere effort, with a spirit of give and take, makes any grievance procedure an extremely useful technique.

Turnover

One of the most characteristic aspects of industry is the movement of men and women out of employment. In certain situations this is unavoidable and, within limits, not undesirable. Ambitious men will leave to seek opportunities elsewhere and will take fresh blood and new ideas into the factories they enter. Frustrated men, waiting in vain for the promotion they believe they deserve, will secure work in another factory and in so doing save themselves from bitterness. Marriage, in the case of women, pension and death take their inevitable toll, and leave vacancies for others. But even when allowances are made on these three counts, there is still a great and costly movement of workers out of the organization. The size and cost of this mobility concern the personnel manager and the production executives. This is the problem of labour turnover.

Each person who leaves his job unnecessarily creates an economic loss that society as a whole must stand. Management loses the services of a man whose skills in his work has been developed at considerable expense. This necessitates the bringing in of a new man and the cost of giving him the necessary training to bring him to the same degree of efficiency as the man he replaces. During this period of training loss, scrap and waste both in material and in time are necessarily far greater than would have been the case had the worker carried on. With the new and untrained man on the job, production is necessarily lessened not only in the work itself but in all other occupations that in a routine sense are dependent upon it. Departmental production as a whole is lessened, as a result of the disorganizing effect of the change upon other persons in the department. The cost of labour turnover per employee varies with the type of work done by each employee. The cost of higher training and payment of compensation on separation of employee are high indeed.

Control

The control of turnover begins even before the employees are hired. The company's reputation in the community is a definite factor because it determines to

a considerable extent whether the type of people applying for the jobs will be drifters or persons whose ambition is to form a permanent connection with the company, they regard as stable and desirable. Care in selecting employees from among the job applicants and the use of all proven selection methods can do much for reducing the number of resignations and necessary discharges later. Training for the job with complete orientation and an induction procedure which convinces the new employee that he is a member of an important and closely coordinated team, provision of good working conditions, reasonable hours of employment, and adequate wages will tend to bring about stability of the work force with minimum turnover. Stimulation of interest and loyalty by capable and sympathetic supervisory force contributes its full share.

In spite of management's best efforts there are still breaches in the pattern of good employee relations which result in people becoming dissatisfied and leaving. There are still errors by the employment office resulting in the employment of people who must later be discharged. It is to locate these trouble spots that there must be constant vigilance on the part of personnel administrator in analysing circumstances of separation, carrying out exit interviews and strengthening policies which have turned out to be weak, revising plant rules which have become outmoded, and generally keeping the turnover control systems operating efficiently. When trouble spots have been located, the analytical efforts should be directed towards determination of the real causes rather than those stated on resignation reports.

It has generally been found that employees mention certain stereotyped reasons for leaving which are only excuses rather than real reasons. Hence the concern and effort on the part of management to determine the real reason by means of special procedures. Once the cause of an abnormal turnover rate in a company has been identified, management is in a position to decide which of the possible solutions is most desirable and economical from all standpoints. The task of turnover reduction is neither simple nor easy, but it is potentially one of the most valuable functions of personnel administration.

Personnel Records

Personnel records provide essential information for diagnosing problems, formulating procedures and judging the success or failure of personnel actions. It is equally difficult to deal effectively with problems and demands of individual employees. Meaningful communication with concerned departments and individuals becomes impossible without recorded data. If records are not maintained properly, it is difficult to determine the usefulness of services rendered by the personnel division. Revisions of policies and programmes can only be done in the light of up-to-date and accurate statistics.

Personnel departments maintain a very wide range of records containing data and information about employment, training, promotions, transfers, labour agreements, welfare activities, safety, wage administration, employee services, and research. There are also personnel records of employees known as service registers which contain complete details of their careers in the company. All these are written records of various activities in which employers and employees have participated. Collecting, recording and maintaining data in a readily usable form involves considerable work. Changes and additions to records are continually necessary. They must be readily available to those who are entitled to use them. As many of the records contain personal information and important decisions of management, they are treated as confidential documents. All this represents a heavy responsibility and forms one of the key services of the personnel division.

Uses

Maintaining certain kinds of records and periodic despatch to concerned departments of government is a legal requirement. Data regarding vacancies, absenteeism, accidents and hours worked should be sent periodically to the Department of Labour. The government collects detailed information for purposes of control and publication of statistics.

Managerial planning and control mainly depends upon up-to-date data regarding their employees. Data regarding the personal characteristics of employees, such as age, sex, education, experience and achievements are used in considering transfer, promotion and training. Almost every decision of management in the field of manpower is related to records and information available.

Continuing records and reports based on them provide information to all members concerned, about activities, changes and problems. These communications describe both problems and achievements so that the employees at various levels are kept informed. It provides for exchange of views, mutual understanding and cooperation. The direction of progress as well as the rate of movement are a matter of concern not only to the personnel division but also to other departments,

Documents tell the story of actions and results. They state the trends in absenteeism, grievances, training, accidents, work stoppages and labour costs. Such data indicate the utility of personnel programmes. This source of information is essential for evaluating the functions and services of personnel department.

Improvements

Record keeping is a time-consuming and expensive activity. Many managers and supervisors complain about the paper work involved. It is possible to reduce

the time spent, work involved and space required for maintaining records. There is considerable scope for standardization of forms, in view of the fact that they vary in size, shape, design and style of recording. Many companies have transferred the data on to special forms that can be sorted and classified by mechanical means. It is possible to get the required data at short notice, and an analysis of information can be done rapidly. Mechanical means of handling data is a necessity in large organizations. Since many important decisions affecting the work and life of employees are based on recorded data, the reliability of such records is important. All efforts to improve personnel records aim at making them simple, clear, easy to maintain and easy to use.

Personnel Audit

Introduction

Employees are changing continually in many ways. They are gradually becoming better informed and better educated. Their movement from one locality to another and from one employer to another has increased. They travel more than they used to in the days past. Increase in the number of unions and their strength has influenced their attitudes. There is a growing demand for more satisfactory employment conditions and relationships. As a result of these union actions, employers have been impressed with the need for care, thoughtfulness and expertness in dealing with their employees. Many managements now seek to improve their personnel practices and develop superior programmes of manpower management. The governments also exert influence on the policies and practices in the area of personnel management. All these changing trends make it necessary to keep the personnel programme up-to-date and effective by periodic review and adjustments.

Every manager and personnel officer realises the need for measuring and evaluating the effectiveness of the company personnel programmes, in order to keep top management informed and as a guide to further improvements. The personnel audit is used to show how the programme is functioning and to locate practices and conditions which are harmful to the organization or which have not been earning what they cost or which should be added. Also, the audit will enable management to detect any serious discrepancies or inadequacies in the company's personnel programme before they cause any great trouble. Timely correction not only improves morale in the organization but should also increase labour-management cooperation. Thus the purposes of the audit are to evaluate the effectiveness of the personnel function, and to justify the costs of carrying on such a function.

Some employers may not realise the consequences inherent in a poor personnel programme. One of the continuing consequences of ineffective personnel work is the drag of inefficiency, low production, and a lack of teamwork that stems from the employment and tenure of inadequate personnel. If employees lack the necessary work interest, attitudes, and learning capacity, they probably will not develop into skilled and competent workmen. If employees are maladjusted and chronically dissatisfied, they may develop into persistent trouble-makers and malcontents who are constant problems to the supervisor and management. Some employees never

seem to gain a mature point of view; they are afraid to face the realities of life. It is possible to mitigate these difficulties in a firm by using proper quality control in the selection of employees, in training the employees, and in appraising their performances in their jobs.

In order to make certain that the firm is exerting proper quality control in its personnel practices, it is necessary to make periodic personnel audit to see that the various personnel functions are operating within their quality control limits. Just as all material going into manufacturing is inspected upon receipt, during processing and in the final form, a quality inspection should be made of the personnel programmes.

Types of Audit

Appraisal of the personnel programme may be backward or forward looking. Since personnel audit is concerned with a comparison of what happened with what was expected, there is a tendency to turn the survey into a fault-finding process. The employees concerned start searching for alibis in the event that they are called to explain. This encourages the tendency to throw the blame on others and the survey creates more troubles than it cures. On the other hand a forward-looking evaluation attempts to find out what went wrong so that the mistake will not be repeated. The emphasis is on improving the situation rather than placing the blame. Whether the evaluation is made with a forward or backward outlook largely depends upon the clearly stated objectives, the persons who actually carry out the personnel audit and also upon the manner in which it is done.

There are many ways to review the personnel practices of an organization. Many companies utilise their own personnel and form audit committees with either the personnel manager or general manager as chairman. Where it is felt that the presence of other senior executives of the company would lend valuable assistance in assessing personnel practices, they are included as members of the committee. Some companies employ an outside consultant, who has knowledge of other companies' experiences and is experienced in conducting personnel audit. The company may have the consulting firm conduct the whole audit, or act merely in a part-time advisory capacity to aid the company committee conducting the survey.

The appraisal may be made by the officials within the company. The self audit is generally divided into two parts—the questionnaire or checklist procedure to obtain data on existing conditions, followed by evaluation of the data for the purpose of making recommendations for constructive changes in personnel procedures. The chairman of the audit committee may contact any existing local personnel management groups to find out what the prevailing practices have been in the local area. In this way the committee ensures that their recommendations are generally in line with

tested and accepted practices in the local area. There are certain advantages for the company that conducts its own personnel appraisal. The man making the study already knows the company's policies and organization which eliminates the time spent by an outsider in orienting himself. The audit can be conducted periodically at less expense. If the appraisal is done on a periodic basis, trouble spots can be uncovered in time to avoid slow-downs, strikes and other kinds of problems. The personnel appraisal committee may be formed with the personnel manager or general manager of the company as the Chairman. This committee would aid in obtaining the participation of top management support in making the needed corrections as indicated by the completed personnel audit. The man conducting the audit can follow through to see that the needed corrections are carried out.

Some firms may find it advisable to bring in an outside consultant to conduct the personnel appraisal. The advantages obtained by this method also disclose some of the weaknesses in self-appraisal procedure. The consultant provides an objective approach, breadth of experience and anonymity which invites frank expression of views. The employees may be more willing to talk to an outside consultant especially if there has been poor employee-employer relations in the company. The consultant is trained to be analytical in his methods. This enables him to uncover situations that might be overlooked by an employee who has been with the company for several years. The expert can readily compare the company he is analysing with other companies he knows, which enables him to detect trouble spots more rapidly than an analyst who has not had this outside experience.

Companies which operate several factories have developed the method of making inter-plant comparisons on personnel practices in various plants. The central office publishes the comparative facts and figures of each plant so that any particular unit may be able to judge as to where it stands in relation to others. Some of the trade and professional associations publish facts and figures which have a bearing on personnel practices. For example, data on turnover and absenteeism are published. These figures become yardsticks that a company may use to measure its own performance as compared with the prevailing conditions in the industry. Some professional groups have also begun to survey personnel practices of companies in a particular area. This information can be used to see how a company compares with other similar organizations in their personnel activities.

Methods

A very helpful statistical measurement of the performance of the personnel department may be constructed by collecting information from different sources and making comparisons. Under this plan, a certain number of significant factors are selected as barometers of performance. Various firms have their own preferences

as to which factors to use. However, items such as labour turnover, absenteeism, labour cost, accidents, grievances, direct-indirect labour, and overtime work are commonly used as yardsticks.

If these indices are rising, it is assumed that the personnel department is not doing so effective a job as it might. The data for these are gathered mainly from available company records. The indices are then computed and compared, to see how far they deviate from accepted norms or prevailing trends.

An employee attitude or morale survey is a device for finding out how a worker feels about his job, his supervisors, the management and the policies of his company. It is a procedure for getting the worker's reactions to various factors that affect his job. The survey can be done on a yearly basis or once in two years. As such it is a definite part of the audit and is important because it shows how effective the company's personnel methods have been in the opinion of the working force. The employees are dealt with under personnel programmes and are directly affected by the procedures examined in the personnel audit. They should be given an opportunity to express themselves because what they say goes a long way towards giving information sought by the audit. Basically an attitude survey is a means for measuring an employee's morale. It is also a tool for management action. By means of an attitude survey, specific sources of irritation may be uncovered. For example the shortcomings so far as working conditions are concerned could be corrected by management action. The survey may be used as a basis for supervisory training programme and can be designed to fit the particular needs of the organization. Another advantage of attitude survey is that it provides an opportunity to the employees to let off steam. A healthy mental catharsis is provided through the mere act of conducting morale survey.

Conclusion

The personnel audit measures the effectiveness of personnel programmes and activities and also provides an inventory of the potential of the people working in the company. The main purpose of personnel audit is that of determining possible courses of action which should or should not be taken as a result of the study. The effectiveness of personnel audit is dependent upon the information derived. In some instances it is reported that the union authorities may object to carrying out personnel audit. Such a situation is unlikely to arise if there is preliminary discussion with the union representatives as to the purpose, methods and application of personnel audit.

A good personnel audit is regarded as a barometer. The audit should be undertaken frequently in order to have enough readings upon which to predict future action. Statistical audits may be made monthly and can help management to

anticipate trouble. The increase in absenteeism, a drop in production due to employee actions and other records can be used to indicate employee unrest and poor morale. In order that the personnel audit pays for itself and brings in other benefits, it will have to be followed up with action.

Over a period of time, if management is genuine in its sincerity, personnel appraisal can improve employee relations. The appraisal is a method of communication that enables management to obtain information from employees and also all levels of supervision in order to improve personnel practices. Personnel programmes are judged on their effectiveness in aiding the maximum utilisation of the company's manpower and efficiency in meeting the requirements of the company. The personnel appraisal helps to alert the personnel man to check on the status of his programme at all times.

QUESTIONS

Personnel Activities

1. What are the objectives of Personnel Management?
2. Discuss the role of unions, supervisors and individual employees in developing teamwork.
3. Explain the statement that all managers are manpower managers.
4. What services does the personnel department render to supervisors?

Forecasting Manpower Needs

5. What are the advantages of forecasting manpower needs?
6. Describe the major steps in forecasting manpower needs.
7. What contributions do supervisors make in preparing and implementing manpower forecasts?
8. What are the problems involved in adjusting work group to production levels?

Selecting Employees

9. What selection methods are used to gather information about applicants?
10. What are the advantages of Testing Programme?
11. Discuss the similarities and differences between the individual interview and group interview.
12. Discuss the role of the supervisor in selecting employees.

Developing Employees

13. What help do supervisors render in developing employees?
14. Discuss the problems of employee development programmes and solutions.
15. What factors contribute to the success of employee development programmes?
16. What are the objectives of developing employees?

Servicing Employees

17. State the uses of performance review.

18. Discuss the advantages and disadvantages of transfers.
19. What measures do you recommend for improving discipline?
20. How do personnel records aid personnel activities?

Personnel Audit

21. Describe how personnel function can be evaluated.
22. Discuss the relative merits of company officers and consultants as personnel auditors.
23. How can supervisors help in improving the effectiveness of personnel activities?
24. Describe the yardsticks used in Personnel Audit.

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