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**Elective -C: People Management**

**COURSE - 16 C**

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**STRATEGIC HUMAN RESOURCE DEVELOPMENT**

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**BLOCK**

**1**

**HUMAN RESOURCE DEVELOPMENT**

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**UNIT - 1**

INTRODUCTION TO HUMAN RESOURCE DEVELOPMENT 01-18

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**UNIT - 2**

HRD- MACRO AND MICRO LEVEL 19-29

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**UNIT - 3**

ROLE AND COMPETENCIES OF HRD PROFESSIONAL 30-40

---

**UNIT - 4**

PERFORMANCE MANAGEMENT SYSTEM 41-54

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## **BLOCK – I :HUMAN RESOURCE DEVELOPMENT**

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The present course material consists of 5 blocks which are divided into 20 units. In every block, every unit has been scheduled in a manner so as to enable the learner to understand the content easily. Each unit having its own structure and begins with the learning objectives, so that learner knows as to what he/she is required to learn from the unit.

In this block, we are discussing concepts of Human resource Development, its objectives and scope, role of HRD and also salient features of HRD. This block also explains overview of micro and macro HRD, difference between HRM and HRD.

This block explains qualities of HR manager, competencies and challenges of HRD and performance management system and assessment centres.

This block divided into four units. They are,

Unit 1: Introduction to Human Resource Development

Unit 2: HRD- Macro and Micro Level

Unit 3: Role and Competencies of HRD Professional

Unit 4: Performance Management System



# **BLOCK – I**

## **HUMAN RESOURCE DEVELOPMENT**

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### **UNIT - 1 INTRODUCTION TO HRD**

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**Structure:**

- 1.0 Objectives
- 1.1 Concept of HRD
- 1.2 Meaning and Definition of HRD
- 1.3 Salient Features of HRD
- 1.4 Objectives Of HRD
- 1.5 Role of HRD
- 1.6 Evolution of HRD
- 1.7 Scope of HRD
- 1.8 Case Study
- 1.9 Notes
- 1.10 Summary
- 1.11 Key Words
- 1.12 Self Assessment questions
- 1.13 References

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## **1.0 OBJECTIVES**

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After Studying this unit, you should be able to;

- Explain the concept and definitions of HRD at different angles
- Discuss the nature and features of HRD
- Bring out the role and objectives of HRD with present business scenario
- Explain the evolution and scope of HRD

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## **1.1 CONCEPT OF HRD**

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HRD is a systematic process, it includes set of mechanisms and techniques such as performance appraisal, counseling, training, and organization development interventions are used to initiate, facilitate, and promote the manpower. In other words, human resource development refers the employees of an organization are helped, in a continuous and planned way to acquire or sharpen capabilities required to perform various functions of organization to attain the predetermined goals of organization. Thus it is clear that from the above HRD deals with to develop the capabilities of employees and discover and exploit inner potentials of employees to handle the business effectively.

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## **1.2 MEANING AND DEFINITION OF HRD**

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Human resources development is a branch of human resources management, which deals with training and development of the employees in the organization. However, many scholars have attempted to define the concept of HRD. The American Society argues that HRD deals the process of increasing the capacity of the human resource through develop-ment. It is thus the process of adding value to individuals, teams or an organization as a human system’.

According to South Pacific Commission ‘human resource development is equipping people with relevant skills to have a healthy and satisfying life’. In the word of Watkins, ‘human resource development concerned with fostering long-term work related learning capacity at individual, group and organizational level. According to Leonard Nadler, “Human resource development is a series of organized activities, conducted within a specialized time and designed to produce behavioral changes.

Prof. T.V. Rao opines that, “HRD is a process by which the employees of an organization are helped in a continuous and planned way to (i) acquire or sharpen

capabilities required to perform various functions associated with their present or expected future roles; (ii) develop their journal capabilities as individual and discover and exploit their own inner potential for their own and /or organizational development purposes; (iii) develop an organizational culture in which superior-subordinate relationship, team work and collaboration among sub-units are strong and contribute to the professional well being, motivation and pride of employees.

Nadler (1970) defined HRD as a series of organized activities, conducted within a specified period of time, and designed to produce behavioral change. Some of the common activities he identified within HRD are training, education and development. He identified training as those activities intended to improve performance on the job, education as those activities intended to develop competencies not specific to any one job, and development is preparation to help the employee move with the organization as it develops.

According Gilley HRD is organized learning activities arranged within an organization to improve performance and personal growth for the purpose of improving the job, the individual, and the organization.

Smith opined that “HRD is the process of determining the optimum methods of developing and improving the human resources of an organization and the systematic improvement of the performance of employees through training, education and development and leadership for the mutual attainment of organizational and personal goals.

Thus it is clear that from the above definitions, HRD is a systematic process of active learning from experience-leading to systematic and purposeful development of the whole person, body, mind, and spirit and it is a integrated use of training, organizational and career development efforts to improve individual, group, and organizational effectiveness. Further, HRD is an integral part of Human Resource Management (HRM) which is more concerned with training and development, career planning and development and the organization development. The organization has to understand the dynamics of HR and attempt to cope with changing situation in order to deploy its HR effectively and efficiently.

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### 1.3 SALIENT FEATURES OF HRD

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- ◆ Training and Development - HRD involves training and developing the employees and managers.
- ◆ Organizational Development – It deals with organizational development and it tries to maintain good relations in the organization.
- ◆ Career Development- It focuses on career planning and development of employees.
- ◆ Performance Appraisal – It covered performance appraisal, potential Appraisal, etc.
- ◆ Multidisciplinary - HRD is multidisciplinary in nature that is uses many different subjects like education, management, psychology, communication, economics and other.
- ◆ Continuous in Nature - HRD is not a onetime affair. It is a continuous process. Development of human resources never stops. This is because continuous changes happening in the organization and environment.
- ◆ Integrated use of sub-systems -HRD system involves the integrated use of sub-systems such as performance appraisal, potential appraisal, career planning, training, etc.
- ◆ HRD places the right man in the right job. Placement is based on performance appraisal, potential appraisal, training, etc. Proper placement gives satisfaction to the employee, and it increases the efficiency.
- ◆ Promotions and Transfer HRD also gives promotions and transfers to the employees based on performance appraisals, etc.
- ◆ Motivation by Rewards – It is tool for employees motivation by giving them rewards for performing and behaving better, suggesting new ideas, etc. Financial and non-financial rewards are given.

#### **Other features**

- ◆ It is a systematic process in which employees of the organizations are recognized and developed.
- ◆ It assumed human capital is most valuable asset of the organization.
- ◆ It deals with development of employees of the organization to develop their general capabilities in relation to their present jobs and expected future role.



- ◆ It focuses on the development and best utilization of the capabilities of individuals in the interest of the employees and organization.
- ◆ It is for developing better inter-personal relations among employees and different level of management.

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## **1.4 OBJECTIVES OF HRD**

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HRD is needed to any organization that facilitates dynamic and growth-oriented or to succeed in a fast-changing environment. Organizations can become dynamic and grow only through the efforts and competencies of their human resources. Personnel policies can keep the morale and motivation of employees high, but these efforts are not enough to make the organization dynamic and take it in new directions. Employee capabilities must continuously be acquired, sharpened, and used. However, the followings are the important objectives of HRD.

- To develop necessary skills and abilities required to perform organizational activities. As a result of which, employees can contribute for better performance in an organization. This leads to greater organizational effectiveness
- To provides an opportunity and systematic framework for the development of human resource in the organization.
- To development whole personality of man power so that they can show and use their talent for the benefit of the organization.
- To facilitates planning and management of change in an organization.
- To manages conflicts through improved labor management relation.
- To develops organizational health, culture and environment which lead to change management.
- To makes capable employees to perform their duties effectively
- To motivates the employees and improve their level of performance.
- To ensure coordination among different activities of organization by developing the overall personalities of employees.
- To develops the spirit of teamwork; team work for it is used for the effective cooperation and coordination of each employee which ultimately checks industrial unrest.

- To develop skills, knowledge and competencies of individual.
- To provide proper training and development that turned to employee commitment.
- To inspire the employees for better performance, that ultimately leads to job satisfaction.
- To recognizing every employee at par irrespective of caste, creed, religion and language, can create a very good environment in an organization.
- To ensure that the organization creates a culture and provides equal opportunities to all employees in matters of career planning, promotion, quality of work life, training and development.
- To provide continuous training that develops the professional skills of employees.

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## **1.5 ROLE OF HRD**

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A human resource development is set of planned and systematic activities intended by an organization to provide opportunities to its members to learn skills necessary for the present and future job requirements and human resource development is a vital area for firms because ideas for innovation, quality and continuous improvement, as well as other critically important inputs needed to compete in the modern, highly competitive business world, come from people and not from machines. The extent to which people will provide suggestions for improvements – in all forms – will depend, to a large extent, on human resource development strategies within firms. Apart from the above the role of human resource development is to support organizational goals. The cost and time associated with development and training of employees is only worth it if it directly helps the employees achieve increased performance, resulting in increased performance for the organization. When employees are improving their ability and performance, an organization achieves higher levels of success.

However, the following explanations speak about the role of human resources development.

- ◆ It helps to makes people more competent and capable.
- ◆ HRD facilitates to develops new skill, knowledge and attitude of the people in the concern organizations in order to discharge their obligations without fail
- ◆ Through an appropriate HRD programme the employee of organization become more committed to their jobs.

- ◆ It helps overall development of man power of organization
- ◆ HRD facilitates to accept the changes by employees of organization. Since the HRD helps to improve the efficiency of employees.
- ◆ Employees found themselves better equipped with problem-solving capabilities through HRD.
- ◆ HRD improves the team spirit among employees.
- ◆ It helps to create and develop the sound work culture among employees.
- ◆ It helps to utilize all available organizational resources.
- ◆ It encourage workers to take part indecision making process.
- ◆ It improves the role of worker and workers feel a sense of pride and achievement.
- ◆ It is crucial in promoting and sustaining the growth in particular education and training.
- ◆ It significantly contributes economic development in terms of increased worker productivity and income.
- ◆ It facilitates economy may be more productive, innovative and competitive through the existence of more skilled human capability.
- ◆ The qualities of human resources development determine the success or failure of organization.

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## **1.6 EVOLUTION OF HRD**

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Human resources development usually begins as soon as an employee is hired and continues throughout that employee's tenure with the organization. HRD comes in different forms, including on-the-job training or job shadowing, or online education, growth opportunities, and compliance training etc. However, the origin of HRD was emerged in the USA during the advent of the Industrial Revolution in 1800s. But some writers argued that the roots of HRD emerged in 1913 when Ford Motor started training its workers to produce mass production in the assembly line. However, a significant historical event was suggested during the outbreak of World War Two in the 1940's as it was during this period that workers were trained to produce warships, machinery, and other military equipments and armaments. Some scholars argued that HRD could have started a century later, in the early 1930s and its roots emerged from the concept of

organization development Earlier some papers argue that the historical starting point of HRD was during the 1950s and 1960s when theories on employees' developmental process was popularized. Stead and Lee believed that the development of human resources in an organization far encompasses merely 'training' but also motivation and development as. The scholar Desimone pointed out that during 1960s and 1970s, professional trainers realized that their role extended far beyond classroom training and they were also begun to be required to coach and counsel employees.

Nadler introduced the term HRD in 1970s and it was placed under the big structure of human resources with the function of selection and development of employees under the term HRD. In the year 1980s, the term HRD was approved by the American Society for Training and Development. In the UK, Harrison argued that the historical development of HRD is more fragmented compared to the US. The emergence of HRD began in early 1980s when the manufacturing industry was hit by a recession and a strategy was required to overcome the crises especially in multinational companies.

The following charts also speak about the evolution of HRD.

<b>Concept</b>	<b>Description</b>
The Commodity Concept	Human resource was referred as 'a commodity' to be bought and sold. Wages were decided on the basis of demand and supply forces. Government also did not care much about the work force at that time.
The Factor of Production Concept	Labor is treated as any other factor of production, viz; money, material, land, etc.
The Goodwill Concept	Welfare measures like safety, first aid, lunch room, rest room etc. These measures proved to be a source of boosting up the Morale of workers, and enhancing their performance.
The Paternalistic Concept	Management must assume a fatherly and protective attitude towards employees. Paternalism does not mean merely providing benefits but it signifies to satisfy various needs of employees just as parents meet the requirements of the children.

The Humanitarian Concept	To improve the productivity, physical, social and psychological needs of workers must be fulfilled. Elton Mayo and some other along with him stated that money is less a factor in determining output, than group standards, group incentives and security. The Organization is a social system that has both economic and Social dimensions.
The Human Resource Concept	Employees are the most valuable assets of an organization. There should be a conscious effort to realize organizational goals by satisfying needs and aspirations of employees.
The Emerging Concept: HRD	Employees should be accepted as partners in the progress of a company. They should have a feeling that the organization is their own. To this end, managers must offer better quality of working life and provide opportunities to people to exploit their potential fully. There should be opportunities

Source: Rao, V.S.P (2005), Excel Books, New-Delhi

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## **1.7 SCOPE OF HRD**

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HRD concerned with developing competencies of human resource by enhancing knowledge, building skill, changing attitude and teaching values, and at other side, creation of conditions through public policy, programs and other interventions to help people to apply these competencies for their own and others' benefits and making things happen. However, HRD is broader than human resource management viz.,it consists of several sub-systems such as training and development, employee appraisal, counseling, rewards and welfare, quality of work life, etc. these are the areas within its scope. The HRD covers the following areas

- ◆ Training- Training is an important aspect of HRD. It facilitates to develop skills and capacity of employees to discharge their obligations and for exercise their power to attain the organization goals.

- ◆ Career planning and development – The HRD provide proper guidance to employees for self-development and career development. It turned to employee empowerment and employee satisfaction, this leads to organizational development.
- ◆ Performance appraisal -A performance appraisal is a systematic and periodic process that assesses an individual employee’s job performance and productivity in relation to certain pre-established criteria and organizational objectives. It is an important area of HRD, through this the organization able to take an appropriate decision relating to employees to get the maximum work from each employees and it also facilitate to upgrade the ability of man power. Further, the appraisal is useful for proper placement and career development of employees. And it is needed for developing their special qualities, which can be used fruitfully along with the expansion and diversification of activities of the company.
- ◆ Rewards and incentives - Every organization needs a strategic reward system for employees that address the various issues like compensation, benefits, recognition and appreciation. Thus it is clear that, provision of rewards and incentives to employees for encourage them to learn, to grow and to develop new qualities, skills and experiences which will be useful for organization.
- ◆ Employees’ welfare – Employee welfare including various services, benefits and facilities offered to employees by the employers. The welfare measures need not be monetary but in any kind. It includes the items like allowances, housing, transportation, medical insurance and food. Employee welfare also includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the workers and their families. Through such generous benefits the employer makes life worth living for employees. However, employee’s welfare is within the scope of HRD. Welfare facilities are useful for creating efficient and satisfied labour force.
- ◆ Organizational development – It is a field of research, theory, and practice dedicated to expanding the knowledge and effectiveness of people to accomplish more successful organizational change and performance. However, HRD aims at providing conflict-free operations throughout the organization. It also keeps plans ready to deal with problems like absenteeism, turnover, low productivity or industrial disputes etc.

- ◆ Human resource information system- Human *resource information system* or *human resource management system* (HRMS), is basically an intersection of *human resources and information technology* through *HR* software. This allows *HR* activities and processes to occur electronically. Thus it is clear from the above; it is an information bank and facilitates human resource planning and development in a proper manner. It facilitates quick decision-making in regard to HRD.
- ◆ **Quality of work life** – It refers to the favorableness’ or un-favorableness’ of a job environment for the people working in an organization. The period of scientific management which focused solely on specialization and efficiency, has undergone a revolutionary change. However, the quality of work life depends on sound relations between employer (owner) and employees. A forward looking policy on employee benefits like job security, attractive pay, participative management and monetary and non-monetary rewards will go a long way in improving the quality of work life.

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## 1.8 CASE STUDY

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Cold Stone Creamery (Cold Stone), an American ice cream parlor chain, had been using video game as a training tool since 2005. Through the custom-made video game Stone City, the company aimed to train its frontline employees on customer service and sensitize them to ice-cream portions, inventory wastage, and their effect on profitability. As more and more companies used video games as a training tool considering the demographics of their entry-level workers, experts were divided on whether video games were an effective training tool.

### Issues

Training and development; training design, computer-based training  
e-learning, and functional training – sales training

Cold Stone Creamery (Cold Stone), an American ice cream parlor chain, had made a name for itself for innovative products and in-store experience. The company used in-store made ice cream and combined it with mix-ins, candy, or other items folded in to make new flavors. According to the chain, its competitors could replicate its ice cream quality but not its experience.







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## 1.10 SUMMARY

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From the earlier discussion, it is clear that HRD is the integrated use of training and development, career development and organizational development to improve individual and organizational effectiveness. However, the said units covered aspects like concept of HRD, meaning and definition of HRD, salient features of HRD, and objectives of HRD, role of HRD, evolution of HRD and scope of HRD.

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## 1.11 KEY WORDS

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Training and development,  
Career development,  
Organizational development,  
Organizational effectiveness

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## 1.12 SELF ASSESSMENT QUESTIONS

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1. What is HRD? Explain its relevance in modern business
2. What are the salient features of HRD? Explain in detail
3. Elucidate the objectives and scope of HRD.
4. How does HRD facilitates to develop the man power in order to grab the available opportunities of business?.
5. HRD is a tool of man power development and organization development. Comment

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## 1.13 REFERENCES

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## **UNIT - II: HRD –MACRO AND MICRO LEVEL**

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### **Structure**

- 2.0 Objectives
- 2.1 Introduction
- 2.2 An overview of Micro –HRD
- 2.3 Macro HRD –An overview
- 2.4 Importance of HRD in Present Context
- 2.5 Development of HRD
- 2.6 Differentiation between HRD and HRM
- 2.7 Case study
- 2.8 Notes
- 2.9 Summary
- 2.10 Keywords
- 2.11 Self Assessment questions
- 2.12 References

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## **2.0 OBJECTIVES**

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After studying this unit, you should be able to;

- Highlights the overview of Micro and Macro –HRD
- Examine the importance of HRD in Present Context
- Differentiation between HRD and HRM
- Explain the development of HRD

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## **2.1 INTRODUCTION**

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Human Resource Development (HRD) is the framework for helping employees to develop their personal and organizational skills, knowledge and personal abilities. Further a set of systematic and planned activities designed by an organization or HR department to provide its members with the necessary skills to meet current and future job demands. From the previous discussion it is clear that HRD facilitates for developing the competencies of people. And the HRD required at different level like macro level and micro level. The main objective at different level is to develop the newer capabilities of employees so as to enable them to tackle both present and future challenges while realizing organizational goals.

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## **2.2 AN OVERVIEW OF MICRO –HRD**

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HRD is concern for development in the organizations at the grass root level. Small wonder then, that HRD was well received by companies and managements as they realized its importance and foresaw its future contribution for the individual and organizational development. Generally HRD at micro level talks of the organizations' manpower, planning, selection, training, performance appraisal, development, potential appraisal, compensation, organizational development etc. HRD's involvement in all these areas is mainly with an objective to develop certain new capabilities in people concerned to equip them to meet the present job challenges and to accept future job requirements. Further, micro HRD is usually understood to be the actual execution of duties as mandated at the macro level. These duties commonly include the administration of policies regarding the selection, hiring, compensation, placement, performance management, promotion, conflict resolution, discipline and discharge of employees. Some of the terms commonly associated with micro HR are operations planning, practices, procedures and administration.

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### **2.3 MACRO HRD –AN OVERVIEW**

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At the macro level HRD is concerned with the development of people for the nation's well being. It takes health capabilities skills, attitudes of people which are more useful to the development of the nation as a whole. While calculating the national income and economic growth the prospective HRD concept examines the individual's potentialities, their attitudes, aspirations, skills, knowledge etc, and establishes a concrete base for economic planning. However, HRD's contribution at macro level has not gained popularity as yet.

In addition to above Micro level HRD is essentially the strategic function of HR in a particular work environment. Macro HR encompasses the understanding of how HR fits into the organization's structure, mission and planning. Macro HR further incorporates policy and practice development and designating who administrates HR. Additionally, collective bargaining and union avoidance campaigns are generally considered macro related concerns. Some of the vernacular related to macro HR is strategic planning and organizational design and development.

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### **2.4. IMPORTANCE OF HRD IN PRESENT CONTEXT**

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HRD played important role in any organization that wants to be dynamic and growth-oriented or to succeed in globalized environment. Through successful stories of organization, it is clear that the growth only through human resources development. The researcher argue that sound HRD policies can keep the morale and motivation of employees high, but these efforts are not enough to make the organization dynamic and take it in new directions. Man power capabilities should continuously be acquired, sharpened, and used. For this purpose, at organization level an "enable" organizational culture is needed. When employees use their initiative, take risks, experiment, innovate, and make things happen, the organization may be said to have an "enabling" culture. However, the HRD have different managerial role in organization, these are as follows.

- ◆ It helps to improve knowledge skills, creative abilities, talents, aptitude, and values and believes of an organizations workforce.
- ◆ It facilitates to enhancement of utilization value of human resource depends upon improvement of the human resource aspects like skill, knowledge, creative liabilities and talents and molding of other aspects like, values, beliefs aptitude and attitude in accordance with the changing requirements of groups, organization and society at large.

- ◆ The vitality of human resources to a nation and to industry depends upon the level of its development.
- ◆ The Organizations be dynamic growth oriented and fast changing should develop their human.
- ◆ The efficiency of production process and various area of management depend to a greater extent on the level of human resources development.
- ◆ HRD assumes significance on view of the fast changing organizational environment and used of the organizations to adopt new techniques on order to respond to the environmental changes.
- ◆ Through the positive personnel policies and programmes motivation the employees and it leads to commitment and loyalty of employees.
- ◆ HRD to be effective should essentially have a strong base of human resource planning, recruitment and selection changing the fate of organization.
- ◆ HRD makes people more competes through developing new skill, knowledge and attitude.
- ◆ Acceptability towards change can be created with the help of HRD and employees found them-selves better equipped with problem solving capabilities.
- ◆ HRD improves team spirit in the organization and create the efficiency culture in the organization.
- ◆ It leads to greater organizational effectiveness, resources are properly utilized and goals are achieved in a better way.

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## **2.5 DEVELOPMENT OF HRD**

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Recent economic liberalization announced by government of India lend forwards market and economic and started creating more dynamic environment in India than ever before HRA plays a significant and crucial role in market economics under dynamic environment human resource development should be effective for the candidate who do not possess potentials to perform present and future roles in organizational in dynamic environment. HRD to be effective should essentially have a strong base of human resource planning, recruitment and selection based on effective HRD requirement. These part features enable the organization to develop its Human resources efficiently human resources planning for HRD should plan for human resources not only for the present

and future jobs but also role, futures, human resource, planning should plan for potentialities. Recruitment for HRD refers to searching for prospective employee having skill, and also for development and motivates them to apply for jobs. Selection for HRD refers to designing the selection techniques like written test, selection test, interview etc. fit for selection the candidate suitable for future development. These base factors influence the analysis of roles of employees as individual as member of terms and organizations, along with the ever changing environment. Thus it clear that from the above HRD refers to the vast field of training and development provided by organizations to increase the knowledge, skills, education, and abilities of their employees. In many organizations, the human resources development process begins upon the hiring of a new employee and continues throughout that employee's tenure with the organization. Many employees come into an organization with only a basic level of skills and experience and must receive training in order to do their jobs effectively. Others may already have the necessary skills to do the job, but don't have knowledge related to that particular organization. HR development is designed to give employees the information they need to adapt to that organization's culture and to do their jobs effectively. Further, it can say that Human resources development usually begins as soon as an employee is hired and continues throughout that employee's tenure with the organization. HRD comes in different forms, including on-the-job training or job shadowing, textbook or online education, growth opportunities, and compliance training. On-the-job training refers to learning the aspects of a job while one is doing the job. An employee may know the basics of what the job requires, but specifics like which forms to use, where materials are stored, and how to access the computer systems may require on-the-job training. Job shadowing is similar in that you watch another employee do the job in order to develop the proper skills. Another form of development is intellectual or professional development, which includes college or certification courses or job-specific trainings and seminars related to how to do one's job better. Many organizations invest heavily in providing training and development to their employees in order to increase their knowledge and skills. With the growth of online learning, much of this training has become available via webinars and online courses, but it is still very common to conduct in-person trainings or attend training seminars or conferences with other professionals in the field. Many professionals also voluntarily take additional training and development courses in order to be seen as experts in their fields.

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## 2. 6 DIFFERENTIATION BETWEEN HRD AND HRM

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HRD or Human Resource Development is a sort of framework that allows and aids employees of an organization to develop their organizational and personal skills as well as their knowledge and abilities. There are a myriad of practices and opportunities involved in this field. Some of them can be named as performance development and management, training career development, Mentoring, coaching succession planning, tuition assistance, key employee identification, etc. The main goal of Human Resource Development is to create the most superior workforce possible so that the organization has the means to fulfill their services towards their clientele better. Human Resource Development can be formal or informal: formal being tutored in a classroom or an organized effort while informal may be on the job training by a manager. However, Human Resource Management is an organizational function that has been introduced with the aim of maximizing the performance of the employees. It focuses on policies and systems and deals primarily in the manner in which people are managed within organizations. HRM deals with a number of activities such as recruitment, employee training, performance appraisal and rewarding. At the beginning of the human resources movement in the early 20th century, HRM was defined by duties such as benefits and payroll administration and transactional work whereas today with globalization HRM has come to focus upon strategic initiatives such as talent management, succession planning, industrial and employees relations and diversity management. However, the following explanation speaks about the difference between HRM and HRD.

- ◆ HRD is a part of HRM. HRM deals with all HR initiatives while HRD only deals with the development factor.
- ◆ HRD and HRM are both practices that deal with human resources of a company. Usually in large organizations, there exists entire departments dedicated to HRM where trained professionals work together solely towards the amelioration of this aspect, dealing with both HRD and HRM functions. HRD is human resource development. HRM is human resource management.
- ◆ HRM functions are more formal than of HRD functions.
- ◆ HRD deals with functions such as performance development and management, training, career development, mentoring, coaching, succession planning, tuition assistance, key employee identification, etc. HRM deals with functions such as employee training, recruitment, performance appraisals as well as duly rewarding the employees.



- ◆ HRM is a subset of the entire management processes of an organization. HRD is a subset of HRM.
- ◆ Scope of HRM is wider. Scope of HRD as compared to HRM is narrower.

HRM manages and develops the human elements of an organization in its entirety on longer term basis. HRD focuses on those learning experiences which are organized for a specific period to bring about the desired behavioral changes.

- ◆ HRM emphasizes that employees, their abilities and their attitudes constitute an important organizational resource that should be used effectively and efficiently to achieve organizational as well as employees' goals. HRD emphasizes mainly on training and development of employees.
- ◆ HRM takes decisions on HRD plans. HRD thus depends on the decisions of HRM.
- ◆ HRM at its center has HRD. HRD's cooperation is important for overall success of HRM. HRD has to work within the realm of HRM and therefore, its objectives should be in tandem with the broader objectives of HRM.
- ◆ Thus, HRM and HRD are interdependent. HRM takes care of all the human needs and tries to satisfy these needs so that the employees are motivated from all the angles to contribute their best to achieve organizational goals.
- ◆ HRD focuses on upgrading the skills and competencies of the employees in order to improve the performance of the employees on the job.

Thus it is clear that from the above analysis HRM stands for human resources management, which refers to the art of managing all aspects of the human work force at a company or organization. HRM aims at providing an optimal working environment for employees to fully and freely utilize their skills to their best to achieve the company's intended output. As human resources management usually applies to big companies and organizations, it has sub categories, among which is HRD, which stands for human resources development. This is a component of HRM that focuses on 'nurturing' employee's skills. Because the process of hiring new employees can be long, expensive and cumbersome, most companies employ the strategy of HRD to promote longevity of employees within the company because through this an employee is likely to progressively scale up the managerial ladder. Human resources management of a company is often an independent department of its own composed of various sections including recruitment and retention, performance and appraisal management, HRD and

compensation sections. But HRD does not only focus on development of skills and personal development of employees. Since the peoples' needs and expectations are ever growing and changing this section of HRM is specifically there to help employees cope with such and prepare them for future uncertainties. Generally speaking, professionals working within the HRM department must have excellent people skills although this is more so with those particularly working in the HRD section. The HRD section needs to have professionals with impeccable people management skills as they need to be able to realize talent within people from a cross section of backgrounds. The HRD section is concerned with identifying strengths and weaknesses among different employees and devising training means that aim at making those skills complement the other.

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## **2.7 CASE STUDY**

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Infosys Technologies Ltd. (Infosys), one of India's leading information technology (IT) companies started the 'Voice of Youth' (VoY) program in 1994 to harness the creative energy of its young employees and also develop future leaders. As of 2008, the company was not only considered one of the most innovative companies globally, but its (VoY) program also catapulted it to the league of 'Top Companies for Leaders'.

### **Issues**

Training & development, leadership development, empowerment, motivation and fostering innovation.

Infosys Technologies Ltd. (Infosys), one of India's leading information technology (IT) companies, was founded in 1981. As of early 2008, it had not only established itself as a technology powerhouse in the global IT arena but had also earned a lot of kudos for its innovative human resources management (HR) practices.

### **Questions for Discussion**

1. Critically analyze Infosys' 'Voice of Youth' (VoY) program
2. . Do you think such programs help in fostering innovation in the organization? Give reasons for your answers.
3. What are the effects of such programs on the motivation level of employees?





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## **2.9 SUMMARY**

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Human Resource Development (HRD) is the framework for helping employees to develop their personal and organizational skills, knowledge and personal abilities, however, in this model discussed different aspects like an overview of micro –HRD, macro HRD –an overview , importance of HRD in Present Context , development of HRD, differentiation between HRD and HRM.

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## **2.10 KEY WORDS**

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Employee’s development

Micro and Macro

Differentiation

Organization skills and knowledge.

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## **2.11 SELF ASSESSMENT QUESTIONS**

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1. What is micro level HRD? Explain
2. Explain the relevance of HRD in changing business environment
3. How does macro level HRD differ from micro level HRD? Describe
4. What are the difference between HRD and HRM? Explain

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## **2.12 REFERENCES**

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## **UNIT-3 : ROLE AND COMPETENCIES OF HRD PROFESSIONALS**

### **Structure:**

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Meaning of HRM Manger
- 3.3 Qualities of HRM Manger
- 3.4 Role and competencies of HRD Manager
- 3.5 Challenges before HRD Manager
- 3.6 Case study
- 3.7 Notes
- 3.8 Summary
- 3.9 Key Words
- 3.10 Self Assessment questions
- 3.11 References

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### **3.0 OBJECTIVES**

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After studying this unit, you should be able to;

- Explain the concept and qualities of HRM Manger
- Discuss the role and competencies HRD Manager
- Highlights the challenges being facing by the HRD Manager

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### **3.1 INTRODUCTION**

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HR is a product of the human relation movement of the early 20th century, when researchers began documenting ways of creating business value through the strategic management of the workforce. The function was initially dominated by transactional work, such as payroll and benefits administration. However, human resource management is a function of organizations designed to maximize employee performance in service of an employer's strategic objectives. It is primarily concerned with the management of people within organizations, focusing on policies and system HR departments and units in organizations typically undertake a number of activities, including employee benefits design employee recruitment, training, performance appraisal and rewarding. To begin the business trained professionals may perform HR duties. In larger companies, an entire functional group is typically dedicated to the discipline, with staff specializing in various HR tasks and functional leadership engaging in strategic decision-making across the business. To train practitioners for the profession, institutions of higher education, professional associations, and companies themselves have established programs of study dedicated explicitly to the duties of the function. Academic and practitioner organizations likewise seek to engage and further the field of HR, as evidenced by several field-specific publications.

Thus it is clear that from the above, HRM, is a function in organizations designed to maximize employee performance in service of an employer's strategic objectives. HR is primarily concerned with the management of people within organizations, focusing on policies and on systems.

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### **3.2 MEANING OF HRM MANGER**

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Human resource managers is person who involved with recruitment, training, career development, compensation and benefits, employee relations, industrial relations, employment law, compliance, disciplinary and grievance issues, redundancies etc.

Generalist HR roles are usually found in small and medium sized companies, where the HR manager will deal with the whole range of HR activities. In large multinationals you will often find specialists, for example in learning and development, recruitment or employee relations. However, the followings are the activities of HRM.

- ◆ Developing HR planning strategies with line managers by considering immediate and long-term staff requirements
- ◆ Recruiting staff by preparing job descriptions and job adverts; deciding on how best to advertise
- ◆ Short listing applicants for interview using a variety of selection techniques including psychometric testing Interviewing shortlisted candidates
- ◆ Advising on pay and other issues, including promotion and benefits; administer payroll and maintain staff records
- ◆ Interpreting and advising on employment legislation; develop and implement policies on a variety of workplace issues eg disciplinary procedures, absence management, working conditions, performance management and equal opportunities
- ◆ Listening to grievances and implementing disciplinary procedures
- ◆ Analyzing training needs in conjunction with line managers; planning and delivering training, including staff inductions.

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### 3.3 QUALITIES OF HR MANAGER

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HR manager plays vital role in trading and non trading organization in order to ensure optimum utilization of organizational resources; however the following are the important qualities of the HR Manager

- ◆ **Knowledge and expertise in Human Resources-** HR Managers should possess foundation on the functions of human resources. And not only this, successful HR Managers have a zeal to update their knowledge on latest practices and trends in human resources. With their knowledge and expertise, they deal with the daily challenges that arise in the organization.
- ◆ **Communicator-** Communication plays a vital role in any organization and HR takes a major role in this. HR managers play a major role in this. One of the quality of a good communicator is to have good listening skills. Employees come to HR managers



on various issues. Listening to employees with full attention is one of good quality of a successful HR Manager.

◆ **Presenter-** Great presenters attract their audiences' attention, keep them engaged and deliver the message in a positive manner. Presentations skills are important quality of successful HR Managers as they handle several trainings and present the information to management.

◆ **Innovation-** Not every issue has a same or easy or ready solution. Successful HR Managers think out of the box and deliver the best solution to their employees and the organization.

◆ **Approachable-** HR handles various aspects of employees. Successful HR Managers have an open door policy and are approachable to their employees.

◆ **Time Management and Self Discipline-** Successful HR Managers are good at managing their time. They plan their day not just to complete their day-to-day activities but also cater time for sudden issues.

◆ **Delegator -** It's not possible to do all the work by one person. And this is understood by successful HR Managers. HR Managers delegate work to their team members so that they get learned and grow as a professional.

◆ **Decision maker-** Successful HR Managers are strategic planners and take decisions which are apt and considering all the facts. They are not afraid to make the hard decisions for the benefit of the organization.

◆ **Business Acumen-** Business acumen is keenness and quickness in understanding and dealing with a business situation in a manner that is likely to lead to a good outcome. Successful HR managers possess good knowledge and understanding of the financial, accounting, marketing and operational functions of an organization.

◆ **Trust Advisor-** Employees will open to someone they trust and seek advice on various areas. This may not be limited to their career but also can be from their personal life. Successful HR Managers advice employees by creating an environment of trust. Successful HR Managers build trust through straight forward communications and interactions.

◆ **Motivator-** Every employee has different goals and objectives to achieve. Successful HR Managers are committed to motivate. Successful HR Managers know and understand what motivates employees and strive to give it to them.

- ◆ **Leader-** A leader is one who visualizes big picture, focus on people, progress and achievements, does the right thing and encouraging a rewarding culture. And this is what the successful HR Managers possess.
- ◆ **Metric Oriented-** Successful HR Managers have a flair for metrics as these are useful in improvising various processes in the organization.

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### 3.4 ROLE AND COMPETENCIES OF HRD MANAGER

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The business is a dynamic in nature; it always needs to work under changing business environment and act according to changing needs of the stakeholders of organization. However, HRD professionals play the following role.

- HRD is about improved performance and productivity through increased knowledge, competencies, skills, and attitudes. In other words, HRD is about learning, its effects on employees, and its impact on the organization. The manager of HRD is the person responsible for the management of learning within the organization and the development of programs and activities that foster growth.

- Strategic adviser to help the decision makers on issues related with HRD. They also play the role of an HR systems designer and developer by assisting the HR management in designing and developing HR systems in an organization to increase its performance.

- The HRD manager is the principal evaluator of the impact of the HRD program on overall organizational efficiency. Within this sub role, the manager is responsible for the design, development, and implementation of program evaluations as well as cost/benefit programs. Each of these is used to determine the effects of learning on the employees and the organization. HRD managers are also responsible for the evaluation of career development programs and organizational development activities. The evaluation of the effectiveness of learning specialists, instructional designers, and consultants is another part of this sub-role. In summary, the HRD manager is accountable for the evaluation of all aspects of the HRD program, its results, its effectiveness, its impacts, and its practitioners.

- They also act as organizational change agents by helping the management in designing and implementing change strategies to transform the organization. The result is more efficient work teams, intervention strategies, quality management and change reports. The role of organization design consultant is also played by them when they

advised the management on work systems design and efficient use of available human resources. HR professionals work as instructional designer or learning programme specialist when they identify the needs of the employees and develop and design the required learning programmes. They also prepare materials and other learning aids for these programmes.

- An HRD professional dons the role of career counselor when he assists individual employees in assessing their knowledge and skills to development realistic career development plan for the employee. The role of a coach or a performance consultant is played by them when they advised line managers about the appropriate intervention designed to improve the performance of the group or an individual. HRD Professionals act as researchers when they assess the human resource development practices and programmes with the help of appropriate statistical procedure to find out their effectiveness and then they communicate the results to the top level management.

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### **3.5 CHALLENGES BEFORE HRD MANAGER**

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The HRD manager chair is not a bed of rose, the HRD manager facing many challenges, these are as follows

- ◆ Culture or attitude- Different countries have different culture and as the world has become a global village HRD Professionals have to face the cultural challenges in different countries or with the employees belonging to the different countries.
- ◆ Technology or skills- The pace of technological development is very high and the new technologies are replacing the older ones quickly. Same is the case with techniques and technologies use for training. An HR professional has to upgrade his skills and knowledge to meet the requirements of the new generation.
- ◆ Values of behavior- The HRD professionals have to adjust themselves to the emerging new values as principle centric leadership is becoming trend in the corporate world. Values like trust credibility timeliness and the simpler rules are becoming the corners stone of many businesses.
- ◆ Knowledge or information- Enhancement of knowledge is also a big challenge for HRD professional as they have to understand the different philosophies demonstrated at different places in the world. For example the philosophy related to leadership changes dramatically in organizations from different parts of the world

- ◆ Life style or habits- The life style of an employee is also important for HRD professionals because they have to understand the habits of the employees and then decide the training that needs to be imparted for bringing a change in the habits of the employees.
- ◆ Knowledge of new practices-An HRD professional has to be aware of the new practices adopted by the organization around globe. An HRD professional should know about the practices like dignity of individual, retention of employees, leadership by examples, clear conscience relationship with employees share holder, vendors, suppliers, customers and society at large.
- ◆ Environment-An open environment is required for the success of an organization. The organizational environment should have meritocracy, fearless, justice, speed imagination and accountability. It is the job of the HRD professional to inspire the employee to perform better ones this environment is created in the organization.
- ◆ This role is often viewed as the primary role of a manager of HRD. It consists; the five basic elements of management—planning, organizing, staffing, cc trolling, and marketing. Each of these elements will be addressed in detail la in this chapter. Some of the areas that will be examined include:

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### **3.6 CASE STUDY**

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The purpose of this case study is to explain a specific type of intervention that is both an interpersonal intervention, and also a techno-structural intervention. A fictitious situation of a conflict between three senior executives (called Role Incumbents) in a work group is presented. Through an iterative process, each of these three incumbents lists the tasks to be performed as a part of one's role. This is followed by an understanding of one's tasks in relation to the others in terms of extent of interaction. Finally, each of these role incumbents proposes a set of behaviors expected of the other two role incumbents, leading to successful working relation.

#### **Issues**

- Application of Role Negotiation technique,
- To Clarify job expectations and
- Resolve inter-personal conflicts in a work group

Dave Franklin (Dave), Vice-President Operations, Agile Motors, knew there was trouble brewing as soon as he stepped into the banquet hall. Instead of a glittering array of crockery, vintage wine, and smartly dressed waiters, all he could see was chaos, and two of his senior most executives -Jane Anniston (Jane, Manager-Corporate Events), and Tim Malkovich (Tim, Manager-Sales) engaged in an animated argument. The hors d'oeuvres (appetizers) were there on the tables but had not been arranged.

**Questions**

- 1) What are the reasons of conflict between the three role incumbents?
- 2) What do you think are the work behaviors that hinder employee productivity?
- 3) Which of the following- threats or positive incentives do you think will yield the best results in a role negotiation technique?
- 4) Are the behavioral changes in the incumbents permanent?
- 5) Can role negotiation technique be applied to large work groups?

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**3.7 NOTES**

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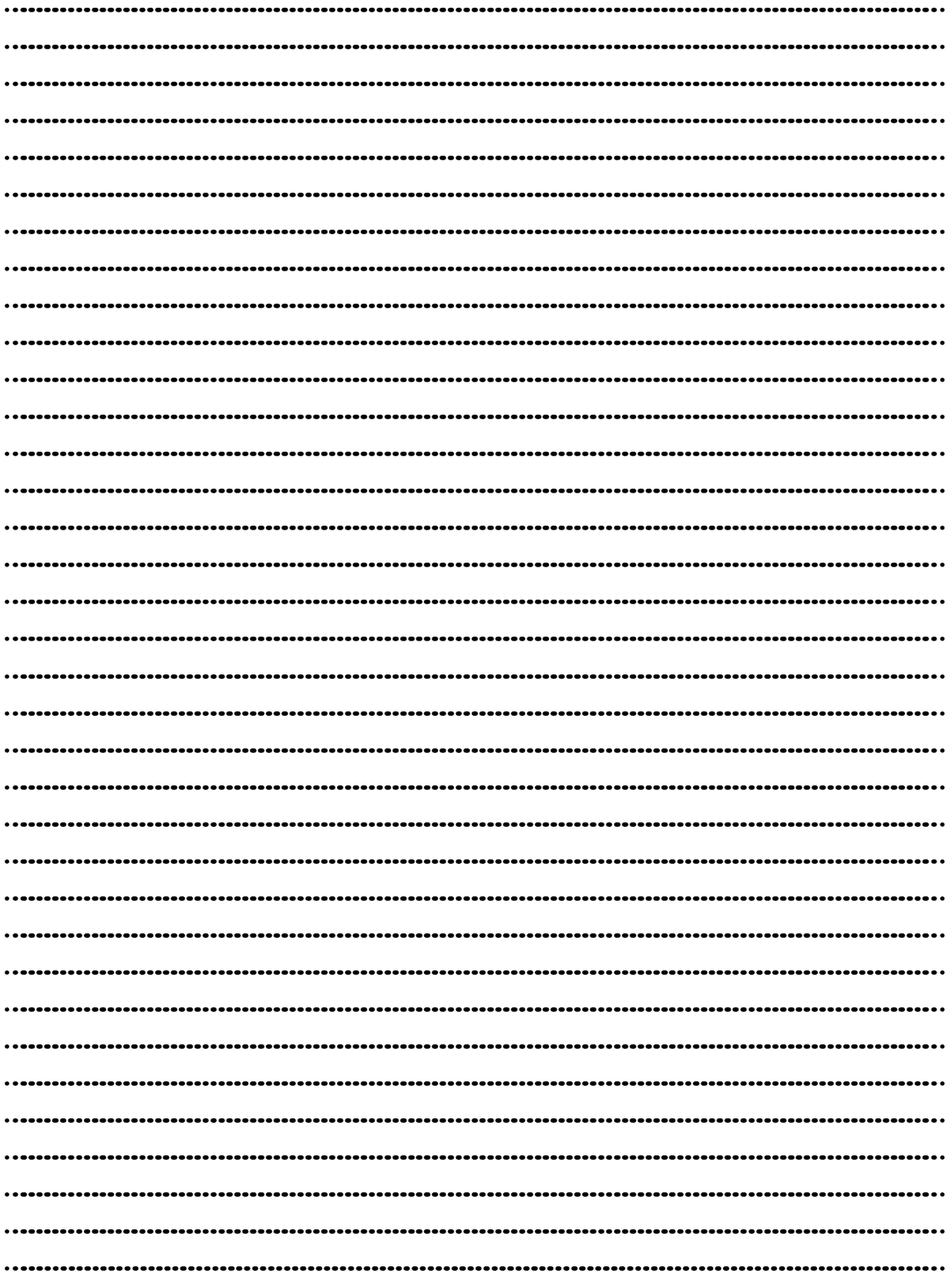
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### **3.8 SUMMARY**

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From the above it is clear that HRD Professionals have different role VIZ., evaluator of the HRD program's impacts and effects on organizational efficiency, management of the organizational learning system, operational manager responsible for the planning, organizing, staffing, controlling, and coordinating of the HRD department, strategist responsible for long-term planning and integrating of HRD into the organization, and marketing specialist responsible for the advancement of HRD within the organization through well defined and effective networks. However, this unit covered aspects like who is HR Manager, Qualities of HRM manger , role and competencies HRD manager , challenges before HRD manager , case studies etc ,qualities of HRM manger , role and competencies HRD manager , challenges before HRD manager , case studies etc.

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### **3.9 KEY WORDS**

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Professionals

Evaluator

Organizational efficiency

Effective networks

Competencies

Challenges

Integrating and controlling

Coordinating.

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### **3.10 SELF ASSESSMENT QUESTIONS**

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1. Who is HR Manager?
2. What are the qualities of HR Manager?
3. Explain the role and competency of HRD Manager under changing business environment.
4. HRD manager job is not a bed of roses. Comment

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### 3.11 REFERENCES

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## **UNIT – IV: PERFORMANCE MANAGEMENT SYSTEM**

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### **Structure:**

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Meaning of Performance Management system
- 4.3 Objectives of Performance Management system
- 4.4 Benefits of Performance Management system
- 4.5 Components of Performance Management system
- 4.6 Phases of Performance Management System
- 4.7 Performance appraisal and performance management
- 4.8 Assessment Centre
- 4.9 Role of Assessment Centre
- 4.10 Case study
- 4.11 Notes
- 4.12 Summary
- 4.13 Key words
- 4.14 Self Assessment questions
- 4.15 References

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## **4.0 OBJECTIVES**

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After studying this unit, you should be able to;

- To study the concept and objectives of Performance Management system
- Explain the Role of Performance Management system
- Explain the Components of Performance Management system
- Discuss the Phases of Performance Management System
- Explain the Performance appraisal and performance management
- Bring out an overview of Assessment Centre

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## **4.1 INTRODUCTION**

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The globalization leads cut throat competition and it is threats to business communities, in order to overcome the threats, they needed strategic HR practices for gaining a competitive edge over the competitors. However, a well designed performance management system can play a crucial role in streamlining the activities of the employees in an organization for realizing the ultimate corporate mission and vision. Many scholars argue that performance management is a useful tool for aligning all the major organizational functions and sub functions so that the focus is directed towards attainment of the organizational goal. The Performance management is a much broader system as it is linked with the processes of planning, implementing, reviewing and evaluating, for augmenting growth and productivity at both the individual and organizational level. However, managing the performance of the employees is one of the toughest challenges which the organizations are facing today as this completely depends upon the employee's commitment, competence and clarity of performance. If managed efficiently through a well planned reward practice and feedback mechanism, a performance management system can serve as an important tool for employee motivation and development.

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## **4.2 MEANING OF PERFORMANCE MANAGEMENT SYSTEM**

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Performance management is the term used to refer to activities, tools, processes, and programs that companies create or apply to manage the performance of individual employees, teams, departments, and other organizational units within their organizational influence.

In contrast, performance appraisal refers to the act of appraising or evaluating performance during a given performance period to determine how well an employee, a vendor or an organizational unit has performed relative to agreed objectives or goals, and this is only one of many important activities within the overall concept of performance management.

Performance management is an ongoing process of communication between a supervisor and an employee that occurs throughout the year, in support of accomplishing the strategic objectives of the organization. The communication process includes clarifying expectations, setting objectives, identifying goals, providing feedback, and reviewing results.

Performance management is a systematic process in which it involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals.

Performance management involves the way managers evaluate employees, how employees evaluate their managers and fellow employees, and how individual workers evaluate themselves. The ultimate goal of performance management is to improve the quality of work in the most efficient manner possible.

Performance management relies on the analysis of how an organization's employees have historically accomplished tasks in an effort to improve future performance. Effective managers seek to provide feedback to and receive feedback from employees continuously, rather than rely on occasional appraisals. This allows a manager to determine what motivates employees to work hard, evaluate what obstacles are making it difficult for employees to effectively do their jobs, and make adjustments to employee workloads as necessary.

Thus it is clear that from the above analysis the performance management is the current buzzword and is the need in the current times of cut throat competition and the organizational battle for leadership. Performance management is a much broader and a complicated function of HR, as it encompasses activities such as joint goal setting, continuous progress review and frequent communication, feedback and coaching for improved performance, implementation of employee development programmes and rewarding achievements. In addition to above the performance management

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### **4.3 OBJECTIVES OF PERFORMANCE MANAGEMENT SYSTEM**

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The following are the important objectives of performance management system

- ◆ To enable the employees towards achievement of superior standards of work performance.
- ◆ To help the employees in identifying the knowledge and skills required for performing the job efficiently as this would drive their focus towards performing the right task in the right way.
- ◆ Boosting the performance of the employees by encouraging employee empowerment, motivation and implementation of an effective reward mechanism.
- ◆ Promoting a two way system of communication between the supervisors and the employees for clarifying expectations about the roles and accountabilities, communicating the functional and organizational goals, providing a regular and a transparent feedback for improving employee performance and continuous coaching.
- ◆ Identifying the barriers to effective performance and resolving those barriers through constant monitoring, coaching and development interventions.
- ◆ Creating a basis for several administrative decisions strategic planning, succession planning, promotions and performance based payment.
- ◆ Promoting personal growth and advancement in the career of the employees by helping them in acquiring the desired knowledge and skills.
- ◆ Developing clear job descriptions and employee performance plans which includes the key result areas (KRA') and performance indicators.
- ◆ Selection of right set of people by implementing an appropriate selection process.
- ◆ Negotiating requirements and performance standards for measuring the outcome and overall productivity against the predefined benchmarks.
- ◆ Providing continuous coaching and feedback during the period of delivery of performance.
- ◆ Identifying the training and development needs by measuring the outcomes achieved against the set standards and implementing effective development programs for improvement.

- ◆ Holding quarterly performance development discussions and evaluating employee performance on the basis of performance plans.
- ◆ Designing effective compensation and reward systems for recognizing those employees who excel in their jobs by achieving the set standards in accordance with the performance plans or rather exceed the performance benchmarks.
- ◆ Providing promotional/career development support and guidance to the employees. Performing exit interviews for understanding the cause of employee discontentment and thereafter exit from an organization.

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#### **4.4 BENEFITS OF PERFORMANCE MANAGEMENT SYSTEM**

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Globalization has presented companies with new opportunities for growth, but has also increased the complexities of managing the performance of a workforce coming from different cultures. Managers have to ensure that employees are governed according to a company's policies, but must also ensure that cultural norms are taken into account. Managers must understand what drives employees to work effectively. While monetary compensation may be considered important in some cultures, others may consider empathy towards the employee's personal and familial well being to be a greater motivator. However, the following are the benefits of performance management system

- Growth of sales, Reduce costs, Stop project over runs, Aligns the organization directly behind the CEO's goals and decreases the time to create strategic or operational changes .
- Optimizes incentive plans to specific goals for over achievement.
- Improves employee engagement because everyone understands how they are directly contributing to the organizations to achieve goals

Improved management control , like flexible, responsive to management needs, displays data relationships, helps audit / comply with legislative requirement, simplifies communication of strategic goals scenario planning, provides well documented and communicated process documentation

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## 4.5 COMPONENTS OF PERFORMANCE MANAGEMENT SYSTEM

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The followings are the important components of Performance management system

◆ **Performance Planning** – It is first and important components of performance management process which forms the basis of performance appraisals. Performance planning is jointly done by the appraisee and also the review in the beginning of a performance session. During this period, the employees decide upon the targets and the key performance areas which can be performed over a year within the performance budget. Which is finalized on the basis of mutual agreement between the reporting officer and the employees.

◆ **Performance Appraisal and Reviewing-** The appraisals are normally performed twice in a year in an organization in the form of mid reviews and annual reviews which is held in the end of the financial year. In this process, the appraisee first offers the self-filled up ratings in the self-appraisal form and also describes his/her achievements over a period of time in quantifiable terms. After the self-appraisal, the final ratings are provided by the appraiser for the quantifiable and measurable achievements of the employee being appraised. The entire process of review seeks an active participation of both the employee and the appraiser for analyzing the causes of loopholes in the performance and how it can be overcome. This has been discussed in the performance feedback section.

◆ **Feedback on the Performance and counseling** - Feedback and counseling is given a lot of importance in the performance management process. This is the stage in which the employee acquires awareness from the appraiser about the areas of improvements and also information on whether the employee is contributing the expected levels of performance or not. The employee receives an open and a very transparent feedback and along with this the training and development needs of the employee are also identified. The appraiser adopts all the possible steps to ensure that the employee meets the expected outcomes for an organization through effective personal counseling and guidance, mentoring and representing the employee in training programmes which develop the competencies and improve the overall productivity.

◆ **Rewarding good performance-** This is a very vital component as it will determine the work motivation of an employee. During this stage, an employee is publicly recognized for good performance and is rewarded. This stage is very sensitive for an

employee as this may have a direct influence on the self esteem and achievement orientation. Any contributions duly recognized by an organization helps an employee in coping up with the failures successfully and satisfies the need for affection.

◆ **Performance Improvement Plans-** In this stage, fresh set of goals are established for an employee and new deadline is provided for accomplishing those objectives. The employee is clearly communicated about the areas in which the employee is expected to improve and a stipulated deadline is also assigned within which the employee must show this improvement. This plan is jointly developed by the appraisee and the appraiser and is mutually approved.

◆ **Potential Appraisal -** Potential appraisal forms a basis for both lateral and vertical movement of employees. By implementing competency mapping and various assessment techniques, potential appraisal is performed. Potential appraisal provides crucial inputs for succession planning and job rotation.

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#### **4.6 PHASES OF PERFORMANCE MANAGEMENT SYSTEM**

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The performance management system develop over a period of time , the followings are the important phases of Performance Management System.

- **First Phase-** It was traced in the early 1960's when the performance appraisal systems were in practice. During this period, Annual Confidential Reports (ACR's) which was also known as Employee service Records were maintained for controlling the behaviors of the employees and these reports provided substantial information on the performance of the employees. Any negative comment or a remark in the ESR or ACR used to adversely affect the prospects of career growth of an employee. The assessments were usually done for ten traits on a five or a ten point rating scale basis. These traits were job knowledge, sincerity, dynamism, punctuality, leadership, loyalty, etc.

- **Second Phase-** This phase continued from late 1960's till early 1970's, and the key hallmark of this phase was that whatever adverse remarks were incorporated in the performance reports were communicated to the employees so that they could take corrective actions for overcoming such deficiencies. In this process of appraising the performance, the reviewing officer used to enjoy a discretionary power of overruling the ratings given by the reporting officer.

- **Third Phase-** In this phase the term ACR was replaced by performance appraisal. One of the key changes that were introduced in this stage was that the employees were permitted to describe their accomplishments in the confidential performance reports. The employees were allowed to describe their accomplishments in the self appraisal forms in the end of a year. Besides inclusion of the traits in the rating scale, several new components were considered by many organizations which could measure the productivity and performance of an employee in quantifiable terms such as targets achieved, etc. Certain organizations also introduced a new section on training needs in the appraisal form. However, the confidentiality element was still being maintained and the entire process continued to be control oriented instead of being development oriented.

- **Fourth Phase –** This phase was started in mid 1970's and its origin was in India as great business tycoons like Larsen & Toubro, followed by State Bank of India and many others introduced appreciable reforms in this field. In this phase, the appraisal process was more development driven, target based (performance based), participative and open instead of being treated as a confidential process. The system focused on performance planning, review and development of an employee by following a methodical approach. In the entire process, the appraisee (employee) and the reporting officer mutually decided upon the key result areas in the beginning of a year and reviewed it after every six months. In the review period various issues such as factors affecting the performance, training needs of an employee, newer targets and also the ratings were discussed with the appraisee in a collaborative environment.

- **Fifth Phase:** This phase was characterized by maturity in approach of handling people's issues. It was more performance driven and emphasis was on development, planning and improvement. Utmost importance was given to culture building, team appraisals and quality circles were established for assessing the improvement in the overall employee productivity.

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#### **4.7 PERFORMANCE APPRAISAL AND PERFORMANCE MANAGEMENT**

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The main objective of the performance appraisal system was to exercise control over the activities of the employees through disciplinary actions and management of rewards and promotions. The supervisors were expected to rate their employees on certain traits ranging between a scale of unsatisfactory to outstanding performance and these ratings were susceptible to various errors like central tendency, bias, halo effect, etc.



Performance appraisals were mostly carried out annually for measuring the degree of accomplishment of an individual and were implemented on a top down basis in which the supervisors had a major role to play in judging the performance of an employee without soliciting active involvement of the employee. Performance appraisals were mostly discredited because it was backward looking concentrating largely on the employee’s inabilities and flaws over a period of a year instead of looking forward by identifying the development needs of the employees and improving them. Traditionally, the performance appraisals were organized in a bureaucratic manner and suffered from unnecessary delays in decisions and corruption. Performance appraisals were mostly narrowly focused and functioned in isolation without bearing any linkage with the overall organizational vision or goals. The side effects of the performance appraisal system was it generated skepticism amongst the managers and the employees on any new initiative of the HR.

In the present scenario, the organizations have shifted their focus from performance appraisals to performance management as a result of internationalization of human resources and globalization of business.

A table depicted below shows a comparison between performance appraisal and performance management

<b>Performance Appraisal</b>	<b>Performance Management</b>
Focus is on top down assessment	Stresses on mutual objective setting through a process of joint dialogue
Performed annually	Continuous reviews are performed
Usage of ratings is very common	Usage of ratings is less common
Focus is on traits	Focus is on quantifiable objectives, values and behaviors

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#### **4.8 ASSESSMENT CENTRE**

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An assessment centre is a process where candidates are assessed to determine their suitability for specific types of employment, especially management or military command. The candidates’ personality and aptitudes are determined by a variety of techniques including interviews, group exercises, presentations, examination and psychometric testing.

An Assessment Center can be defined as “a variety of testing techniques designed to allow candidates to demonstrate, under standardized conditions, the skills and abilities that are most essential for success in a given job.

The term assessment center” is really a catch-all term that can consist of some or all of a variety of exercises. Assessment centers usually have some sort of in-basket exercise which contains contents similar to those which are found in the in-basket for the job which is being tested. Other possibilities include oral exercises, counseling simulations, problem analysis exercises, interview simulations, role play exercises, written report/analysis exercises, and leaderless group exercises.

Assessment centers allow candidates to demonstrate more of their skills through a number of job relevant situations.

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## **4.9 ROLE OF ASSESSMENT CENTRE**

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Assessment centers are a combination of job-related simulation, tests, and exercises to assess job-related behavior and performance. The use of assessment centers in human resource management extends to recruitment, promotions, training, and leadership development. However, the following explanation explains the role of assessment centre in different area.

### **1. Recruitment**

- Assessment centers make an excellent hiring tool owing for many reasons.
- Unlike other selection methods such as the interview, written tests, or group discussions, it allows simulation of real-job situations, especially interacting with others.
- It assesses a candidate’s “practical thinking” ability in approaching job-relevant tasks.
- It helps assess the candidate’s communication, negotiation, and interpersonal skills, all in one go.
- It brings objectivity in the selection process, with all candidates provided with the equal settings and tasks in the same environment.
- It allows for assessment based on behavior. As people do not know what to expect in the assessment center, they take their own behavior. This is unlike interviews, psychometric tests, or group discussions, where one-off behaviors can easily influence selection outcomes

## **2. Promotions and Placements**

The assessment center allows standardized evaluation of the candidate's skills and abilities in job-relevant situations. This makes it a good tool for promotion and placement of existing employees. Assessment center uses also extend to succession planning numerous studies establish that assessment center methodology has greater validity for promotion and selection compared to traditional techniques.

## **3. Training and Development**

Assessment centers also constitute an important method of skill enhancement through simulations, especially interpersonal skills that cannot easily be imparted through traditional training methods. Assessment centers provide individual-specific feedback that helps candidates understand their own strength and weaknesses. This allows planning of individual career paths focusing on employee core competencies, and also allowing for framing of individual training and development plans to overcome the weaknesses. The use of assessment centers has enabled employees to make greater use of planning tools, strengthen their listening skills, become more open minded and proactive, and use technology better. It has helped organizations increase goal setting, build stronger teams, increase sensitivity, and recognize the employee's contributions in a better way.

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### **4.10 CASE STUDY**

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Rohit Narang joined Apex Computers (Apex) in November after a successful stint at Zen Computers (Zen), where he had worked as an assistant programmer. Rohit felt that Apex offered better career prospects, as it was growing much faster than Zen, which was a relatively small company. Rohit joined as a Senior Programmer at Apex, with a handsome pay hike. He joined Aparna Mehta's five-member team. While she was efficient at what she did and extremely intelligent, she had neither the time nor the inclination to groom her subordinates. Time and again, Rohit found himself thinking of Suresh, his old boss, and of how he had been such a positive influence. Aparna, on the other hand, even without actively doing anything, had managed to significantly lower his motivation levels.

#### **Issues**

Motivation and need for recognition





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## **4.12 SUMMARY**

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Performance management system deals with aspects like managers evaluate employees and employees evaluate their managers and fellow employees. However, this unit attempt to explain aspects like concept performance management system, objectives of performance management, role of performance management system , components of performance management system, phases of performance management system and assessment centre.

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## **4.13 KEY WORDS**

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Performance management system, assessment centre, components, and performance appraisal.

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## **4.14 SELF ASSESSMENT QUESTIONS**

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1. What is performance management system? Explain
2. What are the objectives of performance management system? Explain
3. Write an analytical note on components of performance management system.
4. Distinguish between performance management system and performance appraisal
5. What is assessment centre? Explain its role in performance management.

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DEPARTMENT OF STUDIES AND RESEARCH IN MANAGEMENT

**M.B.A III Semester**

**Elective -C: People Management**

**COURSE - 16 C**

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**STRATEGIC HUMAN RESOURCE DEVELOPMENT**

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**BLOCK**

**2**

**HRD PROCESS**

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**UNIT - 5**

HUMAN RESOURCE DEVELOPMENT PROCESS 01-21

---

**UNIT - 6**

DEVELOPMENT OF HUMAN CAPITAL 22-44

---

**UNIT - 7**

ASSESSING HRD NEEDS 45-61

---

**UNIT - 8**

TRAINING METHODS 62-77

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## **BLOCK - 2 : HRD PROCESS**

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In the previous block, we have discussed the concepts of HRD and difference between HRM and HRD. We also discussed performance management system and its functions. In this block, we are going to discuss meaning and definitions of HRD, benefits of HRD and also an importance of HRD. In this block, we are also discussing development of human capital knowledge, values, attitude and beliefs.

In this block, we also understand HRD needs, intervention and strategies. This block highlights the training, its objectives and training methods.

This block classified as four units. They are,

Unit 5: Human Resource Development Process

Unit 6: Development of Human Capital

Unit 7: Assessing HRD Needs

Unit 8: Training Methods



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## **UNIT-5 : HUMAN RESOURCE DEVELOPMENT PROCESS**

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### **Structure:**

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Meaning / Definitions of HRD
- 5.3 Historical Perspective of HRD
- 5.4 Objective of HRD
- 5.5 Important Characteristics of HRD
- 5.6 Importance of HRD
- 5.7 Benefits of HRD
- 5.8 Difference between HRM and HRD
- 5.9 Case study
- 5.10 Notes
- 5.11 Summary
- 5.12 Key words
- 5.13 Self Assessment Questions
- 5.14 References

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## 5.0 OBJECTIVES

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After studying this unit, you should be able to;

- Define the Human Resource Development
- Explain the Historical Perspective of HRD
- Discuss the Emergence/ Need of HRD
- Analyse the Importance of HRD
- Discuss and distinguish between HRM and HRD

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## 5.1 INTRODUCTION

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Human resource development is the process of developing the human resource working in an organization by modernizing their knowledge and upgrading their skills, attitudes and perceptions in order to meet out the changing trends of the globalised economy and also to utilize those developments for the attainment of the organizational goals. In the present scenario of globalization and liberalization, it is extremely important to understand the real worth of the people in any organization. It is not sufficient to address people as the strategic asset of the organization but to believe that they are the real and the most important asset in any organization or firm. People are not just the packet of acquaintance and skills but they are the free agents who are proficient of handling the competition and dynamism of this era with their potential and are capable of bringing colossal values to an organization. HRD as an activity is extremely significant in achieving organizational excellence i.e. to excel with people, process and performance. To be a survivor in the present scenario of cut-throat competition, the organizations have to develop some appropriate HRD strategies to manage their work force in an organized manner and align their potential with that of their corporate missions and objectives (**Deb: 2010**)

Before going into the depth of the subject, it is worthwhile to comprehend the term clearly. The term 'HRD' comprises of two words i.e. 'Human Resource' and 'Development' which has to be defined separately. 'Human resources' in a general way are the people and their characteristics at work either at the national level or organizational level. In the words of **Meggison** " From the national point of view, human resources are knowledge, skills, creative abilities, talents and attitudes obtained in the population; whereas from the viewpoint of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified

in the talents and aptitudes of its employees” and ‘Development’ is the acquisition of capabilities that are needed to perform the present job or the future expected job.

Human Resource Development aims at assisting people to acquire competencies that are being required to perform their duties in an efficient manner and to let the organization ripe the fruits of their know-how and talents. HRD is a process which is needed to make the people grow continuously and growth of people will ultimately lead to the growth and development of the organization. It is the fundamental responsibility of HRD department to develop their manpower in a manner that could make them capable enough of handling the managerial obligations in a pervasive way and to sharpen their know-how in direction of meeting out the dynamic challenges of time. HRD process might have existed to some extent in India earlier, but a professional outlook to HRD began only in 1970s. Larsen and Tourbo was perhaps the first company in India to design and implement a far-reaching and an integrated system of HRD in their company. Since, human resources are considered to be the lifeblood of any innovative enterprise, their development and growth will also become the concern of the organization they are working with. HRD as an activity and as a process plays a crucial and noteworthy role in identifying the hidden potential of the workforce employed in the said organization and to polish their skills, talents and technical knowledge in order to develop them and to prepare them for facing the challenges on their own. It aligns the goals of the individual human and of the organization for the sole purpose of their fulfillment. Human resource is the most vital resource of any organization and with the rapidly changing market conditions, rising expectations of employees, technological advancement and amendments in management systems have necessitated the acknowledgement of development aspect for human resource and to recognize the significance of their up gradation and progression.

Hence, we could say that HRD is an organized learning experience aimed at matching the need of the organization with those of the need of the individuals for career growth and development. It is a systematic process of producing behavioral changes in human workforce to develop their knowledge and skills to become capable of facing the competitive edge in today’s globalized era.

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## **5.2 MEANING / DEFINITIONS OF HUMAN RESOURCE DEVELOPMENT**

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To appreciate the significance of the term ‘HRD’ many economists, thinkers, social scientists, and industrialists come forward to define the term from different aspects. Certain eminent definitions of HRD are:

“Human Resources Development (HRD) as a theory is a framework for the expansion of human capital within an organization through the development of both the organization and the individual to achieve performance improvement” (**Kelly: 2001**).

In the words of M.N. Khan “HRD is the process of increasing knowledge, skills, capabilities and positive work attitude and values of all people working at all levels in a business undertakings” (**Khan:1987**).

According to Pareek, U: 1991, “HRD is a new systematic approach to proactively deal with issues, related to individual employees and teams, and organizations and a movement to develop organizational capability to manage change and challenge” (**quoted by Singh: 2008**).

Prof C.S. Sanker observes, “HRD is a development oriented planning efforts in the personnel area which is basically concerned with the development of human resources in the organization for improving the existing capabilities and acquiring new capabilities for achievement of the corporate and individual goals” (**Sanker :1984**).

Dr. Len Nadler says, “HRD means an organized learning experience, with an objective of producing the possibility of performance change” (**quoted by Gupta and Gupta: 2008**).

HRD in Organizational context has been rightly defined by T.V.Rao and his definition, which has also been termed as the national definition of HRD in India.

According to Prof. T.V.Rao, HRD is a continuous process to:

- ◆ Acquire or sharpen capabilities required to perform various functions associated with present and future needs of the job.
- ◆ Develop their general capabilities as an individual and enable them to exploit their inner potential.
- ◆ Develop a congenial organizational climate in which dyadic relationship and team
- ◆ Collaborations among sub-units are strong and contribute to the professional wellbeing of employees (**Pareek and Rao: 1981**).

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### **5.3 HISTORICAL PERSPECTIVE OF HRD**

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The early part of the century witness a concern for improved efficiency through careful design of work. Emphasis of improved efficiency had been shifted to the availability of the managerial personnel and employee productivity during the middle of the century. Recent decades have focused on the demands for technical personnel, responses to the new legislation and regulatory framework of the government, increased concern for the quality of working,

Total Quality Management (TQM), and a renewed emphasis on productivity. The term HRD has been growing at a very fast pace in the recent past. But the formal introduction of the concept was done by Prof. Len Nadler in 1969 in American Society for Training and Development Conference. In India, it Larsen and Toubro Ltd was the first company to design and implement this concept in 1975 among the private sector companies with an objective of facilitating growth of employees, especially people at the lower levels. Among the public sector government company, it was BHEL which introduced this concept in 1980. The development of human resources in UK and USA was largely voluntary. But in India, it emerged because of governmental interventions and compulsions. It focuses the developmental aspects of human resources with a pragmatic and a flexible approach. The intended purpose of HRD efforts is to gain a competitive advantage in the market place through a superior workforce.

There are several trends from which the concept of HRD has emerged. Let us look into those trends more closely by examining the transformation of personnel function from one stage to another in a chronological sequence.

### **Evolution of HRD in a Chronological Sequence**

<b>Concept</b>	<b>Description</b>
The Commodity concept	Human resource was referred as ‘a commodity’ to be bought and sold. Wages were decided on the basis of demand and supply forces. Government also did not care much about the work force at that time.
The Factor of Production Concept	Labour is treated as any other factor of production, viz; money, material, land, etc.
The Goodwill Concept	Welfare measures like safety, first aid, lunch room, rest room etc. These measures proved to be a source of boosting up the morale of workers, and enhancing their performance.
The Paternalistic Concept	Management must assume a fatherly and protective attitude towards employees. Paternalism does not mean merely providing benefits but it signifies to satisfy various needs of employees just as parents meet the requirements of the children.
The Humanitarian Concept	To improve the productivity, physical, social and psychological needs of workers must be fulfilled. Elton Mayo and some other along with him stated that money is less a factor in determining output, than group standards, group incentives and security. The Organization is a social system that has both economic and social dimensions.

<p>The Humanitarian Concept</p>	<p>To improve the productivity, physical, social and psychological needs of workers must be fulfilled. Elton Mayo and some other along with him stated that money is less a factor in determining output, than group standards, group incentives and security. The Organization is a social system that has both economic and social dimensions.</p>
<p>The Human Resource Concept</p>	<p>From the Commodity concept, going through the factor of production, goodwill and paternalism, the era of concepts moves towards the humanitarian and human resource concept and finally reaching to the concept of HRD. Therefore, the above mentioned table exhibits the chronological arrival of various concepts that have prevailed and are prevailing in the society at large. <b>(Rao: 2005)</b> There should be a conscious effort to realize organizational goals by satisfying needs and aspirations of employees.</p>
<p>The Emerging Concept: HRD</p>	<p>Employees should be accepted as partners in the progress of a company. They should have a feeling that the organization is their own. To this end, managers must offer better quality of working life and provide opportunities to people to exploit their potential fully. There should be opportunities for self fulfillment in one's work. The focus should be on.</p>

(Source: Rao, V.S.P (2005), Excel Books, New-Delhi)



From the Commodity concept, going through the factor of production, goodwill and paternalism, the era of concepts moves towards the humanitarian and human resource concept and finally reaching to the concept of HRD. Therefore, the above mentioned table exhibits the chronological arrival of various concepts that have prevailed and are prevailing in the society at large. **(Rao: 2005)**

### **EMERGENCE/NEED OF HRD**

The subject 'HRD' is a new and emerging concept and is of topical interest with increasing importance. The government of India has recognized the relevance of HRD and has created a separate ministry under the control of a fully fledged Cabinet of Ministers. The real strength of the country lies in the development of human mind and body **(Gupta and Gupta: 2008)**.

It was also rightly expressed by an eminent philosopher from China, Kuang Chung Trum **(quoted by Deb: 2010)** during the period of 7th Century B.C. He said,

*“If you wish to plan for a year, sow seeds;*

*If you wish to plan for ten years, plant trees;*

*If you wish to plan a life time, development”*

Since human resources is the life line of an organization and the process of developing this resource is highly significant for the managers to achieve the goals and targets of the organization. Therefore, HRD is needed by any organization that wants to be dynamic and a survivor in the present scenario of cut-throat competition. In the rapidly changing environment, organizations can scale new heights only through the effective and efficient use of human resources **(Deb: 2010)**. To keep the pace with the ever changing environment, organizations must develop its people and allow them to grow. HRD system must be viewed as a total system interacting with other systems of an organization. Therefore need of HRD arises to improve working life, to develop potential of employees and utilizing the human resource in an optimum manner to exploit their potential by availing opportunities for further development and growth. In a nutshell,

HRD is needed because:

- ◆ It is helpful in creating a congenial environment and improves the working life of human resource.
- ◆ It helps in facilitating effective communication to surface creative ability of employees in full swing,

- ◆ It enables the members to attain self-actualization through systematic process of development,
- ◆ It facilitates tapping the present and future creative abilities of the people to utilize them for organizational development.
- ◆ It is helpful in accelerating the growth of employees and making them aware about their strengths and weaknesses,
- ◆ It is helpful in developing the skills of work force in a way to make them competent enough to exploit the available opportunities in an optimum manner **(Sheikh: 2009)**.

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## 5.4 OBJECTIVES OF HRD

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Human Resource Development is basically the process of developing the work force working in any organization by enhancing their knowledge and skills through proper training and guidance. It ultimately aims at achieving the organizational goals by combating them with the goals of the individuals working in an organization. There are certain objectives for implementing HRD in any organization which aims at developing

The capabilities of each employee as individuals;

- The capabilities of each individual employee in relation to his/her present job;
- The capabilities of each individual employee in relation to his/her expected future role;
- The superior-subordinate (dyadic) relationship;
- A cohesive and congenial atmosphere of working;
- Collaboration among different units of an organization;
- To develop the constructive mind and overall personality of employees;
- The organization's overall health and self-renewing capabilities which in turn increase the organizational capabilities in a comprehensive manner;
- To humanize the work in an organization; and
- To ensure better quality work, higher productivity and higher profits.

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## **5.5 IMPORTANT CHARACTERISTICS OF HRD**

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HRD is a system and HRD develops the competencies at all levels.

- ◆ HRD is continuous and planned development effort.
- ◆ The ultimate object of HRD is to contribute to the professional well-being, motivation and pride of the employees.

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## **5.6 IMPORTANCE OF HRD**

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It should be self-evident: organizations consist of people, and so the development of these people should be a key task for organizations. If you were to speak to senior-level managers within firms they would, typically, state how important their staff are. Sadly, however, these same senior-level managers will often concentrate on slashing budgets related to human resource development. They may also have no qualms about downsizing the number of employees at the same time. What is sometimes not clear, though, is that people really do matter in organizations. People matter because in the highly competitive environment which firms now face, human capital has become a precious commodity in gaining any sort of advantage over other firms.

Human Resource Development is a vital area for firms because ideas for innovation, quality and continuous improvement, as well as other critically important inputs needed to compete in the modern, highly competitive business world, come from people and not from machines. The extent to which people will provide suggestions for improvements – in all forms – will depend, to a large extent, on human resource development strategies within firms. The need to develop human resources on an ongoing basis has not always been so prominent.

Firms are becoming increasingly dependent on their human resource capabilities. This is because much of the tacit, as well as coded, formal or documented, knowledge that a firm possesses centers on human resources. A firm can accumulate this knowledge and general know-how, related to processes, over time. However, such development does not come about by chance; instead it comes from having a strategy for such development. A motivated, highly trained, workforce must form the backbone of any would-be world-class firms.

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## 5.7 BENEFITS OF HRD

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**Henry Ford** the pioneer in the field of management states, *“Take out my building, take out my machines and all capital but leave my men with me I will become Henry Ford again”* This statement of Henry Ford highlights that human resource plays a crucial role in an organization. Development of this resource is of absolute significance in achieving the organizational goals and also to become capable of capturing the survivor position in this era of cut throat competition. Human Resource Development is the kingpin around which all the activities of an organization revolve. It is a process which plays a significant role in learning and modification of behavior of employees in an organization. HRD is considered as the key to higher productivity, better relations and greater profitability for any organization.

Here are some important benefits being discussed in brief which are the outcome of implementing HRD in any organization:

- ◆ HRD helps in identifying organizational goals through better understanding of employees,
- ◆ HRD fosters commitment through the communication of values,
- ◆ HRD facilitates dyadic relationship,
- ◆ It facilitates job enrichment through proper training and acquisition of new skills,
- ◆ HRD increases the awareness of the importance of change management and consequent adaptability of employees,
- ◆ HRD provides higher quality of work life through opportunities of a meaningful; career, job satisfaction and professional development,
- ◆ It focuses on need contentment through recognition and achievement. With appropriate HRD programme, people become more committed towards their job, people are assessed on the basis of their performance
- ◆ HRD makes people more competent. It develops new skills, knowledge and attitudes of the people in the organization concerned,
- ◆ A congenial and a cohesive environment could be developed with the implementation of HRD programmes,
- ◆ Employees found themselves more capable of handling competition ,
- ◆ Proper HRD policies promote openness in the attitudes of the employees working in the organization, it contributes to the overall growth of the employees,
- ◆ Resources are utilized in an optimum manner,

- ◆ It helps in developing a sense of belongingness among the employees and increases the participation rate among them,
- ◆ It also helps in collecting data for human resource planning

Hence, implementation of Human Resource Development (HRD) is essential and advantageous for the organization. It improves the performance of employees through proper training and develops openness, trust, collaboration among the employees to identify the organizational needs and shows the path to move on for achieving the same.

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## **5.8 DIFFERENCE BETWEEN HRM AND HRD**

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The discipline of HRD was developed because the human resource management function failed to meet the new challenges of the 20th century. Some of organizations have merely redesigned their personnel departments as HRD departments. But there are certain differences in both the areas:

- Human Resource Management (HRM) is viewed as a set of independent sub functions while Human Resource Development (HRD) is seen as a system of a larger system in an organization.
- HRM is considered as mainly a service function enduring with the demands of the organization as and when they arise, but HRD is considered as a proactive function which forecasts the needs of the organization and keep itself prepared to face the unseen competition in an organized manner.
- HRM is a narrower concept which aims at developing and administering people only. HRD is a wider concept aims at developing not only its people but its whole organization.
- The main focus of HRM is on enhancing skills and increasing efficiency of people in the organization whereas HRD is based on the concept of building up the right organizational climate that could discover, nurture and utilize human capabilities in an optimum manner.
- In HRM, main motivators are salary, wage incentives and job simplifications. On the other hand, HRD relies on job enrichment, job challenge, informal organizational climate, autonomous work groups and creativity for motivating the work force in the organization.
- HRM is supposed to be the exclusive responsibility of the Human Resource (HR) Managers and their concerned department. But HRD is considered as the responsibility of all the managers in an organization. In fact, HRD aims at developing the capabilities of all the line managers to carry out various human resource management functions themselves.

- Under HRM, higher morale and satisfaction are regarded as the cause of improved performance. On the contrary, HRD perceives improved performances as the cause of improved job satisfaction and morale of employees on work .

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## 5.9 CASE STUDY

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Singhvi Electricals Ltd is a company which employs approximately 300 employees. Mr. Suresh recently took over as President of the company. A short time after joining the company he started to notice that there was considerable inequality in the pay structure for salaried employees. A discussion with the HR Manager leading to believe that salaried employees pay was very much a matter of individual bargaining. Factory workers were not a part of problem because they were unionized and there wages were set by collective bargaining. An examination of salaried payroll showed that there were 100 employees ranging in pay from that of the President to that of the receptionist. A closer examination showed that 30% of the salaried employees were females. Few of these were front line factory supervisors and one was the HR Manager. The other 14 were non management.

The examination also showed that the HR Manager was underpaid and that the few female supervisors were paid some what less than any of the male supervisors. However there were no similar supervisory jobs in which there were both male and female supervisors. When questioned, the HR Manager said that she thought that the female supervisors was paid at a lower rate mainly because they were women and because they supervised less skilled employees than did male supervisors. However Mr. Suresh was not convinced that this was true. He decided to hire a compensation consultant to help him. Together they have decided that all 100 employees salaries jobs should be in the same job evaluation cluster, that a modified job evaluation method should be used and that the job description recently completed by the HR Manager were correct and usable in the study. The job evaluation also showed that the HR Manager and the few female supervisors were being underpaid relative to comparable male employees. Mr.Suresh was not sure, what to do. If he gave these females an immediate salary increase large enough to bring them upto where they should be, he was afraid of the male supervisors would be upset and the female supervisors might comprehend the situation and demand arrears of pay. The HR Manager agreed to take a sizeble salary increased with the no arrears of pay. So this part of the problem was solved. Mr.Suresh believed that he had three choices relative to the female supervisors.

- I. To gradually increase their salaries
- II. To increase their salaries immediately
- III. To do nothing







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## 5.11 SUMMARY

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The developments of the last three decades also indicate that while remarkable progress has been made in a number of directions, the fruits of development have not benefited the world's growing number of poor people. And where some benefits have reached the poor, new problems are appearing in the form of deteriorating social fabric and environmental degradation.

The world faces two major development challenges. The first is to ensure that the fruits of development reach the neediest through equitable distribution of resources, opportunities and benefits. The second is to develop human capabilities and address the challenges of development - political, economic and social. The few countries that have been able to meet both these challenges have demonstrated the importance of investing in developing people and improving the quality of their life through the adoption of human resource development strategies.

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## 5.12 KEY WORDS

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**Efficiency:** Greater energy efficiency

**Performance:** The accomplishment of a given [task](#) measured against preset known standards of [accuracy](#), completeness, [cost](#), and speed. In a [contract](#), performance is [deemed](#) to be the [fulfillment](#) of an [obligation](#), in a manner that [releases](#) the performer from all [liabilities](#) under the contract.

**Human Resource:** The sum of Knowledge, skills, attitudes, commitment, values and the like of the people of an organization

**Personal Management:** Deals with people at work

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## 5.13 SELF ASSESSMENT QUESTIONS

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1. Define HRD, state the objectives and benefits of HRD
2. Discuss the nature and scope of HRD
3. Explain the objectives of HRD
4. Write a note on Needs of HRD
5. Briefly explain the importance of HRD

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## 5.14 REFERENCES

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## **UNIT – 6: DEVELOPMENT OF HUMAN CAPITAL**

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### **Structure:**

- 6.0 Objectives
- 6.1 Introduction
- 6.2 Principles of HRD
- 6.3 Future perspectives of HRD
- 6.4 HRD Functions
- 6.5 Process of HRD
- 6.6 Development of human capital
- 6.7 Aptitude
- 6.8 Knowledge
- 6.9 Values
- 6.10 Significance of Values
- 6.11 Human relation skill
- 6.12 Responsiveness
- 6.13 Loyalty and Commitment
- 6.14 Leadership Development
- 6.15 Case study
- 6.16 Note
- 6.17 Summary
- 6.18 Key words
- 6.19 Self Assessment Questions
- 6.20 References

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## 6.0 OBJECTIVES

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After studying this unit, you should be able to;

- Define the Framework of HRD Process
- Discuss the Process of HRD
- Explain the aptitude, knowledge, values, skills of human relation
- Discuss the loyalty of commitments of employees
- Analysis leadership development

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## 6.1 INTRODUCTION

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The field of HRD or Human Resource Development encompasses several aspects of enabling and empowering human resources in organization. Whereas earlier HRD was denoted as managing people in organizations with emphasis on payroll, training and other functions that were designed to keep employees happy, the current line of management thought focuses on empowering and enabling them to become employees capable of fulfilling their aspirations and actualizing their potential.

This shift in the way human resources are treated has come about due to the prevailing notion that human resources are sources of competitive advantage and not merely employees fulfilling their job responsibilities. The Aptitude, Knowledge, values, and skills of human resource relation etc are part of human resource development in an organization .

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## 6.2 PRINCIPLES OF HRD

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The major principles which should be kept in mind while framing the aspects of development of the human resource are as follows:

- ◆ **Principle of Development of Organizational Capability:** An ideal HRD system should be based on the principle of overall development of employees and the organization as a whole. The capabilities include overall development of the work force in all aspects, may it be technical, physical, psychological or moral development in an organized manner.
- ◆ **Principle of Potential Maximization:** HRD system must enable their employees to identify their hidden potential and make them competent enough to exploit their talent in an optimum manner so that they could contribute their efforts in attaining organizational goals.

- ◆ **Principle of Autonomy Maximization:** Autonomy is the degree of independence given to employees at work so that they could be able to tackle responsibility to some extent of what they are capable of handling. A proper HRD system must provide certain level of autonomy to its employees enabling them of handling duties on their own.
- ◆ **Principle of Maximum delegation:** Delegation of responsibilities means sharing responsibilities of authorities with subordinates so that a cohesive and a congenial environment could be developed in an organization.
- ◆ **Principle of Participative Decision-making:** Participation of subordinates must be encouraged by top level managers in an ideal HRD system to create a comfortable working atmosphere where workers are free to discuss their ideas and always welcomed for suggestions.
- ◆ **Principle of Change Management:** Change is the only permanent thing in this universe but usually people resists change. To beat the competition an organization and its human resource should be as much flexible in getting itself adapt to the changing scenario of 21st century. A good HRD system must attempt to strike a balance between the organizational culture and the changing culture.
- ◆ **Principle of Periodic Review:** Review and renewal of HRD functions like training and development, career planning and development, performance and potential appraisal, counseling etc of employees should take place regularly in an organization at certain periodic intervals.

Thus, the principles that have been stated above must be kept in mind while framing a Human Resource Development system so as to have a proper and regular development of the human resource in an organization.

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### 6.3 FUTURE PERSPECTIVES OF HRD

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With the advent of globalization, industries and firms are bound to face the challenges of the new times. To survive in this era of cut-throat competition, organizations requires bold, innovative and dynamic workforce otherwise, they are eased out of the main stream of management in the corporate world. It is the responsibility of the HRD strategists to have a farsighted vision in framing, formulating, and implementing such strategies which could exploit the opportunities available in present scenario to beat the competition. Looking one step ahead is the sign of a smart thinker; therefore a HRD manager must broaden his horizons of creativity and innovations to trace out the better prospects for growth of HRD. Certain perspectives have been analyzed and discussed here. These are as follows:

- ◆ Advancement in Technology.
- ◆ New and Diverse customers.
- ◆ Changes in the sources of raw materials and financial resources.
- ◆ Corporate Restructuring.
- ◆ Modification in the structure of Industries.
- ◆ Changes in the regulatory framework of Government regarding corporate governance.
- ◆ Downsizing of organizations/enterprises.
- ◆ Mergers and acquisitions.
- ◆ New and revised corporate strategies.
- ◆ Work simplification methods/ processes.
- ◆ Exploration of newer markets and alteration of existing markets.
- ◆ Diversification of products and services

Human resource constitutes the most valuable asset in the context of development and growth perspectives in any organization. Relative performances of nations, regions of economy, Industrial Sectors as well as corporate enterprises are critically linked to the quality of human contributions. Hence, it is the utmost responsibility of the HRD managers to look after the desired areas of concern for the persistence of development of skills and knowledge of the work force by making arrangements to make sure that these needed developments took place in a well-organized and cohesive manner.

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## **6.4 HRD FUNCTIONS**

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The core of the concept of HRS is that of development of human beings or HRD. The concept of development should cover not only the individual but also other units in the organization. In addition to developing the individual, attention needs to be given to the development of stronger dyads, i.e., two-person groups of the employee and his boss. Such dyads are the basic units of working in the organization. Besides several groups like committees, task groups, etc. also require attention. Development of such groups should be from the point of view of increasing collaboration amongst people working in the organization, thus making for an effective decision-making. Finally, the entire department and the entire organization also should be covered by development. Their development would involve developing a climate conducive for their effectiveness,

developing self-renewing mechanisms in the organizations so that they are able to adjust and pro-act, and developing relevant processes which contribute to their effectiveness.

Hence, the goals of the HRD systems are to develop:

1. The capabilities of each employee as an individual.
2. The capabilities of each individual in relation to his or her present role.
3. The capabilities of each employee in relation to his or her expected future role(s).
4. The dyadic relationship between each employee and his or her supervisor.
5. The team spirit and functioning in every organizational unit (department, group, etc.).
6. Collaboration among different units of the organization.
7. The organization's overall health and self-renewing capabilities which, in turn, increase the enabling capabilities of individuals, dyads, teams, and the entire organization.

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## **6.5 PROCESS OF HUMAN RESOURCE DEVELOPMENT**

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### **Framework for the HRD process**

The goal of HRD is to improve an organization's effectiveness by:

1. Solving current problems (like an increase in customer complaints)
2. Preventing anticipated problems (such as a shortage of skilled technicians)
3. Including those individuals and units that can benefit most as participants

In short, HRD is effective if it successfully addresses some organizational needs through conducting needs assessments. Designing HRD interventions involves a process, which includes a four-step sequence: needs assessment, design, implementation, and evaluation. (Figure 2.1)

Phase I: Need Assessment

Phase II: Design

Phase III: Implementation

Phase IV: Evaluation



(Figure 2.1)

## 1. Needs Assessment Phase

HRD interventions are used to address some need or “gap” within the organization. A need can be either a current deficiency, such as poor employee performance, or a new challenge that demands a change in the way the organization operates (new legislation or increased competition). Identifying needs involves examining the organization, its environment, job tasks, and employee performance. This information can be used to:

- Establish priorities for expanding HRD efforts
- Define specific training and HRD objectives
- Establish evaluation criteria

## 2. Design phase

The second phase of the training and HRD process involves designing the HRD program or intervention. If the intervention involves some type of training or development program, the following activities are typically carried out during this phase:

- ◆ Selecting the specific objectives of the program
- ◆ Developing the appropriate lesson plan for the program
- ◆ Developing or acquiring the appropriate materials for the trainees to use
- ◆ Determining who will deliver the program
- ◆ Selecting the most appropriate method or methods to conduct the program
- ◆ Scheduling the program



Once the assessment phase is completed, it is important to translate the issues identified in that phase into clear objectives for HRD programs. This should also facilitate the development of clear lesson plans concerning what should be done in the HRD program. Selecting the proper person to deliver the HRD program is also an important decision, and it can be difficult, depending on the resources available. If the organization employs a group of full-time HRD professionals, the choice will depend largely on the expertise and work schedules of those professionals. However, if the organization does not have the HRD staff, it will have to rely upon other people, including managers, supervisors, coworkers, or outside consultants. Using such individuals raises a host of issues, including their willingness, ability, and availability to train, as well as cost issues. The design phase also involves selecting and developing the content of the program. This means choosing the most appropriate setting for the program (e.g., on the job, in a classroom, online, or some combination), the techniques used to facilitate learning (such as lecture, discussion, role play, simulation), and the materials to be used in delivering the program

(Such as workbooks, job aids, web-based or web-enhanced materials, films, videos, Microsoft® PowerPoint® presentations, etc.). Inherent in these decisions is the issue of whether to develop the program in-house or purchase it (or parts of it) from an outside vendor. Scheduling the program may not be as easy as it appears. Issues to be resolved include lead time to notify potential participants, program length and location, covering participants' regular job duties, and potential conflicts (such as vacations, busy periods, and facility availability). The needs assessment may also reveal that training is not the ideal solution for the issues or problems facing the organization. It may be that some management practice needs to be changed, or that changes need to be made in another human resource practice (such as staffing or compensation). It may also be the case that a different type of HRD intervention is called for besides training, for example, a change in the organization of work, or a change in the focus on total quality or process reengineering. Such HRD interventions would not require a "lesson plan." However, other design issues occur with career management and organizational development interventions

### **3. Implementation phase**

The goal of the assessment and design phases is to implement effective HRD programs or interventions. This means that the program or intervention must be delivered or implemented, using the most appropriate means or methods (as determined in the design phase). Delivering any HRD program generally presents numerous challenges, such as executing the program as planned; creating an environment that enhances learning,

and resolving problems that may arise (missing equipment, conflicts between participants, etc.)

#### **4. Evaluation phase**

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

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

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

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## **6.6 DEVELOPMENT OF HUMAN CAPITAL**

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In an organizational context, Human Capital is a type of resource which consists of the employee's tangible and intangible knowledge, experience, core proficiency, creativity quotient, skills, abilities; judgment possessed by the employees which results in the creation of economic value.

In simple terms human capital represents the total stock of vital resources possessed by the employees to create economic value to the organization.

As human resources professionals, we are champions for success in our organizations through the best deployment of our people. In this role, one of our greatest desires is to have supervisors and managers think about their staff as valuable, strategic resources.

How can we help our supervisors and managers identify and build the strategic value of their employees? How can we ensure that our supervisors and managers have the human capital they require to achieve great things? Creating and implementing a human capital management review process within your organization is one way to accomplish this task.

A human-capital management review process provides a systematic assessment of an organization's structure and staffing. It is a method for supervisors and managers to evaluate the readiness of their business units to accomplish their objectives. Often this activity is part of the budget process and provides information that can be very useful to forecast resource needs for staffing and development.

The following topics are usually covered during the human-capital management process:

**Strategic alignment and business goals.** This topic provides an opportunity for HR managers to gain a deeper understanding of the business and its challenges. The purpose is to discuss key initiatives and on-going responsibilities that the manager must deliver through the efforts of their staff. Clarifying the work of the unit and required results establishes the foundation for the rest of the assessment.

Typical questions: What are the strategic objectives and/or measures that this organization is accountable for? What business goals is this organization working towards this year? What results must be achieved? What measures of success are of concern to the managers? What issues must be resolved? Organization structure

The discussion of the organizational structure is useful to clarify reporting relationships and review span of control. It also provides an opportunity for HR managers to put on their "organizational development" hat and educate managers about the elements of leadership and team dynamics that effect productivity, such as: clear roles and responsibilities, adequate delegation; decision-making authority, workflow, etc.

Typical questions: How is the organization currently organized? How effective is this structure to meet the organization's business objectives? What changes are needed or planned? Will these changes require additional staff or new skills for current staff? Resource plan

This discussion is the heart of the process and may require thoughtful preparation to guide managers through the analysis. The challenge is to step back from the day-to-day work of the unit and think about the organization's strategy for success. Strategic impact leads to priorities. What differentiates you from other similar organizations? What approach is your organization taking to be the best?

Typical questions: What are the strategic job families or positions that have the greatest impact on the attainment of the business unit's objectives? Which specific tasks or responsibilities contribute to the business unit's success? How effective are the staffing levels in these positions to meet business objectives? What are the current and future resource needs of the business unit? What specific staffing changes are anticipated based on changes in business conditions, promotions, retirements, etc.? How do these impact the ability of the business unit to meet its objectives? Individual competency assessments

Once you have established the overall resource plan, you can evaluate each employee's skills and abilities against the needs of the business unit. Creating a matrix, with critical competencies listed on one side and employee names on the other, is a useful tool for capturing this assessment. It is also helpful to include each employee's performance rating and salary on the assessment report, and compare this data with the skills assessment information. This process provides the information necessary to plan and prioritize development needs, as well as opportunities to recognize valued employees through increased compensation, promotional opportunities, or visibility assignments.

Typical questions: What are the critical job requirements (knowledge, skills and work values) and required proficiency level (expert, proficient, developing) for each strategic job family or position in the business unit? What is the competency of individual staff in each job requirement? How effectively can the business unit meet its objectives based upon the current competency levels of the staff? Which skills gaps are the highest priorities? What training or development experiences can address these needs? Are there highly skilled employees who are not currently being recognized? How can their strengths be leveraged? Are adjustments in pay, assignments, opportunities, needed to retain them? Are there employees who might be more suited to another assignment, better suited to their strengths? Rewards and retention

A "vulnerability assessment" is a useful tool to facilitate a discussion geared at the retention of high potential employees. Identify and discuss key areas of vulnerability and potential turnover. Describe and discuss individual retention plans for high potential employees. Internal-external bench strength

Describe the business unit's overall succession depth (i.e., the availability and readiness of enough people to assume higher positions immediately). Comment on specific bench strength problems. Assess the business unit's capability to meet training needs of identified successors and identify sources/support needed from outside the

organization to deliver these needs. List any potential job candidates from other departments or competitors.

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## 6.7 APTITUDE

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Aptitude refers to the potential for learning or acquiring a specific skill. Aptitude differs from achievement which refers to previous learning. It also differs from intelligence which refers to a person's general potential to find solutions to problems, think ideally, adapt to changing situation and gain from experience.

The distinction between the three concepts is thin because they are closely interrelated. At work, employee should have aptitude for learning which is beneficial to him and organization. All the three concepts aptitude, achievement and intelligence are grouped as human ability. Aptitude of persons can be tested to evaluate individual differences. The aptitude test measures potential for acquisition of a specific skill. Through aptitude employees potential for learning can be evaluated.

Through aptitude tests, evaluation of wide range of experiences obtained by the employees can be made. Aptitude test is used to judge or predict future performance. It also evaluates the effect of an unknown or uncontrolled set of experience, to gain from a course of training. The interest and choice of the person can also be known from the aptitude test. These tests are the useful tool in the hands of employers who are in search for right persons for the right job.

### THE DIFFERENCE BETWEEN APTITUDES AND ATTITUDES

Aptitudes are our potential to learn skills which we develop and hone through time. What works, you continue using. What does not, you strive to change. However, aptitudes alone cannot take you all the way through the path to success.

Your attitude determines what and how much you can do. It is like an engine – it can either slow you down or accelerate you forward.

The fundamental difference here, for managers and leaders, is that you can train people for weaknesses in aptitude – but *you cannot train people out of an attitude weakness*. Attitude is internal to the individual, you cannot motivate a person to change themselves – they have to motivate *themselves* to change.

As such, you can only influence them in three ways:

- ◆ ***Using carrots and sticks*** – this only creates compliance, as soon as the pressure to conform is reduced the individual will revert to their original attitudes and behaviors;

- ◆ *Peer pressure* – creating the necessary peer pressure to get the individual to change their attitude to that which is wanted; this is dependent, however, on the peer pressure being aligned with that of the business;
- ◆ *Alignment with Self-Interests* – by aligning the interests of the individual with those of the business, the individual willingly changes their attitudes and behavior to those required by the organization. This is the only sustainable way of engaging people and getting them to change their attitude and behaviors.

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## 6.8 KNOWLEDGE

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Knowledge is another capacity acquired and possessed by a person through his or her efforts. The knowledge is the fact or condition of knowing something with familiarity or acquaintance gained through experience or association. It understands of technique, science or art by an individual. It is a condition of being aware of something. Knowledge is acquired through learning. Knowledge facilitates learning. Knowledge of results leads to increases in learning.

**The learner acquires knowledge in the following stages:**

**(1) Declarative Knowledge:**

The factual information and concepts relevant to the task acquired by the trainee, or learner is known as declarative knowledge. It is also recognized as ‘knowing what’ in respect of task. In this stage of acquiring knowledge intelligence plays a key role as memory and attention are important in learning or acquiring skills about the task.

**(2) Knowledge Compilation:**

In this second stage the performance of task learned through the first stage improves and become polished.

**(3) Procedural Knowledge:**

This is the final stage the learner or trainee not only knows what to do but know how to do. The performer applies his knowledge in carrying out the task procedures fluently and automatically. For confirming whether the trainee has received the perfect knowledge about the task or not, a feedback is taken. This feedback is known as knowledge of results. Taking feedback is important because learning of the trainee is ascertained through it otherwise he may lose the motivation to learn. Feedback makes the learning process more interesting.

Employee involvement in acquisition of knowledge is a must. Employees should be provided information about overall performance of the firm. The enhancement of knowledge takes place through additional job skills, training and cross training. In the process learning or acquiring knowledge the manager should assume the position of a coach or facilitator, revolutionary changes should take place, the goal should be to attain organizational effectiveness and quality of working life instead of economic goal of productivity. The hierarchy should be flattened to motivate further the employees to gain knowledge.

Sometimes knowledge and know how are used as synonyms. The sum total of all knowledge and skills acquired for satisfactory job performance is known how three dimensions – practical, managerial and skill of motivating people have.

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## **6.9 VALUES**

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According to M. Rokeach values represent basic convictions that, “a specified mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence.” Values focus on the judgment about what is right, good or desirable.

**The values have two attributes:**

**(1) Content Attributes:**

Under content attribute the mode of conduct or end-state of existence is important.

**(2) Intensity Attributes:**

Intensity attribute specifies how important end-state of existence is.

*According to M. Rokeach there are two types of values:*

**(1) Terminal Value:**

It is a final goal in a desired status, e.g. a person’s desire to achieve happiness.

**(2) Instrumental Value:**

It is a means for acquiring a learning value e.g. – a person’s desire to achieve happiness (i.e. terminal value) with the means of being ambitious or independent (i.e. instrumental value) The combination of both values in an individual can create a value system. Values generally, influence attitude and behaviour. The value systems determine what we as individuals are. Values are enduring and stable.

The following table shows Terminal and Instrumental values in Rokeach value survey:

Terminal Values	Instrumental Values
(1) A comfortable (a prosperous life)	Ambitious (hardworking, aspiring)
(2) An exciting life (a stimulating active life)	Broad minded (open minded)
(3) A sense of accomplishment (lasting contribution)	Capable (competent, effective)
(4) A world of peace (free of war and conflict)	Cheerful (light hearted, joyful)
(5) A world of beauty (beauty of nature and the art)	Clean (neat, tidy)
(6) Equality (brotherhood, equal opportunity for all)	Courageous (standing up for your beliefs)
(7) Family security (taking care of loved ones)	For giving (willing to pardon others)
(8) Freedom (independence, free choice)	Helpful (working for the welfare of others)
(9) Happiness (contentedness)	Honest (sincere, truthful)
(10) Inner harmony (freedom from inner conflict)	Imaginative (daring, creative)
(11) Mature love (sexual and spiritual intimacy)	Independent (self-reliant, self-sufficient)
(12) National security (protection from attack)	Intellectual (intelligent, reflective)
(13) Pleasure (an enjoyable, leisurely life)	Logical (consistent, rational)
(14) Salvation (saved, eternal life)	Loving (affectionate, tender)
(15) Self-respect (self-esteem)	Obedient (dutiful, respectful)
(16) Social recognition (respect, admiration)	Polite (courteous, well mannered)
(17) True friendship (close companionship)	Responsible (dependable, reliable)
(18) Wisdom (a mature understanding of life)	Self-controlled (restrained self disciplined)

There is one more way to categories values given by Allport et. al.

According to them there are six types of values:

**(1) Theoretical:**

Gives stress on the discovery of truth through a critical and rational approach.

**(2) Economic:**

Put more emphasis on usefulness and practicality, accumulation of wealth.

**(3) Aesthetic:**

Emphasises the highest value on form and harmony.

**(4) Social:**

Interest in the highest value to the love of people.



**(5) Political:**

Emphasis on acquisition of power and influence on people.

**(6) Religious:**

Interest in the unity of experience and understanding of the cosmos as a whole. The findings of several studies have confirmed that Rokeach value Survey values vary among groups. While according to Allport's findings people in the same occupations or professions such as company managers, union members, students, parents etc. tend to hold similar values.

The studies of values are important because they are the starting point for understanding attitudes motivation and perceptions. The dominant values in work force are hard work, conservative, loyalty to organisation, quality of life, nonconforming, seeks autonomy, loyalty to self, success, achievement, ambition, hard work, loyalty to career, flexibility, job satisfaction, leisure time, loyalty to relationship

Values are acquired through experiences with people and institutions. Elders and parents influence values, of their children. Values are acquired through schools, religious institutions, and society. With our growth values dominate our life and work.

They play vital role in shaping our life and affect the work environment. Culture dominates the value formation. What is good or bad are derived from culture. Today values are the backbone of latest management revolution in the world. Therefore it is necessary to understand values.

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**6.10 SIGNIFICANCE OF VALUES**

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Our efficiency and effectiveness at work is tied with intrinsic human values i.e. moral and ethical values. Self development takes place through human values which support business values like service, creativity, credibility, excellence, innovation communication, coordination direction and control.

Interpersonal communication becomes effective through values minimizing conflicts and disputes. Human values built up good reputation and goodwill of the organization. Values enhance job satisfaction as well as improvement in customer satisfaction. Values are the means of perfection. Values are enduring.

Everyone have permanent basic values. Values are integral part of management and work culture. Values help in human resource development. All executives, employees and workers should inculcate values in a manner as said by Esliel Clarkson, "Every fibre

of our personality must glow radiate and manifest itself with a conduct identical with what we profess to be.”

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## **6.11 HUMAN RELATIONS SKILL**

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Organizations are composed of people who come from different walks of life; differ with each other in psychological makeup. People are human resources constituting the sum total of inherent abilities, knowledge skills, represented by talents and aptitudes.

They behave in different manners. A manager has to understand human relations and behavior to extract hundred percent from the employees to the advantage of enterprise. Quality of human resources can be modified through education, training and development.

Human resources are distinct from physical resources which are passive. Human resources differ in qualities possessed by them. They possess immense skills. According to Sophocles, “the wonders of wonders is man who has infinite capacity to think, to develop to create, to invent, to feel, to love, to give, to kill, to respect and to hate, analyze or destroy.”

Efficiency of employees can be maximized by creating and maintaining good human relations among them. W.W.G. Scott defined human relations as “a process of an effective motivation of individuals in a given situation in order to achieve a balance of objectives which will yield greater human satisfaction and help accomplish company goals.” Human relations refer to the interaction of people in all walks of life including in enterprises.

Human relations are interdisciplinary. It embodies psychology, anthropology, sociology, physiology, political science.

### **Basics of Human Relations:**

Human relations are a part of organizational behavior which is based on certain concepts relating to nature of people and nature of organizations.

### **Nature of People:**

**In order to understand people one should know the basics of human behavior which is the following:**

#### **(1) Individual Differences:**

People have some common traits e.g. they get excited or they grieve by the loss of their near or dear one. Even though they have much in common they are different. They differ in attitude, thinking, likes and dislikes, opinion, other qualities. Organizational

behavior commences with the individual. Individuals make decisions. Group is effective when individuals act.

**(2) A Whole Person:**

Organizations do not employ skills and brain of an individual but a 'whole person.' Skill, qualities, attitude and behavior cannot be separated from the person. When employ a person you are employing good and bad qualities of the person which influence his working. The main aim of the management is to develop a better employee in terms of growth and fulfillment. Employees are the members of many organisations other than the enterprise where they are working. So, if whole person is developed the enterprise as well as the society is benefitted.

**(3) Caused Behavior:**

Individual do not act without any cause. There is a reason behind every action. He works to fulfill some of his needs. Therefore management should understand that human behavior has some cause. The manager must understand this fundamental and act rationally. The cause of human behavior is the result of an interaction between a stimulus and person's interpretation of that stimulus. The actions are people have some object in sight. They are goal oriented. There is some motivation which forces the organization to run smoothly.

**(4) The Value of the Person (Human Dignity):**

People are treated differently than other factors of production because they are the better creation of the universe. They are to be treated with respect and dignity. With the involvement of people in organizational behavior ethical philosophy is involved in every action of the manage-ment.

**Nature of Organization:**

**The second basic in human relations is to know the nature of organization which comprises of the following:**

**(1) Social System:**

Organizations are social systems. Social and psychological law governs organizations. Status and social roles of people and their behavior get influenced by their group and individual aspirations or drives. In organization formal and informal groups exist which are interdependent and influenced by each other. The social system thus makes the human behavior complex in organizations.

## **(2) Mutual Interest:**

There is mutuality of interest. Organizations need people to accomplish their goals and people need organizations to fulfill their personal objectives. Thus people work in cooperation in meeting organizational problems.

## **Aims of Human Relations:**

Human relations relate with human aspect of management and it aims at improving morale and motivation of employee through effective communication and participation of employees in decision making.

## **According to Stan Kossen understanding of human behavior can:**

- (1) Assist manager to develop a better realization of his own attitude and behavior play a part in day today work.
- (2) Help manager to develop a keener sensitivity towards other.
- (3) Help manager to develop improved understanding of the problems of reconciling his own interests and capabilities with the needs and goals of the organization of which he is a part.
- (4) Enable manager to anticipate and prevent problems.
- (5) Assist him to see things as they are not as they should.
- (6) Assist him to keep aside or get relief from excess mental load.

## ***How to Develop Sound Human Relations:***

There are ways and means to promote effective Human Relations in an organization.

## **The following are some of them:**

- (1) Develop honesty among people at work.
- (2) Remove misunderstanding and promote frankness.
- (3) Restore good relations among and with employees.
- (4) Develop effective three way communication system.
- (5) Respect feelings of others.
- (6) Have a word of appreciation for the ideas of others.
- (7) Managers have to develop good leadership qualities to bring cohesion in his group which helps in improving good human relations.

- (8) Accept your wrongdoing to avoid criticism by others.
- (9) Request is a powerful weapon than orders.
- (10) Praise your subordinate for his good work.
- (11) Respect the opinions of others
- (12) Create such an environment where everyone is happy and is willing to work.
- (13) Treat subordinate with respect and dignity.
- (14) Understand the human needs and help achieving them.
- (15) Help employees in their job performance.

The knowledge of human behavior helps in understanding people as to why they behave as they do.

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## **6.12 RESPONSIVENESS**

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Responsiveness is yet mother human capacity present in employees. Responsiveness means responding readily and positively to a call or command from superior to the subordinate. This is the quality possessed by an employee which enables speedy work. This quality among human assets put them ahead of others.

For being responsive you must possess some other qualities and analytical mind. Positive response means ability to execute the work with perfection and that too on time. You should approach problems with logic and sound reasoning.

Executives must respond to the opportunities for involving others in decision asking. You should be good communicator and provide outstanding support to your subordinates. Responsiveness leads to seeking out innovative solutions to challenging problems and give you a chance to establish benchmark of performance and standard of excellence.

An employee with this quality is busy in developing new appropriate systems and procedures to function efficiently. The benefits like early promotions accrue to the employee He/She remains in the good books of superiors is an added advantage of the quality of responsiveness. These are the people who take initiative in their organizations and accept change easily.

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## **6.13 LOYALTY AND COMMITMENT**

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Loyalty is the state of being loyal to the work and to the organization. A sense of loyalty develops a strong feeling of support or allegiance. A loyal employee shows a firm and constant support or allegiance to the organization and its members. Employee is loyal to the established rules, regulations, and procedures and follows them strictly. Every employee must be loyal to his organization. Loyalist supports the organization when it is passing through difficult times.

Another human capacity commitment means the state or quality of being credited to a cause or policy. It is a pledge or undertaking or an obligation to remain committed to the cause of the organization. Every organization needs committed people for its progress.

The committed workforce establishes a long term emotional relationship with their organization. They are dedicated people for accomplishment of objectives of the organization. They restrict themselves from taking undue advantage from the organization.

They give their hundred percent to their organization. They are the hand-working people. They receive full faith of their superiors. They enjoy confidence of their higher ups. Superiors delegate authority to such people. Organizations flourish where such committed people work.

### **Transparency:**

Transparency means the condition of being transparent. It means no concealment of action, command, policy, procedure, work culture of the organization. The employees should be made known by the organization about rules and regulations, procedure for action in case of any breach committed by the employees. Transparency ensures fairness. There should not be any hidden agenda on the part of the organization. There must be fair deal which is ensured only when transparency prevailed in the organization. It takes out fear from the minds of the employees and they work without any worries. Transparency is image building tool for the organization. It leads to the speedy growth.

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## **6.14 LEADERSHIP DEVELOPMENT**

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Managers have to work with many people having distinct behavior patterns. Managers have to lead and guide his subordinates at the workplace. Hence he must possess leadership qualities for effective management of people. A good leader extracts work from the toughest employee. He can take anyone to task in his Endeavour to attain

organizational objectives. Leadership qualities can be an acquired through experience and training.

Leadership is a process of influencing the behavior of others in the direction of an objective or set of objectives or toward a vision of the future. A constructive leadership style which provides vision and direction and furthers cooperation and productive group effort is essential for organizational effectiveness.

Some of the experts feel that leadership can be distinguished from management. But leadership and management overlap. According to John Kotter management involves, “planning and budgeting, organizing and staffing, controlling and problem solving.

In contrast, leadership involves establishing direction which includes developing a vision and strategies for getting there, aligning people, which includes communicating the direction and securing cooperation and motivating and inspiring,” which according to Kotter often requires “appealing to very basic, but often untapped, human needs, values, and emotions” Both effective leadership and effective management are essential, according to Kotter, if organizations are to be successful for the long term. So leadership and management go hand in hand.

For effective leadership, a leader should have self confidence, physical attractiveness, intelligence, drive, alertness and insight in respect of tasks to be performed and the feelings of the persons performing those tasks.

A leader must encourage and support his people and provide information and suggest new procedures. He must be production centric i.e. he should assign task by fixing a deadline and make a review of deficient work.

He should also be employee centric i.e. behaving friendly, easily accessible to the employees, must listen to subordinates and allow them to participate in planning and decision making. Manager should adopt a suitable style depending upon situation and the forces present therein.

Further the choice of appropriate style of leadership depends upon the forces in the manager, subordinates the situation and behavior patterns.

Organisations should provide conducive environment for leadership development because empowerment is the consequence. Leadership developments have implications in several areas of HRM e.g.:

- (1) Staffing where selection and promotion are made on the basis of working efficiency and leadership qualities needed in particular settings.

- (2) Training and development help to acquire leadership qualities among supervisors.
- (3) Interacting with other managers requires leadership qualities in planning, developing and managing human resources in the organisation.

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## **6.15 CASE STUDY**

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### **Measuring Performance**

The following job description is for an Marketing executive at Systems Inc, which is a leading national provider of payroll, human resources and benefits outsourcing solutions for medium scale business organizations. It is headquartered in Mysore, Karnataka having more than 50 offices, serving thousands of clients nation wide. Marketing executive often makes sales calls individually. Hence their managers always don't observe their performance. Managers are always responsible for sales in their markets and staying upto date on payroll loss. However senior marketing executives are responsible for training new marketing executives and networking in the industry in which they sell the products. Ex. If an Marketing Manager is responsible for retail companies, then that marketing executives are expected to attend retail trade shows and professional meetings to identify potential clients and to stay current with issues facing the retail industries.

Job Responsibility for marketing executives is as follows:

1. Performing client need analysis
2. To ensure that the major market service product can meet a client's requirement and expectation.
3. Acting as primary contact for the client during the conservation process.
4. Establishing clients on the host processing system.
5. Prepare the targeted plan for the total sales during the first week of every month. And also submit report on performance during the month end.
6. Analyzing the reasons for underperformance if any and submit the detailed report to the higher authority.

### **Questions**

1. Which approach is best to measure performance against above six responsibilities and Why?
2. Relate the task and contextual performance from the stated responsibilities.





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## 6.17 SUMMARY

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Human Resource Development is a system of developing in a continuous and planned way the competencies of individual employees, aptitude, knowledge, values, skills of human relation and loyalty and commitments to achieve organizational goals. Human resource development can be defined as a set of systematic and planned activities designed by an organization to provide its members with the opportunities to learn necessary skills to meet current and future job demands. The evolution of human resource development includes apprenticeship training programs, vocational education programs, and factory schools, training programs for semiskilled and unskilled workers, human relations movement. In most organizations, however, training or human resource development is part of a larger human resource management department.

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## 6.18 KEY WORDS

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**Responsiveness:** Specific ability of a system or functional unit to complete assigned tasks within a given time.

**Commitments:** Personal commitment, legally binding exchange of promises

**Values:** Something's degree, determining what action of life is best to do

**Personal Management:** Deals with people at work

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## 6.19 SELF ASSESSMENT QUESTION

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1. Define HRD, state the objectives and benefits of HRD
2. Discuss the nature and scope of HRD
3. Explain the objectives of HRD
4. Write a note on Needs of HRD
5. Briefly explain the importance of HRD

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## 6.20 REFERENCES

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## UNIT – 7: ASSESSING HRD NEEDS

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### **Structure:**

- 7.0 Objectives
- 7.1 Introduction
- 7.2 Assessing HRD Needs
- 7.3 Designing and creating programmes of HRD
- 7.4 Definition of HRD Intervention
- 7.5 Techno – Structural Interventions
- 7.6 Strategic Interventions
- 7.7 Case Study
- 7.8 Notes
- 7.9 Summary
- 7.10 Key words
- 7.11 Self Assessment Questions
- 7.12 References

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## **7.0 OBJECTIVES**

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After studying this unit, you should be able to;

- Define assessing HRD needs
- Discuss the Designing and creating HRD programs
- Explain the HRD intervention
- Discuss the criteria for effective interventions
- Analyse the factors which are influence on intervention

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## **7.1 INTRODUCTION**

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Human Resource Development (HRD) is a subject gripping paramount significance at a national level, and it is much more of prodigious germaneness in a developing and the most populous country like India. Over the years, organizations worldwide are becoming cognizant with the prominence of human resource. The real life experiences substantiate the assumptions that no matter how automated the activities of an organization may become, it is extremely challenging to manage it unless the human efforts are integrated with them. This realization has propelled HRD as a major area of study in recent years. The competitors can buy same or better machines or materials, but the difference between the high performing company and the one performing low lies in its people. An organization can rise only up to the level its people can take it to. HRD also associates the growth of the organizations with the development of its employees.

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## **7.2 ASSESSING HRD NEEDS**

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Within the human resources field, numerous definitions and models for needs assessment, each with subtle differences, have been proposed. For most researchers and practitioners, needs assessment is an investigative process with the purpose of connecting an organization's performance problems or opportunities for performance improvement to specific human performance interventions. Needs assessment thus also entails the process of distinguishing the components of performance problems that should be addressed by training from those that should be addressed by other interventions. In simple terms, needs assessment is a systematic process for identifying gaps in performance and uncovering the causes of those gaps, or for identifying future performance needs. This interpretation is based on the concept of performance

discrepancies or gaps the difference between a current level (what is) and a desired level

### **What are “NEEDS”?**

When discussing the needs assessment process, the meaning of the term “need” must be defined. What one person views as a need, another may consider a want or desire. One way to approach the discussion of needs is to consider both “felt” and “actual” needs. Consider the following example. Numerous employees in a large company have expressed a need for stress management training. A deeper analysis, however, reveals factors within the work environment — noise, inefficient work processes, and ineffective supervisory practices — that induce stress. While the felt need may suggest training, the actual need may be to eliminate these stress factors. Regardless of the situation, the needs assessor must clearly determine in each case what the key stakeholders expect.

We should not ignore felt needs since they are often symptoms of deeper needs that must be addressed. We may choose to relieve some of these symptoms until we are able to solve the problems. However, the needs assessment should help us identify root causes so that we are not constantly fixing the symptoms of problems.

Another issue to consider is the human tendency to perceive the problems and solutions we are most accustomed to dealing with. For example, a training professional may be more likely to interpret a performance problem as a training problem, while a psychologist may see the same performance problem as the result of individual personality problems which should be addressed through counseling. A well-planned needs assessment provides a more balanced analysis of the situation.

### **The Purpose of Needs Assessment**

In the context of organizational performance, the needs assessment process provides direction and focus in the problem-solving process through identifying, documenting, and selecting appropriate problems. A comprehensive needs assessment provides a systematic way to plan strategically for improved performance. In simple terms, a human performance problem exists (1) when something is happening that should not be happening, or (2) when something is not happening that should be happening. The purpose of the needs assessment is to analyze these performance gaps so that they can be closed. Within the human resource context, needs assessment is a crucial planning strategy. One of the main purposes of human resource planning is to ensure that the organization has enough people with the necessary knowledge, skills and motivation to accomplish the organization’s strategic business plans. As a result, needs assessment is

central to the HR planning process. Within the training context, needs assessment provides a snapshot of the skills and knowledge of people in an organization. Training needs assessments can determine 1) levels of optimal performance and standards for excellence; 2) evidence of individuals' actual performance levels; 3) attitudes affecting performance; and 4) root causes of performance problems. By systematically analyzing training needs, we can identify solutions to performance problems that will provide the best return on training and development investments.

A number of inefficiencies are likely to occur when performance improvement initiatives are implemented without first performing a needs assessment. An organization may use a training program when other interventions might be more effective. Even if training is a logical solution, the organization may select the wrong objectives or put inappropriate emphases on them. Ultimately, people may be trained and sent back to their jobs without the necessary skills and knowledge. Despite widespread recognition of the importance of needs assessment, the process is often skipped or cut short. Reasons cited include:

- Takes too much time;
- Costs too much money;
- Lack of people qualified to assess needs;
- Don't really want to know what's wrong;
- The findings might make someone look bad;
- Don't understand the strategic impact.

Whenever possible, conducting needs assessment will actually help avoid wasted time, effort, and money

### **Levels of HRD Needs**

**a. Organizational level needs**— changes in mandate of state agency, expectations of customers/citizens through surveys may reveal a need for organizations to change behavior of service providers or retooling them.

**b. Task analysis needs (job analysis)** – skill requirements to perform a given task could help determine needs of the current holders of jobs

**c. Person analysis needs**— the competencies of current job holders could also be assessed to determine their suitability for the jobs they currently hold

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### **7.3 DESIGNING AND CREATING HRD PROGRAMMES**

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HRD programs and interventions can be used to address a wide range of issues and problems in an organization. They are used to orient and socialize new employees into the organization, provide skills and knowledge, and help individuals and groups to become more effective. To ensure that these goals are achieved, care must be taken when designing and delivering HRD programs.

Armed with needs assessment data, the focus now turns to designing an effective HRD program. The key activities involved in designing an HRD program are:

1. Setting objectives
2. Selecting the trainer or vendor
3. Developing a lesson plan
4. Selecting program methods and techniques
5. Preparing materials
6. Scheduling the program

Figure shows where these activities fit within the training and HRD process model. It is important to stress at the outset that program design can be a lengthy process. HRD professionals must simultaneously accomplish several other critical tasks throughout the design process. Assuming that an important need for training has been identified, the manager' or HRD professional must then translate that need into a set of objectives. Objectives define what the participants are expected to learn or do as a result of participating in the HRD program or intervention. However, some managers and HRD professionals may be tempted to make a decision as to whether to design the program internally or purchase the program or its key parts, or to establish a contract to consultant to serve as a trainer, buy program materials, and so on, before establishing objectives. In outside purchases, the organization typically uses the objectives developed by the vendor rather than defining its own. However, the chances of success are far greater if the organization identifies the HRD objectives first, before deciding whether to design or purchase the program.

Statements of HRD needs are often not detailed enough to be used as specific program outcomes. Rather, they state the problem at hand, and ideally, include a diagnosis of the problem's causes. Objectives, in contrast, should state the outcome the program is intended to produce, including the specific performance expected, the conditions under

which it will be performed, and the criteria to be used to judge as to whether the objective has been achieved or not.

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## 7.4 DEFINITION OF HRD INTERVENTION

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The term Intervention refers to a set of sequenced, planned actions or events intended to help an organization to increase its effectiveness. Interventions purposely disrupt the status quo; they are deliberate attempts to change an organization or sub-unit toward a different and more effective state.

Defining the objectives for the training or HRD program is one of the first things an HRD professional should do - after completing the needs assessment. Robert Mager defines an objective as a “description of a performance the HRD managers want learners to be able to exhibit before they consider them competent. As such, HRD or training program objectives describe the intent and the desired result of the HRD program. The results can be achieved in many ways (such as lectures, role play, and coaching) but this is not specified in the objective. Rather, objectives are used as the basis for determining which methods should be used to achieve the specified outcome.

As stated, objectives are essential to a successful training or HRD program. In addition to forming the basis for selecting the program content and methods, objectives are used by the organization to evaluate the program’s success, and they also help participants to focus their own attention and efforts during the program.’ In short, objectives tell us where the program is going and how it is programmed to achieve the desired results.

### **Human Resource Development Interventions**

A. The following interventions deal with interpersonal relationships and group dynamics.

**1. T Groups:** This traditional change method provides members with experiential learning about group dynamics, leadership, and interpersonal relations. The basic T Group brings ten to fifteen strangers together with a professional trainer to examine the social dynamics that emerge from their interactions. Members gain feedback about the impact of their own behaviors on each other and learn about group dynamics.

**2. Process Consultation:** This intervention focuses on interpersonal relations and social dynamics occurring in work groups. Typically, a process consultant helps group members diagnose group functioning and devise appropriate solutions to process problems, such as dysfunctional conflict, poor communications, and ineffective norms.



The aim is to help members gain the skills and understanding necessary to identify and solve problems themselves.

**3. Third Party Interventions:** This change method is a form of process consultation aimed at dysfunctional interpersonal relations in organizations. Interpersonal conflict may derive from substantive issues, such as disputes over work methods, or from interpersonal issues, such as miscommunication. The third party intervener helps people resolve conflicts through such methods as problem solving, bargaining, and conciliation.

**4. Team Building:** This intervention helps work groups become more effective in accomplishing tasks. Like process consultation, team building helps members diagnose group processes and devise solutions to problems. It goes beyond group processes, however, to include examination of the group's task, member roles, and strategies for performing tasks. The consultant also may function as a resource person offering expertise related to the group's tasks.

**B. The following Interventions deal with human processes that are more system wide than individualistic or small-group oriented.**

**1. Organization Confrontation Meeting:** This change method mobilizes organization members to identify problems, set action targets, and begin working on problems. It is usually applied when organizations are experiencing stress and when management needs to organize resources for immediate problem solving.

The intervention generally includes various groupings of employees in identifying and solving problems.

**2. Intergroup Relations:** These interventions are designed to improve interactions among different groups or departments in organizations. The microcosm group intervention involves a small group of people whose backgrounds closely match the organizational problems being addressed. This group addresses the problem and develops means to solve it. The Intergroup conflict model typically involves a consultant helping two groups understand the causes of their conflict and choose appropriate solutions.

**3. Large-group Interventions:** These interventions involve getting a broad variety of stakeholders into a large meeting to clarify important values, to develop new ways of working, to articulate a new vision for the organization, or to solve pressing organizational problems. Such meetings are powerful tools for creating awareness of organizational problems and opportunities and for specifying valued directions for future action.

**4. Grid Organization Development:** This normative intervention specifies a particular way to manage an organization. It is packaged HRD program that includes standardized instruments for measuring organizational practices and specific procedures for helping organizations to achieve the prescribed approach.

**Criteria for Effective Interventions:**

In HRD Interventions the three major criteria define the effectiveness of an intervention:

**1. The Extent to which it (the Intervention) fits the needs of the organization.**

This criterion concerns the extent to which the intervention is relevant to the organization and its members. Effective interventions are based on valid information about the organization's functioning; they provide organization members with opportunities to make free and informed choices; and they gain members' internal commitment to those choices.

Valid information is the result of an accurate diagnosis of the organization's functioning. It must reflect fairly what organization members perceive and feel about their primary concerns and issues. Free and informed choice suggests that members are actively involved in making decisions about changes that will affect them. It also means that interventions will not be imposed on them. Internal commitment means that organization members accept ownership of the intervention and take responsibility for implementing it. If interventions are to result in meaningful changes, management, staff, and other relevant members must be committed to carrying them out.

**2. The degree to which it is based on causal knowledge of intended outcomes**

Because interventions are intended to produce specific results, they must be based on valid knowledge that those outcomes actually can be produced. Otherwise, there is no scientific basis for designing an effective HRD intervention. Unlike other exact sciences (like medicine or engineering) knowledge of the effect of HRD interventions is in a rudimentary stage of development. Moreover, few attempts have been made to examine the comparative effects of different HRD techniques. All of these factors make it difficult to know whether one method is more effective than another.

Despite these difficulties, attempts are being made to evaluate different HRD intervention methods, so that we can gain the ability to predict outcomes of various interventions and thus be able to use the most appropriate interventions for specific problems.

### **3. The extent to which the HRD intervention transfers change-management competence to organization members.**

HRD interventions can be said to be effective, only if they make the organization members competent to initiate, implement and monitor change on their own. The values underlying HRD suggest that organization members should be better able to carry out planned change activities on their own, following the intervention. They should gain knowledge and skill in managing change from active participation in designing and implementing the intervention. Competence in change management is essential in today's environment, where technological, social, economic, and political changes are rapid and persistent.

#### **Factors that Impact the Success Of HRD Interventions:**

**I. Factors relating to Change Situation:** These relate to the environment of the organization and include the physical and human environment.

##### **1. Readiness for Change:**

Intervention success depends heavily on the organization being ready for planned change. Indicators for readiness for change include sensitivity to pressures for change (higher sensitivity means greater readiness to change); dissatisfaction with the status quo; availability of resources to support change; and, commitment of significant management time.

##### **2. Capability to Change:**

Managing planned change requires particular knowledge and skills including the ability to motivate change, to lead change, to develop political support, to manage transition, and to sustain momentum. If organization members do not have these capabilities, then a preliminary training intervention may be needed to prepare the members for the major change.

##### **3. Cultural Context:**

The national culture within which an organization is embedded can exert a powerful influence on members' reactions to change, and so intervention design must account for the cultural values and assumptions held by organization members. This makes it important for HRD interventions to be adapted to different cultures.

##### **4. Capabilities of the Change Agent (HRD Consultant):**

The success of HRD interventions depend to a great extent on the expertise, experience and talents of the consultant. No consultant should undertake to implement

interventions that are beyond their level of competence or their area of expertise. The ethical guidelines under which HRD practitioners operate require full disclosure of the applicability of their knowledge and expertise to the client's situation.

## **II. Factors Related to the Target of Change:**

These relate to the specific targets at which HRD interventions are targeted. The targets of change can be different issues of the organization and at different levels.

### **A. Organizational Issues**

#### **1. Strategic Issues:**

Strategic issues refer to major decisions of organizations such as what products or services to offer, which markets to serve, mergers, acquisitions, expansions, etc. HRD Interventions aimed at these strategic issues are called strategic interventions and are among the most recent HRD interventions and include integrated strategic change, mergers and acquisitions, transorganizational development, organizational learning, etc.

#### **2. Technology and Structure Issues:**

These refer to issues relating to how organizations divide their work amongst departments and how they coordinate between departments. They also must make decisions about how to deliver products or services and how to link people to tasks. HRD interventions aimed at these issues are called techno-structural interventions and include HRD activities relating to organizational design, employee involvement and work design.

#### **3. Human Resource Issues:**

These issues are concerned with attracting competent people to the organization, setting goals for them, appraising and rewarding their performance, and ensuring that they develop their careers and manage stress. HRD techniques aimed at these issues are called human resource management interventions.

#### **4. Human Process Issues:**

These issues have to do with social processes occurring among organization members, such as communication, decision-making, leadership, and group dynamics. HRD methods focusing on these kinds of issues are called human process interventions; included among them are some of the most common HRD techniques, such as conflict resolution and team building.

## B. Organizational Levels

HRD interventions are aimed at different levels of the organization: individual, group, organization and trans-organization (for example different offices of the organization around the globe; or between organization and its suppliers, customers, etc.)

HRD interventions are usually aimed at specific levels, and must address cross-level effects and perhaps integrate interventions affecting different levels to achieve overall success.

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### 7.5 TECHNO-STRUCTURAL INTERVENTIONS

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These interventions deal with an organization's technology (for examples its task methods and job design) and structure (for example, division of labor and hierarchy). These methods are becoming popular in HRD because of the growing problems relating to productivity and organizational effectiveness. These interventions are rooted in the disciplines of engineering, sociology, and psychology and in the applied fields of socio-technical systems and organization design.

Consultants place emphasis both on productivity and human fulfillment.

**1. Structural Design:** This change process concerns the organization's division of labor – how to specialize task performances. Interventions aimed at structural design include moving from more traditional ways of dividing the organization's overall work (such as functional, self-contained-unit, and matrix structures) to more integrative and flexible forms (such as process-based and network-based structures). Diagnostic guidelines exist to determine which structure is appropriate for particular organizational environments, technologies, and conditions.

**2. Downsizing:** This intervention reduces costs and bureaucracy by decreasing the size of the organization through personnel layoffs, organization redesign, and outsourcing. Each of these downsizing methods must be planned with a clear understanding of the organization's strategy.

**3. Re-engineering:** This recent intervention radically redesigns the organization's core work processes to create tighter linkage and coordination among the different tasks. This workflow integration results in faster, more responsive task performance. Reengineering is often accomplished with a new information technology that permits employees to control and coordinate work processes more effectively. Reengineering often fails if it ignores basic principles and processes of HRD.

The next three interventions: Parallel Structures, High-involvement organizations and Total Quality Management (TQM), fall under the broad category of interventions called Employee Involvement (EI) interventions. These interventions are aimed at improving employee well-being and organizational effectiveness.

**4. Parallel Structures:** This intervention involves members in resolving ill-defined, complex problems and build adaptability into bureaucratic organizations. Also known as “collateral structures”, “Dualistic structures” or “shadow structures”, parallel structures operate in conjunction with the formal organization. They provide members with an alternative setting in which to address problems and to propose innovative solutions free from the formal organization structure and culture. For example, members may attend periodic off-site meetings to explore ways to improve quality in their work area or they may be temporarily assigned to a special project of facility to devise new products or solutions to organizational problems. Parallel structures facilitate problem solving and change by providing time and resources for members to think, talk, and act in completely new ways.

Consequently, norms and procedures for working in parallel structures are entirely different from those of the formal organization.

**5. High-involvement Organizations (HIO’s):** These interventions are aimed at creating organizations with high involvement of employees. They create organizational conditions that support high levels of employee participation. What makes HIO’s unique is the comprehensive nature of their design process. Unlike parallel structures that do not alter the formal organization, in HIOs almost all organization features are designed jointly by management and workers to promote high levels of involvement and performance, including structure, work design, information and control systems, physical layout, personnel policies, and reward systems. Some of the features of HIOs are:

- a. employees have considerable influence over decisions
- b. Members receive extensive training in problem-solving techniques, plant operation, and organizational policies.
- c. Information is shared widely within the organization and employees have easy access to operational and issue-oriented information.
- d. Rewards are tied closely to unit performance.

**6. Total Quality Management:** TQM is the most recent and, along with high involvement organizations, the most comprehensive approach to employee involvement.

Also known as “continuous process improvement” and “continuous quality”, TQM grew out of a manufacturing emphasis on quality control and represents a long-term effort to orient all of an organization’s activities around the concept of quality. Quality is achieved when organizational processes reliably produce products and services that meet or exceed customer expectations.

Although it is possible to implement TQM without employee involvement, member participation in the change process increases the likelihood that it will become part of the organization’s culture. Today, continuous quality improvement is essential for global competitiveness.

**7. Work design:** This refers to HRD interventions aimed at creating jobs, and work groups that generate high levels of employee fulfillment and productivity. This techno-structural intervention can be part of a larger employee involvement application, or it can be an independent change program. Work design has been researched and applied extensively in organizations. Recently, organizations have tended to combine work design with formal structure and supporting changes in goal setting, reward systems, work environment, and other performance management practices.

There are three approaches to work design.

**The Engineering approach focuses on efficiency and simplification**, and results in traditional job and work group designs. Telephone operators and data-entry positions are examples of this job design. **A second approach is work enrichment and rests on motivational theories** and attempts to enrich the work experience. Job enrichment involves designing jobs with high levels of meaning, discretion, and knowledge of results. A well researched model focusing on job attributes has helped clear up methodological problems with this important intervention. The third approach is socio-technical approach and seeks to optimize both social and technical aspects of work systems.

This method has led to a popular form of work design called “self managed teams” which are composed of multi-skilled members performing interrelated tasks. Members are given the knowledge, information, and power necessary to control their own task behaviors with relatively little external control.

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## 7.6 STRATEGIC INTERVENTIONS

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These interventions link the internal functioning of the organization to the larger environment and transform the organization to keep pace with changing conditions. These interventions are amongst the newest additions to HRD interventions. They are implemented organization-wide and bring about a fit between business strategy, structure, culture and the larger environment.

### **1. Integrated Strategic Change:**

This comprehensive HRD intervention describes how planned change can make a value-added contribution to strategic management. It argues that business strategies and organizational systems must be changed together in response to external and internal disruptions. A strategic change plan helps members manage the transition between a current strategy and organization design and the desired future strategic orientation.

### **2. Trans organization development:**

This intervention helps organizations to enter into alliances, partnerships and joint ventures to perform tasks or solve problems that are too complex for single organizations to resolve. It helps organizations recognize the need for partnerships and develop appropriate structures for implementing them.

### **3. Merger and Acquisition Integration:**

This intervention describes how HRD practitioners can assist two or more organizations to form a new entity. Addressing key strategic leadership and cultural issues prior to the legal and financial transaction helps to smooth operational integration.

### **4. Culture Change:**

This intervention helps organizations to develop cultures (behaviors, values, beliefs and norms) appropriate to their strategies and environments. It focuses on developing a strong organization culture to keep organization members pulling in the same direction.

### **5. Self-designing organizations:**

This change program helps organizations gain the capacity to alter themselves fundamentally. It is a highly participative process, involving multiple stakeholders in setting strategic directions and designing and implementing appropriate structures and processes. Organizations learn how to design and implement their own strategic changes.



## 6. Organization learning and knowledge management:

This intervention describes two interrelated change processes: organization learning (OL), which seeks to enhance an organization's capability to acquire and develop new knowledge; and knowledge management (KM), which focuses on how that knowledge can be organized and used to improve organization performance.

These interventions move the organization beyond solving existing problems so as to become capable of continuous improvement.

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## 7.7 CASE STUDY

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Ram Ram Ltd a company into music industry which records the music and market through the cassettes from past 15 years started experiencing a new challenge. The manufacturing unit of Ram Ram Ltd at Bangalore had a workforce of 1010 employees and manufactured only cassettes. The market for cassettes was badly effected by piracy and a fast growing CD market. So the management at Ram Ram which had already downsized by 1800 employees over two years through the VRS was again considering the idea of manpower reduction. The union however opposed this idea strongly. The management at the plant was in fix as to how can it reduce the cost.

Ram Ram Ltd could not forecast the total demand for the new quarter. It failed to forsee the technological changes in the market and the influence of such changes in their product. The music industry itself was fast becoming stagnant. Had the management at Ram Ram Ltd prepared itself to face these challenges, it would have averted the current crisis. At this stage it can neither relocate the employees nor layoff nor can it bear their burden and run into red.

1. If you are the HR Manager, what will be your career planning for employees.

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## 7.8 NOTES

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## 7.9 SUMMARY

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Therefore, in the present unit, the concept says the origin of HRD needs, designing and creating HRD programme, HRD Intervention and strategic intervention have been discussed at length along with its critical perceptions of HRD. The HRD assessing needs helps us to how to improve the existing system in an organization and Intervention which will helps to quality improvement of HRD Progress.

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## 7.10 KEY WORDS

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**HRD Intervention:** Intervention refers to a set of sequenced, planned actions or events intended to help an organization to increase its effectiveness

**Problem –Solving:** Act of defining a problem; determining the cause of the problem; identifying, prioritizing and selecting alternatives for a solution; and implementing a solution.

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## 7.11 SELF ASSESSMENT QUESTIONS

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1. Explain the Designing and creating HRD Programme
2. Discuss the criteria for effective interventions
3. Explain factors which will influence on HRD intervention.
4. Write a note on Techno- structural interventions
5. Briefly explain the strategic HRD intervention

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## 7.12 REFERENCES

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1. Pareek, V and Rao T.V. *Designing and Managing Human Resource Systems*, New Delhi: Oxford and IBH Publishing Co., 1981.
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## UNIT – 8: TRAINING METHODS

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### Structure:

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Training
- 8.3 Training Methods
- 8.4 Strategic approach to training and development
- 8.5 Case study
- 8.6 Notes
- 8.7 Summary
- 8.8 Key words
- 8.9 Self Assessment Questions
- 8.10 References

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## 8.0 OBJECTIVES

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After studying this unit, you should be able to;

- Define Framework of HRD Process
- Discuss the Process of HRD
- Explain the aptitude, knowledge, values, skills of human relation
- Discuss the loyalty of commitments of employees
- Analysis leadership development

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## 8.1 INTRODUCTION

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Training and Development is a combined role often called Human Resources Development (HRD), meaning the development of “human” resources to remain competitive in the marketplace. Training focuses on doing activities today to develop employees for their current jobs and development is preparing employees for future roles and responsibilities.

**Strategic HR can assist with your Training and Development needs by:**

- ◆ Identifying, customizing and delivering effective training solutions
- ◆ Developing a multi-rater / 360 degree feedback assessment
- ◆ Developing succession planning and emerging leader programs
- ◆ Designing a competency-based culture tied to business strategies and goals
- ◆ Creating and/or improving the performance management system
- ◆ Designing a reward and recognition program
- ◆ Conducting employee opinion surveys and focus groups
- ◆ Establishing a formal career development planning program
- ◆ Providing assessment solutions to help identify strengths and areas of opportunity for development of employees
- ◆ Customizing teambuilding events to strengthen your team and improve productivity

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## 8.2 TRAINING

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The designer of the training program needs to understand each of the methods and the delivery system to determine the best method for meeting training objectives, given the organizational constraints. Instructional methods differ in their ability to influence knowledge, skills and attitudes, so the training designer must be able to evaluate a method's strengths and weaknesses to make good decisions about its use. Although the method's effectiveness in meeting the learning objective should be the major criterion for selection, other considerations are costs, time needed to develop material, and the time allotted for training session.

A 2003 survey conducted by Raining magazine revealed that, contrary to popular belief, classroom programs were still the most popular instructional method (see Table).

<b>Methods</b>	<b>Percent</b>
Instructor-led Classroom Programs	91
Self-Study, Web-based	44
Job-based Performance Support	44
Public Seminars	42
Case Studies	40
Role Plays	35
Games or Simulations, Non-computer-based	25
Self-Study, Non-computer-based	23
Virtual Classroom, with Instructor	21
Games or Simulations, Computer-based	10
Experiential Programs	6
Virtual Reality Programs	3
<b>Media</b>	
Workbooks/Manuals	79
Internet/Intranet/Extranet	63
CD-ROM/DVD/Diskettes	55
Videotapes	52

Teleconferencing	24
Video conferencing	23
Satellite/Broadcast TV	12
Audiocassettes	4

The survey indicated that 91 percent of organizations use the classroom format “always” or “often” to deliver at least some of their training. There has been considerable recent growth in web-based self-study programs and work-based performance support programs. More general public seminars continue to remain popular as well. Data concerning training media usage are reported in Table. Workbooks and manuals continue to be widely used, though there has been a substantial recent increase in the use of the Internet/company intranets and CD-ROM/DVDs for provide training

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## **8.3 TRAINING METHODS**

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### **On Job Training and off the Job Training Methods**

A large variety of methods of training are used in business. Even within one organization different methods are used for training different people. All the methods are divided into two classifications for:

#### **A. On-the-job Training Methods:**

1. Coaching
2. Mentoring
3. Job Rotation
4. Job Instruction Technology
5. Apprenticeship
6. Understudy

#### **B. Off-the-Job Training Methods:**

1. Lectures and Conferences
2. Vestibule Training
3. Simulation Exercises
4. Sensitivity Training
5. Transactional Training

## **A. On-the-job training Methods:**

Under these methods new or inexperienced employees learn through observing peers or managers performing the job and trying to imitate their behaviour. These methods do not cost much and are less disruptive as employees are always on the job, training is given on the same machines and experience would be on already approved standards, and above all the trainee is learning while earning. Some of the commonly used methods are:

### **1. Coaching:**

Coaching is a one-to-one training. It helps in quickly identifying the weak areas and tries to focus on them. It also offers the benefit of transferring theory learning to practice. The biggest problem is that it perpetrates the existing practices and styles. In India most of the scooter mechanics are trained only through this method.

### **2. Mentoring:**

The focus in this training is on the development of attitude. It is used for managerial employees. Mentoring is always done by a senior inside person. It is also one-to-one interaction, like coaching.

### **3. Job Rotation:**

It is the process of training employees by rotating them through a series of related jobs. Rotation not only makes a person well acquainted with different jobs, but it also alleviates boredom and allows to develop rapport with a number of people. Rotation must be logical.

### **4. Job Instructional Technique (JIT):**

It is a Step by step (structured) on the job training method in which a suitable trainer (a) prepares a trainee with an overview of the job, its purpose, and the results desired, (b) demonstrates the task or the skill to the trainee, (c) allows the trainee to show the demonstration on his or her own, and (d) follows up to provide feedback and help. The trainees are presented the learning material in written or by learning machines through a series called 'frames'. This method is a valuable tool for all educators (teachers and trainers). It helps us:

- a. To deliver step-by-step instruction
- b. To know when the learner has learned
- c. To be due diligent (in many work-place environments)



### ***5. Apprenticeship:***

Apprenticeship is a system of training a new generation of practitioners of a skill. This method of training is in vogue in those trades, crafts and technical fields in which a long period is required for gaining proficiency. The trainees serve as apprentices to experts for long periods. They have to work in direct association with and also under the direct supervision of their masters.

The object of such training is to make the trainees all-round craftsmen. It is an expensive method of training. Also, there is no guarantee that the trained worker will continue to work in the same organisation after securing training. The apprentices are paid remuneration according to the apprenticeship agreements.

### ***6. Understudy:***

In this method, a superior gives training to a subordinate as his understudy like an assistant to a manager or director (in a firm). The subordinate learns through experience and observation by participating in handling day to day problems. Basic purpose is to prepare subordinate for assuming the full responsibilities and duties.

### **B. Off-the-job Training Methods:**

Off-the-job training methods are conducted in separate from the job environment, study material is supplied, there is full concentration on learning rather than performing, and there is freedom of expression. Important methods include:

#### ***1. Lectures and Conferences:***

Lectures and conferences are the traditional and direct method of instruction. Every training programme starts with lecture and conference. It's a verbal presentation for a large audience. However, the lectures have to be motivating and creating interest among trainees. The speaker must have considerable depth in the subject. In the colleges and universities, lectures and seminars are the most common methods used for training.

#### ***2. Vestibule Training:***

Vestibule Training is a term for near-the-job training, as it offers access to something new (learning). In vestibule training, the workers are trained in a prototype environment on specific jobs in a special part of the plant.

An attempt is made to create working condition similar to the actual workshop conditions. After training workers in such condition, the trained workers may be put on similar jobs in the actual workshop.

This enables the workers to secure training in the best methods to work and to get rid of initial nervousness. During the Second World War II, this method was used to train a large number of workers in a short period of time. It may also be used as a preliminary to on-the job training. Duration ranges from few days to few weeks. It prevents trainees to commit costly mistakes on the actual machines.

### **3. Simulation Exercises:**

Simulation is any artificial environment exactly similar to the actual situation. There are four basic simulation techniques used for imparting training: management games, case study, role playing, and in-basket training.

#### **(a) Management Games:**

Properly designed games help to ingrain thinking habits, analytical, logical and reasoning capabilities, importance of team work, time management, to make decisions lacking complete information, communication and leadership capabilities. Use of management games can encourage novel, innovative mechanisms for coping with stress.

Management games orient a candidate with practical applicability of the subject. These games help to appreciate management concepts in a practical way. Different games are used for training general managers and the middle management and functional heads – executive Games and functional heads.

#### **(b) Case Study:**

Case studies are complex examples which give an insight into the context of a problem as well as illustrating the main point. Case Studies are trainee centered activities based on topics that demonstrate theoretical concepts in an applied setting.

A case study allows the application of theoretical concepts to be demonstrated, thus bridging the gap between theory and practice, encourage active learning, provides an opportunity for the development of key skills such as communication, group working and problem solving, and increases the trainees’ enjoyment of the topic and hence their desire to learn.

#### **(c) Role Playing:**

Each trainee takes the role of a person affected by an issue and studies the impacts of the issues on human life and/or the effects of human activities on the world around us from the perspective of that person.

It emphasizes the “real- world” side of science and challenges students to deal with complex problems with no single “right” answer and to use a variety of skills beyond those employed in a typical research project.

In particular, role-playing presents the student a valuable opportunity to learn not just the course content, but other perspectives on it. The steps involved in role playing include defining objectives, choose context & roles, introducing the exercise, trainee preparation/research, the role-play, concluding discussion, and assessment. Types of role play may be multiple role play, single role play, role rotation, and spontaneous role play.

**(d) In-basket training:**

In-basket exercise, also known as in-tray training, consists of a set of business papers which may include e-mail SMSs, reports, memos, and other items. Now the trainer is asked to priorities the decisions to be made immediately and the ones that can be delayed.

**4. Sensitivity Training:**

Sensitivity training is also known as laboratory or T-group training. This training is about making people understand about themselves and others reasonably, which is done by developing in them social sensitivity and behavioral flexibility. It is ability of an individual to sense what others feel and think from their own point of view.

It reveals information about his or her own personal qualities, concerns, emotional issues, and things that he or she has in common with other members of the group. It is the ability to behave suitably in light of understanding.

A group’s trainer refrains from acting as a group leader or lecturer, attempting instead to clarify the group processes using incidents as examples to clarify general points or provide feedback. The group action, overall, is the goal as well as the process.

Sensitivity training Program comprises three steps (see Figure 18.7)

[\* File contains invalid data | In-line.JPG \*]

**5. Transactional Analysis:**

It provides trainees with a realistic and useful method for analyzing and understanding the behavior of others. In every social interaction, there is a motivation provided by one person and a reaction to that motivation given by another person.

This motivation reaction relationship between two persons is known as a transaction. Transactional analysis can be done by the ego (system of feelings accompanied by a related set of behaviors states of an individual).

**Child:**

It is a collection of recordings in the brain of an individual of behaviors, attitudes, and impulses which come to him/her naturally from his/her own understanding as a child. The characteristics of this ego are to be spontaneous, intense, unconfident, reliant, probing, anxious, etc. Verbal clues that a person is operating from its child state are the use of words like “I guess”, “I suppose”, etc. and non verbal clues like, giggling, coyness, silent, attention seeking etc.

**Parent:**

It is a collection of recordings in the brain of an individual of behaviors, attitudes, and impulses imposed on her in her childhood from various sources such as, social, parents, friends, etc.

The characteristics of this ego are to be overprotective, isolated, rigid, bossy, etc. Verbal clues that a person is operating from its parent states are the use of words like, always, should, never, etc and non-verbal clues such as, raising eyebrows, pointing an accusing finger at somebody, etc.

[\* File contains invalid data | In-line.JPG \*]

**Adult:**

It is a collection of reality testing, rational behaviour, decision making, etc. A person in this ego state verifies, updates the reaction which she has received from the other two states. It is a shift from the taught and felt concepts to tested concepts.

All of us show behavior from one ego state which is responded to by the other person from any of these three states.

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## **8.4 STRATEGIC APPROACH TO TRAINING AND DEVELOPMENT**

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Many of us believe that employees training and development responsibility rests with the HR department. It was believed that HR professionals should identify the training needs of employees, design the training program, implement it and also take the feedback and make appropriate changes in the program. But nowadays many organizations top management is keen on various training and development activities initiated in the organization. Top management along with the HR department decide the types of training

and development program, total expenditure, return on investment, time period allotted for training etc.

HRD aims at equipping employees with new and essential skills required for the personal and organizational growth. Employees are encouraged to learn new skills through the various training and development activities conducted in the organization.

When we interpret training and development as strategic, it means the vision; mission, business objectives and goals are interlinked with the training and development programs of the organization. When business strategies are linked with the HRM strategies it results in the appropriate HRM policies and procedures like having a direct link on recruitment, selection, induction, training and development, appraisal and assessment, reward systems and career development of employees.

Organizations undertake training and development programs for varied reasons. Many of them conduct programs to meet a short term requirement which does not have a link to organizations requirements or business strategies. Some organizations have training and development programs which are derived from the organizations objectives and plans. But some organizations conduct training and development programs to ensure their employees can withstand present and future business requirements.

**Example:** Computerization of core banking activities was the business requirement in the recent decades. The employees should be having the skills, knowledge and ability to work with computers and deliver the customer service. Hence it is appropriate for the banks to design and implement training and development programs on Computers, Software, and Hardware etc. Strategic HRD aims at linking the training and development programs with the business requirements of the organization.

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## 8.5 CASE STUDY: 1

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### Tata Sky

Tata Sky was booming and racing to keep up. The company, a combination of Indian behemoth Tata Group and Britain's Sky television brand, was the second firm in India to offer direct-to-home satellite television and other services. After two years of rapid expansion, management wanted more speed, but bureaucracy and conflict were limiting efficiency. "Because we are neither simply entertainment nor telecom nor consumer household, we have people with backgrounds in different industries and very different working styles," said Charanjit Lehal, senior training manager. "Nobody was speaking the same (figurative) language, and it was affecting efficiency—we could see a pattern

of meeting after meeting, and quick decisions were not being made.” Executives observed the following types of behaviors: • People avoided each other instead of confronting problems. • Employees returned from meetings with other functions complaining about the list of unrealistic projects they were being asked to accomplish.

- Team problems were being escalated to high-level executives rather than being resolved at an earlier stage. Top executives requested evaluations on all 120 managers in the company. They were assessed on fourteen competencies, and the one that was found lacking was “communicating productively.” Many managers responded that they had “no inclination to communicate,” and could not dialogue effectively. “We decided to attack this gap with a constructive measure,” Lehal said. “We knew we wanted a new intervention—the only concern was that we choose the right one.”

THE TRAINING COURSE After perusing dozens of training courses, Tata Sky learning and development team led by Bhaskar Bhattacharya, vice president of learning and development, piloted three different workshops conducted by external trainers. Based on feedback and results, they chose to move forward with Vital Smarts Crucial Conversations Training.

Lehal found the skills taught in the course were clear. The tests and exercises were effective at engaging participants. He also liked how the action items required by the course helped each participant customize the principles to their specific needs. Based on the course’s value, Lehal was able to secure executive approval by demonstrating how the results would lead to a return on investment. In addition to the results and the skills, Lehal found the training integrated seamlessly across cultures. There was no cultural confusion between the American-based course and Tata Sky’s Indian employees. “Dialogue is a necessity for any conversation,” Lehal said. “The core content of the course has universal application.” He acknowledged that, speaking generally, Americans may be direct in conversations while people from eastern cultures may build more background before coming to a main point. “While techniques differ, we still need to get on the table what you are trying to say and what I am trying to say, and that is what this course teaches,” he said. Lehal’s experience was that with sufficient preparation cultural differences did not present significant challenges. Based on advice from a VitalSmarts master trainer, he also surveyed participants before they attended the course and built real-life examples for use in the course from their anonymous responses. This ensured they saw immediate application to their work environment. Lehal conducted two-day workshops at each of Tata Sky’s four regional offices, focusing on the customer service function before moving to other functions. About eighty managers completed the workshop that first year.

**RESULTS** Tata Sky is seeing the change in behavior they hoped for after boosting its managers' communications skills. "This course is breaking down passive or aggressive cultures that had been found in various divisions," Lehal said. "It's become a very successful culture-building intervention." Some results from the training: • Two teams had been struggling to cooperate. One reported that the other had been "moving to silence" and withholding their point of view, but is now "stepping up to crucial conversations." • One manager told Lehal when she came into the training that she was looking for a new job because she was being made a scapegoat in her team. She was in "complete silence mode" and avoiding the issue. After the training she talked to her supervisor about it and is still with the company. • The head of a service function was so impressed by the word-of-mouth on the course among his managers that he asked Lehal to conduct it for his senior team of general managers and vice-presidents. • On a personal level, employees have shared with Lehal that the course has helped them sort out communication problems with their parents left behind when Tata Sky moved them to a new city. Or with their teenagers—certainly a challenge that transcends culture.

Following are testimonials e-mailed after the course: • "I could relate the program the very next day at the office. On Friday during a conversation with the team, I could make out the 'silence' shown by one person and this tool helped me engage him into meaningful dialogue." • "I feel [my] team has bonded once again." • "I put crucial conversations skills in to motion the very next day, and it has certainly helped clear the air." When asked whether he would recommend Crucial Conversations, Lehal was somewhat surprised by the question: "What other workshop offers so much skill development? Such excellent audiovisuals? With so much of the course absolutely interactive? And is so well structured in terms of the workbook, videos, exercises, self-testing, and post-training? All of these things I've recommended to my peers at other organizations." Moving forward with Crucial Conversations at Tata Sky, Lehal is focusing next on intact teams from human resources, IT, supply chain, finance, and more.

## **CASE STUDY: 2**

### **TRAINING EFFICACY**

JK Company is a leading forty year old automobile manufacturing company based in Mangalore, manufacturing four wheelers like cars, SUV's pick-up vans and trucks. The company has a workforce of 30000 employees at all levels. Mr Murthy is the head of the production department. One day, he calls up Mr Ashok , the head HR and complains to him that, a set of 20 workers is unable to operate the new CNC machines, resulting in







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## 8. 7 SUMMARY

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Employee training is the responsibility of the organization. Employee development is a shared responsibility of management and the individual employee. The responsibility of management is to provide the right resources and an environment that supports the growth and development needs of the individual employee.

For employee training and development to be successful, management should:

- ◆ Provide a well-crafted job description - it is the foundation upon which employee training and development activities are built
- ◆ Provide training required by employees to meet the basic competencies for the job. This is usually the supervisor's responsibility
- ◆ Develop a good understanding of the knowledge, skills and abilities that the organization will need in the future. What are the long-term goals of the organization and what are the implications of these goals for employee development? Share this knowledge with staff
- ◆ Look for learning opportunities in every-day activity. Was there an incident with a client that everyone could learn from? Is there a new government report with implications for the organization?
- ◆ Explain the employee development process and encourage staff to develop individual development plans
- ◆ Support staff when they identify learning activities that make them an asset to your organization both now and in the future.

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## 8.8 KEY WORDS

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**Management Games:** Properly designed games help to ingrain thinking habits, analytical, logical and reasoning capabilities, importance of team work, time management, to make decisions lacking complete information, communication and leadership capabilities. Use of management games can encourage novel, innovative mechanisms for coping with stress.

**Role Playing:** Each trainee takes the role of a person affected by an issue and studies the impacts of the issues on human life and/or the effects of human activities on the world around us from the perspective of that person.

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## **8.9 SELF ASSESSMENT QUESTIONS**

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1. Define Training? State the objectives and benefits of Training Programme
2. Discuss the nature and scope of Training
3. Explain the Training methods
4. Write a note on Needs of Training
5. Briefly explain the strategic approach to Training

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## **8.10 REFERENCES**

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1. Pareek, V and Rao T.V. *Designing and Managing Human Resource Systems*, New Delhi: Oxford and IBH Publishing Co., 1981.
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DEPARTMENT OF STUDIES AND RESEARCH IN MANAGEMENT

**M.B.A III Semester**

**Elective -C: People Management**

**COURSE - 16 C**

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**STRATEGIC HUMAN RESOURCE DEVELOPMENT**

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**BLOCK**

**3**

**CAREER PLANNING AND DEVELOPMENT**

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**UNIT - 9**

CAREER PLANNING

01-12

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**UNIT - 10**

CAREER PLANNING PROCESS

13-22

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**UNIT - 11**

MANPOWER PLANNING

23-32

---

**UNIT - 12**

CAREER PLANNING AND DEVELOPMENT

33-44

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## **BLOCK – 3 : CAREER PLANNING AND DEVELOPMENT**

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In the previous block, we have discussed HRD needs and benefits, HRD components and other factors of HRD. Now you have to understand the concepts of career planning, its features, objectives and benefits. This block also speaks of career planning process and its functions.

In this block, we are also discussing importance of career planning and development, placements, induction and orientation. This block also deals with manpower planning, its objective and importance and manpower planning process.

This block comprises of four units. There are,

Unit 9: Career Planning

Unit 10: Career Planning Process

Unit 11: Manpower Planning

Unit 12: Career planning and Development



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## **UNIT - 9: CAREER PLANNING**

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### **Structure:**

- 9.0 Objectives
- 9.1 Introduction
- 9.2 Meaning and definitions of career planning
- 9.3 Importance Features of career planning
- 9.4 Objectives of career planning
- 9.5 Benefits of career planning
- 9.6 Career Planning in Organization
- 9.7 Notes
- 9.8 Summary
- 9.9 Key Words
- 9.10 Self Assessment Questions
- 9.11 References



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## 9.0 OBJECTIVES

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After studying this unit, you should be able to;

- Define career planning
- Explain the importance of career planning
- Discuss the benefits of career planning
- Highlights the features of career planning

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## 9.1 INTRODUCTION

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**Career management** is the combination of structured planning and the active management choice of one's own professional career.

The outcome of successful career management should include personal fulfillment, work/life balance, goal achievement and financial security.

A *career* includes all types of employment ranging from semi-skilled through skilled, and semi professional to professional. Careers have often been restricted to an employment commitment to a single trade skill, profession or business firm for the entire working life of a person. In recent years, however, a career now includes changes or modifications in employment during the foreseeable future.

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## 9.2 MEANING AND DEFINITIONS OF CAREER PLANNING

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**Career planning** is a subset of career management. Career planning applies the concepts of Strategic planning and Marketing to taking charge of one's professional future. Career is an ongoing process and so it needs to be assessed on continuous basis. This process of re-assessing individual learning and development over a period of time is called Career Planning.

### ***Definitions:***

1. A career may be defined as 'a sequence of jobs that constitute what a person does for a living'.
2. According to Schermerborn, Hunt, and Osborn, 'Career planning is a process of systematically matching career goals and individual capabilities with opportunities for their fulfillment'.
3. Career planning is the process of enhancing an employee's future value.
4. A career plan is an individual's choice of occupation, organization and career path.

Career planning encourages individuals to explore and gather information, which enables them to synthesize, gain competencies, make decisions, set goals and take action. It is a crucial phase of human resource development that helps the employees in making strategy for work-life balance.

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### **9.3 IMPORTANCE / FEATURES OF CAREER PLANNING**

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It is important to come up with your career planning as it gives you the much needed direction and makes it clear there where you see yourself in future. It makes you aware of your strength and weaknesses and the skills and knowledge that are required to achieve your goals in future.

A large proportion of our life is spent in achieving our career goals, thus it is very important to make sure that right steps were taken and correct planning was done in the early years of your life. There are very few lucky ones who are born with a clear mind and who knows what they want to do and where they see themselves in life ahead. But majority of us are not sure what we want from life and so it is very important to plan out things. Thus career planning is what gives your career and in some way your life, true meaning and purpose.

1. It is an ongoing process.
2. It helps individuals develop skills required to fulfill different career roles.
3. It strengthens work-related activities in the organization.
4. It defines life, career, abilities, and interests of the employees.
5. It can also give professional directions, as they relate to career goals

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### **9.4 OBJECTIVES OF CAREER PLANNING**

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**The major objectives of career planning are as follows:**

1. To identify positive characteristics of the employees.
2. To develop awareness about each employee's uniqueness.
3. To respect feelings of other employees.
4. To attract talented employees to the organization.
5. To train employees towards team-building skills.
6. To create healthy ways of dealing with conflicts, emotions, and stress.

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## **9.5 BENEFITS OF CAREER PLANNING**

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1. Career planning ensures a constant supply of promotable employees.
2. It helps in improving the loyalty of employees.
3. Career planning encourages an employee's growth and development.
4. It discourages the negative attitude of superiors who are interested in suppressing the growth of the subordinates.
5. It ensures that senior management knows about the calibre and capacity of the employees who can move upwards.
6. It can always create a team of employees prepared enough to meet any contingency.
7. Career planning reduces labour turnover.
8. Every organization prepares succession planning

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## **9.6 CAREER PLANNING IN ORGANISATION**

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Career planning is the process by which one selects career goals and the path to these goals. The major focus of career planning is on assisting the employees achieve a better match between personal goals and the opportunities that are realistically available in the organization. Career programmers should not concentrate only on career growth opportunities. Practically speaking, there may not be enough high level positions to make upward mobility a reality for a large number of employees. Hence, career-planning efforts need to pin-point and highlight those areas that offer psychological success instead of vertical growth.

Career planning is not an event or end in itself, but a continuous process of developing human resources for achieving optimum results. It must, however, be noted that individual and organizational careers are not separate and distinct. A person who is not able to translate his career plan into action within the organization may probably quit the job, if he has a choice. Organizations, therefore, should help employees in career planning so that both can satisfy each other's needs.

Every employee has a desire to grow and scale new heights in his workplace continuously. If there are enough opportunities, he can pursue his career goals and exploit his potential fully. He feels highly motivated when the organization shows him a clear path as to how he can meet his personal ambitions while trying to realize corporate goals.

Unfortunately, as pointed out by John Leach, organizations do not pay adequate attention to this aspect in actual practice for a variety of reasons. The demands of employees are not matched with organizational needs; no effort is made to show how the employees can grow within certain limits, what happens to an employee five years down the line if he does well, whether the organization is trying to offer mere jobs or long-lasting careers, etc. When recognition does not come in time for meritorious performance and a certain amount of confusion prevails in the minds of employees whether they are 'in' with a chance to grow or not, they look for greener pastures outside. Key executives leave in frustration and the organization suffers badly when turnover figures rise. Any recruitment effort made in panic to fill the vacancies is not going to be effective. So, the absence of a career plan is going to make a big difference to both the employees and the organization. Employees do not get right breaks at a right time; their morale will be low and they are always on their toes trying to find escape routes.

Organizations are not going to benefit from high employee turnover. New employees mean additional selection and training costs. Bridging the gaps through short-term replacements is not going to pay in terms of productivity. Organizations, therefore, try to put their career plans in place and educate employees about the opportunities that exist internally for talented people. Without such a progressive outlook, organizations cannot prosper.





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## 9.8 SUMMARY

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Career Planning takes a lot of work, but there is nothing more rewarding than doing something you enjoy and getting paid for it. There are several links used in this website, and several more listed for your research.

Enjoy the process because it will be an ongoing practice throughout your working life. Change is consistent and most of us will need to make several adaptations to our career path throughout our lifetime. The skills you learn today will certainly help set up your success for the future.

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## 9.9 KEY WORDS

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**Career:** Career can be defined as a general course of action a person chooses to pursue throughout his or her working life

**Career planning:** Career planning is an ongoing process through which an individual sets career goals and identifies the means to achieve them.

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## 9.10 SELF ASSESSMENT QUESTIONS

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1. What is career planning?
2. Define career
3. Explain the importance features of career planning
4. Discuss the benefits of career planning
5. Bring out the objectives of career planning

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## 9.11 REFERENCES

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## **UNIT -10: CAREER PLANNING PROCESS**

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### **Structure:**

- 10.0 Objectives
- 10.1 Introduction
- 10.2 Steps involved in career planning process
- 10.3 Factors considered for successful career planning
- 10.4 Career goals and objectives development
- 10.5 Notes
- 10.6 Summary
- 10.7 Key Words
- 10.8 Self Assessment Questions
- 10.9 References



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## 10.0 OBJECTIVES

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After studying this unit, you should be able to;

- Define planning process
- Explain steps involved in career planning process
- Discuss the factors considered for successful career planning

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## 10.1 INTRODUCTION

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Career planning is not an activity that should be done once in high school or college and then left behind as we move forward in our jobs and careers. Rather, career planning is an activity that is best done on a regular basis especially given the data that the average worker will change careers (not jobs) multiple times over his or her lifetime. And it's never too soon or too late to start your career planning.

Career planning is not a hard activity, not something to be dreaded or put off, but rather an activity that should be liberating and fulfilling, providing goals to achieve in your current career or plans for beginning a transition to a new career. Career planning should be a rewarding and positive experience.

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## 10.2 STEPS INVOLVED IN CAREER PLANNING PROCESS

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The process of career planning is also known as career development stages and career development model. These steps help you in planning your career and deciding about your future.

### ◆ Self-assessment

[Self-assessment](#) is a process that helps you in assessing your skills, your potential, your strengths and your ability to fulfill your aims. As the name of the step suggest, you assess yourself and then, based on your analyses and keeping your strengths and weaknesses in mind, you draft your future plan. By drafting your future plan we mean that executing this step helps you to finalize the profession and career path you want to choose. Make sure that you choose and finalize more than one career, keep one or two careers in case you decide to roll back. In case the career you chose does not satisfies you or later in time you come to know that this was not meant for you then in that case you must have a backup plan.

### ◆ **Self-development**

Once you have self-analyzed yourself, the second step that awaits your attention is to fill the loopholes you have identified in the above step. By this we mean that in this step you have to see that what are the qualities and skills that are required by you to help you achieve your aims and goals. For instance you might decide that you need training or a particular course in a field in order to make you perfect for the profession you have chosen.

It could be that you are interested in painting but you are not much aware of the trends or the knowledge that is required for this field. Or there can be a case where you are interested and much aware about a profession like teaching but you do not yet know that what is the niche level that is meant for you like and the subjects you can carry off pretty well.

### ◆ **A thorough research self-development**

Once you have listed the careers that are favorable in your case and the skills and improvements that are required by you in order to achieve excellence the third step requires you to do an intensive research and see that what that are findings related to career options and the skills that are required to make you champion in that. Your research will be looking into following questions:

- What is the scope of the career you have chosen?
- Will that career pay you off in the future?
- Is there room for expansion in that career field?

### ◆ **Come up with action form**

Once you have researched the feasibility of the factors that you have finalized in above steps, the next step is to show some action and translate your plans on a piece of page. This step requires you to make plan as in how you are going to achieve and fulfill the steps you have decided above. The best way to come with an action plan is to come up with small goals for oneself. Once these small [goals](#) are achieved, we can see that how much close we are to our main aim and major goal. This small step acts as a path way to the main aim.

### ◆ **Action**

Once you are done with small goals and the main aim, the next step remains to start implementing your plans. Keep a very close track of your activities to make sure

that you are on the right track and that by following this path you are surely going to achieve your goal.

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## **10.3 FACTORS CONSIDERED FOR SUCCESSFUL CAREER PLANNING**

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### ***1. Make Career Planning an Annual Event***

Many of us have physicals, visit the eye doctor and dentist, and do a myriad of other things on an annual basis, so why not career planning? Find a day or weekend once a year more often if you feel the need or if you're planning a major career change and schedule a retreat for yourself. Try to block out all distractions so that you have the time to truly focus on your career what you really want out of your career, out of your life.

By making career planning an annual event, you will feel more secure in your career choice and direction and you'll be better prepared for the many uncertainties and difficulties that lie ahead in all of our jobs and career.

### ***2. Map Your Path Since Last Career Planning***

One of your first activities whenever you take on career planning is spending time mapping out your job and career path since the last time you did any sort of career planning. While you should not dwell on your past, taking the time to review and reflect on the path whether straight and narrow or one filled with any curves and dead-ends will help you plan for the future.

Once you've mapped your past, take the time to reflect on your course and note why it looks the way it does. Are you happy with your path? Could you have done things better? What might you have done differently? What can you do differently in the future?

### ***3. Reflect on Your Likes and Dislikes, Needs and Wants***

Change is a factor of life; everybody changes, as do our likes and dislikes. Something we loved doing two years ago may now give us displeasure. So always take time to reflect on the things in your life not just in your job that you feel most strongly about.

Make a two-column list of your major likes and dislikes. Then use this list to examine your current job and career path. If your job and career still fall mostly in the like column, then you know you are still on the right path; however, if your job activities fall mostly in the dislike column, now is the time to begin examining new jobs and new careers.

Finally, take the time to really think about what it is you want or need from your work, from your career. Are you looking to make a difference in the world? To be famous? To become financially independent? To effect change? Take the time to understand the motives that drive your sense of success and happiness.

#### ***4. Examine Your Pastimes and Hobbies***

Career planning provides a great time to also examine the activities you like doing when you're *not* working. It may sound a bit odd, to examine non-work activities when doing career planning, but it's not. Many times your hobbies and leisurely pursuits can give you great insight into future career paths.

Think you can't make a hobby into a career? People do it all the time. The great painter Paul Gauguin was a successful business person who painted on the side. It actually wasn't until he was encouraged by an artist he admired to continue painting that he finally took a serious look at his hobby and decided he should change careers. He was good at business, but his love was painting.

#### ***5. Make Note of Your Past Accomplishments***

Most people don't keep a very good record of work accomplishments and then struggle with creating a powerful resume when it's time to search for a new job. Making note of your past accomplishments keeping a record of them is not only useful for building your resume, it's also useful for career planning.

Sometimes reviewing your past accomplishments will reveal forgotten successes, one or more which may trigger researching and planning a career shift so that you can be in a job that allows you to accomplish the types of things that make you most happy and proud.

#### ***6. Look Beyond Your Current Job for Transferable Skills***

Some workers get so wrapped up in their job titles that they don't see any other career possibilities for themselves. Every job requires a certain set of skills, and it's much better to categorize yourself in terms of these skill sets than be so myopic as to focus just on job titles.

For example, one job-seeker who was trying to accomplish career planning found herself stuck because she identified herself as a reporter. But once she looked beyond her job title, she could see that she had this strong collection of transferable skills such as writing, editing, researching, investigating, interviewing, juggling multiple tasks, meeting goals and deadlines, and managing time and information skills that could easily be applied to a wide variety of jobs in many different careers.

## ***7. Review Career and Job Trends***

Everyone makes his or her own job and career opportunities, so that even if your career is shrinking, if you have excellent skills and know how to market yourself, you should be able to find a new job. However, having information about career trends is vital to long-term career planning success.

A career path that is expanding today could easily shrink tomorrow — or next year. It's important to see where job growth is expected, especially in the career fields that most interest you. Besides knowledge of these trends, the other advantage of conducting this research is the power it gives you to adjust and strengthen your position, your unique selling proposition. One of the keys to job and career success is having a unique set of accomplishments, skills, and education that make you better than all others in your career.

## ***8. Set Career and Job Goals***

Develop a roadmap for your job and career success. Can you be successful in your career without setting goals? Of course. Can you be even more successful through goal-setting? Most research says yes.

A major component of career planning is setting short-term (in the coming year) and long-term (beyond a year) career and job goals. Once you initiate this process, another component of career planning becomes reviewing and adjusting those goals as your career plans progress or change – and developing new goals once you accomplish your previous goals.

## ***9. Explore New Education/Training Opportunities***

It's somewhat of a cliché, but information really does lead to power and success. Never pass up chances to learn and grow more as a person and as a worker; part of career planning is going beyond passive acceptance of training opportunities to finding new ones that will help enhance or further your career.

Take the time to contemplate what types of educational experiences will help you achieve your career goals. Look within your company, your professional association, your local universities and community colleges, as well as online distance learning programs, to find potential career-enhancing opportunities and then find a way achieve them.

## ***10. Research Further Career/Job Advancement Opportunities***

One of the really fun outcomes of career planning is picturing yourself in the future. Where will you be in a year? In five years? A key component to developing multiple scenarios of that future is researching career paths.

Of course, if you're in what you consider a dead-end job, this activity becomes even more essential to you, but all job-seekers should take the time to research various career paths and then develop scenarios for seeing one or more of these visions become reality. Look within your current employer and current career field, but again, as with all aspects of career planning, do not be afraid to look beyond to other possible careers.

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## **10.4 CAREER GOALS AND OBJECTIVES DEVELOPMENT**

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The career management process begins with setting goals/objectives. A relatively specific goal/objective must be formulated. This task may be quite difficult when the individual lacks knowledge of career opportunities and/or is not fully aware of their talents and abilities. However, the entire career management process is based on the establishment of defined goals/objectives whether specific or general in nature. Utilizing career assessments may be a critical step in identifying opportunities and career paths that most resonate with someone. Career assessments can range from quick and informal to more in-depth. Regardless of the ones you use, you will need to evaluate them. Most assessments found today for free (although good) do not offer an in-depth evaluation.

The time horizon for the achievement of the selected goals or objectives - short term, medium term or long term - will have a major influence on their formulation.

1. Short-term goals (one or two years) are usually specific and limited in scope. Short-term goals are easier to formulate. Make sure they are achievable and relate to your longer term career goals.
2. Intermediate goals (3 to 20 years) tend to be less specific and more open ended than short-term goals. Both intermediate and long-term goals are more difficult to formulate than short-term goals because there are so many unknowns about the future.
3. Long-term goals (Over 20 years), of course, are the most fluid of all. Lack of life experience and knowledge about potential opportunities and pitfalls make the formulation of long-term goals/objectives very difficult. Long-range goals/objectives, however, may be easily modified as additional information is received







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## 10.6 SUMMARY

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In this unit, we have covered so far career planning, its Objectives, Important features, factors considered for successful career planning and also the process of career planning.

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## 10.7 KEY WORDS

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- Action
- Self-development
- Self-assessment

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## 10.8 SELF ASSESSMENT QUESTIONS

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1. What are career goals and objectives?
2. Explain the factors considered for successful career planning
3. Discuss the process of career planning

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## 10.9 REFERENCES

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## **UNIT- 11: MANPOWER PLANNING**

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### **Structure:**

- 11.0 Objectives
- 11.1 Introduction
- 11.2 Meaning and Definitions of manpower planning
- 11.3 Objectives of manpower planning
- 11.4 Difference between career planning and manpower planning
- 11.5 Importance of manpower planning
- 11.6 Need for manpower planning
- 11.7 Steps in manpower planning
- 11.8 Factors affecting manpower planning
- 11.9 Notes
- 11.10 Summary
- 11.11 Key Words
- 11.12 Self Assessment Questions
- 11.13 References

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## **11.0 OBJECTIVES**

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After studying this unit you should be able to

- Define manpower planning
- Explain the importance of manpower planning
- Highlights the objectives of manpower planning
- Discuss the steps of manpower planning
- Bring out the difference between career planning and manpower planning

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## **1.1 INTRODUCTION**

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Man power planning or human resource planning is the major task of personnel management because it is basically connected with utilizing manpower resources. Manpower planning is a supply and demand calculation of management process to adjust the current manpower to desires man power position. Manpower planning is accepted by the business manager because of its increasing in gaining. Basically man power planning involves locating a job for a man as well as preparing a man for a job. Manpower Planning which is also called as Human Resource Planning consists of putting right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of goals of the organization. Human Resource Planning has got an important place in the arena of industrialization. Human Resource Planning has to be a systems approach and is carried out in a set procedure.

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## **11.2 MEANING AND DEFINITIONS OF MANPOWER PLANNING**

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Man power planning or human resource planning (HRP) is the ongoing process of systematic planning to achieve optimum use of an organization's most valuable asset - its human resources. The objective of human resource (HR) planning is to ensure the best fit between employees and jobs, while avoiding manpower shortages or surpluses.

According to Gorden MacBeath, manpower planning involves two stages. The first stage is concerned with the detailed "planning of manpower requirements for all types and levels of employees throughout the period of the plan," and the second stage is concerned with "planning of manpower supplies to provide the organization with the right types of people from all sources to meet the planned requirements."

According to Vetter, the process by which management determines how the organization should move from its current manpower position to its desired manpower position. Through planning, management strives to have the right number and the right kinds of people, at the right places, at the right time, doing things which result in both the organization and the individual receiving maximum long-run benefit.

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### **11.3 OBJECTIVES OF MANPOWER PLANNING**

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**Main objectives of manpower planning are enumerated as under:**

***1. Accurate Estimates of manpower requirements:***

The most important object of manpower planning is to make as far as possible correct estimates of future manpower requirements. The technique of forecasting is very helpful in selecting right type of man for the right type of job. Additional jobs are created by retirement, retrenchment, discharge, demotion and separation etc. Forecasting also helps in minimizing labor costs.

***2. Inventorying of Personnel:***

Personnel inventorying is concerned with working details with regard to present employees pertaining to their educational qualifications, professional skill, proficiency in job and training received etc. The main object of preparing the inventory is to know about the number of persons with varied qualifications and skill etc. available in the organization. This is helpful for further expansion and modernization of the concern.

***3. Helpful in Recruitment and Selection:***

Human resource or manpower management is immensely helpful in the process of recruitment and selection also. It brings down the recruitment and selection costs by pursuing sound procedures of recruitment and selection.

***4. Achieving and maintaining Production Level:***

Manpower planning helps in achieving and maintains production level in an organization. There is reduction in labour turnover, absenteeism and accidents etc. These industrial hazards are properly estimated by manpower management. These estimates in advance are helpful in maintaining desired production levels.

Besides the above mentioned objects there are certain other objects of manpower management also. These are bringing about industrial peace and harmony, effective utilization of manpower resources and undertaking programmes for the development of employees.

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## 11.4 DIFFERENCE BETWEEN CAREER PLANNING AND MANPOWER PLANNING

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Career planning is an integral part of manpower planning which in turn is an important part of corporate planning but they are different from each other but Manpower planning provides an inventory of skills and potentials available in the organization. On the other hand career planning determines who could be groomed for higher level assignments. Career planning can only tell who could succeed in case of resignation etc. of existing employees. But Manpower planning provides information on the human resources available within the organization for expansion, growth and technological innovations.

The career planning is an important part of Human Resource Planning which in turn is integrated with the corporate planning. Human Resource planning cannot be effective without proper and adequate career planning. Similarly, human resource planning provides valuable information to facilitate career planning.

The important points of difference between career planning and human resource planning are as under-

1. ***Inventory of skills***- Human resource planning provides an inventory of skills and potentials available within an organization. But career planning determines who could be groomed for higher level assignments, where, when and how
2. ***Information about HR***- Human resource planning provides information about the human resources available within the organization for expansion, growth and technological innovations. But career planning only tells as to who could succeed in case of retirement, death, resignation, etc of existing personnel.
3. ***HR planning useful to career planning***- Human resource planning facilitates career planning by providing the following information:
  - ◆ An inventory of human resource, its needs, number, types, skill etc
  - ◆ Changes in functions and activities two, five, or ten years hence, if not for a longer period.
  - ◆ Nature and extent of behavioral changes required to meet manpower needs.
  - ◆ Availability of human resource within and outside the organization, training opportunities, training resources and training time.

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## 11.5 IMPORTANCE OF MANPOWER PLANNING

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1. **Key to managerial functions-** The four managerial functions, i.e., planning, organizing, directing and controlling are based upon the manpower. Human resources help in the implementation of all these managerial activities. Therefore, staffing becomes a key to all managerial functions.
2. **Efficient utilization-** Efficient management of personnel's becomes an important function in the industrialization world of today. Setting of large scale enterprises requires management of large scale manpower. It can be effectively done through staffing function.
3. **Motivation-** Staffing function not only includes putting right men on right job, but it also comprises of motivational programmes, i.e., incentive plans to be framed for further participation and employment of employees in a concern. Therefore, all types of incentive plans become an integral part of staffing function.
4. **Better human relations-** A concern can stabilize itself if human relations develop and are strong. Human relations become strong through effective control, clear communication, effective supervision and leadership in a concern. Staffing function also looks after training and development of the work force which leads to co-operation and better human relations.
5. **Higher productivity-** Productivity level increases when resources are utilized in best possible manner. Higher productivity is a result of minimum wastage of time, money, efforts and energies. This is possible through the staffing and its related activities ( Performance appraisal, training and development, remuneration)

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## 11.6 NEED FOR MANPOWER PLANNING

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Manpower Planning is a two-phased process because manpower planning not only analyses the current human resources but also makes manpower forecasts and thereby draw employment programmes. Manpower Planning is advantageous to firm in following manner:

1. Shortages and surpluses can be identified so that quick action can be taken wherever required.
2. All the recruitment and selection programmes are based on manpower planning.
3. It also helps to reduce the labour cost as excess staff can be identified and thereby overstaffing can be avoided.

4. It also helps to identify the available talents in a concern and accordingly training programmes can be chalked out to develop those talents.
5. It helps in growth and diversification of business. Through manpower planning, human resources can be readily available and they can be utilized in best manner.
6. It helps the organization to realize the importance of manpower management which ultimately helps in the stability of a concern.

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## 11.7 STEPS IN MANPOWER PLANNING

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**1. Analyzing the current manpower inventory-** Before a manager makes forecast of future manpower, the current manpower status has to be analysed. For this the following things have to be noted-

- Type of organization
- Number of departments
- Number and quantity of such departments
- Employees in these work units

Once these factors are registered by a manager, he goes for the future forecasting.

**2. Making future manpower forecasts-** Once the factors affecting the future manpower forecasts are known, planning can be done for the future manpower requirements in several work units.

The Manpower forecasting techniques commonly employed by the organizations are as follows:

- i. **Expert Forecasts:** This includes informal decisions, formal expert surveys and Delphi technique.
- ii. **Trend Analysis:** Manpower needs can be projected through extrapolation (projecting past trends), indexation (using base year as basis), and statistical analysis (central tendency measure).
- iii. **Work Load Analysis:** It is dependent upon the nature of work load in a department, in a branch or in a division.
- iv. **Work Force Analysis:** Whenever production and time period has to be analysed, due allowances have to be made for getting net manpower requirements.

- v. **Other methods:** Several Mathematical models, with the aid of computers are used to forecast manpower needs, like budget and planning analysis, regression, new venture analysis.

**3. Developing employment programmes-** Once the current inventory is compared with future forecasts, the employment programmes can be framed and developed accordingly, which will include recruitment, selection procedures and placement plans.

**4. Design training programmes-** These will be based upon extent of diversification, expansion plans, development programmes, etc. Training programmes depend upon the extent of improvement in technology and advancement to take place. It is also done to improve upon the skills, capabilities, knowledge of the workers.

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## **11.8 FACTORS AFFECTING MANPOWER PLANNING**

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**Manpower planning exercise is not an easy tube because it is imposed by various factors such as:**

1. It suffers from inaccuracy because it is very difficult to forecast long-range requirements of personnel.
2. Manpower planning depends basically on organization planning. Overall planning is itself is a difficult task because of changes in economic conditions, which make long term manpower planning difficult.
3. It is difficult to forecast about the personnel with the organization at a future date. While vacancies caused by retirements can be predicted accurately other factors like resignation, deaths are difficult to forecast.
4. Lack of top management support also frustrates those in charge of manpower planning because in the absence of top management support, the system does not work properly.
5. The problem of forecast becomes more occur in the context of key personnel because their replacement cannot be arranged in short period of time.

Moreover any system requires the support of top management and manpower planning is no exception to this.







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### **11.10 SUMMARY**

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In this unit, we have learnt about motivation and its factors, Higher Productivity, Man Power Planning and how Manpower planning become important for organisation.

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### **11.11 KEY WORDS**

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- Motivation
- Higher productivity
- Manpower planning

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### **11.12 SELF ASSESSMENT QUESTIONS**

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1. Define manpower planning
2. Explain the importance of manpower planning
3. Highlights the objectives of manpower planning
4. Discuss the steps of manpower planning
5. Bring out the difference between career planning and manpower planning
6. Explain the factors affecting manpower planning.

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## **UNIT – 12: CAREER PLANNING AND DEVELOPMENT**

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### **Structure :**

- 12.0 Objectives
- 12.1 Introduction
- 12.2 Methods of career planning and development
- 12.3 Challenges in Career Development
- 12.4 Placement
- 12.5 Induction and Orientation Programme
- 12.6 Coaching
- 12.7 Notes
- 12.8 Summary
- 12.9 Key Words
- 12.10 Self Assessment Questions
- 12.11 References

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## **12.0 OBJECTIVES**

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After studying this unit, you should be able to;

- Define career development
- Explain the methods of career planning and development
- Highlights the challenges of career development
- Express the concepts of placement
- Discuss the induction and orientation programme

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## **12.1 INTRODUCTION**

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A formal approach taken by an organization to help its people acquire the skills and experiences needed to perform current and future jobs is termed as career development. Company's policies especially policies regarding promotion, counseling the employees, opportunities to excel in future help employees to develop their career. Career development consists of skills, education and experiences as well as behavioral modification and refinement techniques that allow individuals to work better and add value.

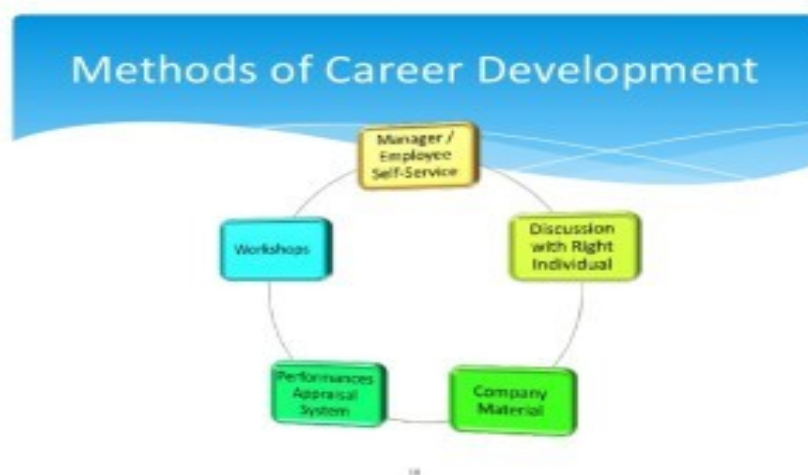
Career development is an ongoing organized and formalized effort that recognizes people as a vital organizational resource. It differs from training in that it has a wider focus, longer time frame, and broader scope. The goal of training is improvement in performance; the goal of development is enrichment and more capable workers. Recently, career development has come to be seen as a means for meeting both organizational and employee needs, as opposed to solely meeting the needs of the organization as it had done in the past. Now, organizations see career development as a way of preventing job burnout, providing career information to employees, improving the quality of work lives and meeting affirmative action goals. That is, career development must be seen as a key business strategy if an organization wants to survive in an increasingly competitive and global business environment.

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## **12.2 METHODS OF CAREER PLANNING AND DEVELOPMENT**

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There are many methods that are used extensively for the purpose of career development. But mostly these are used in combination of more than one method. Following are the commonly used methods of career development.



## Career Development Methods

### 1. Discussion with Knowledgeable Individuals:

In this method the subordinate is combined with his superior to agree on the best career development activities. In certain cases guidance counselors & psychologists provide this service. In case of academic institutions like colleges & universities, specialized career planning & development guidance is provided to the students. Professors are usually responsible for such guidance.

### 2. Company Material:

There are certain organizations that have developed certain specific material for the development of its employees. The developed material is in accordance with the needs of the organizations. Moreover the job descriptions can be considered as good material that show the employees to decide either their strengths & weakness match with the requirement of any offering job within their own organization.

### 3. Performance Appraisal System:

The performance appraisal system in the organizations can also be regarded as good source of career development. When the strengths & weaknesses of employees are discussed with their relative supervisors than the needs for the development of employees emerged clearly. If there is not possibility to overcome the weakness of certain employee, then there can be a solution of alternative career path for that employee.

#### **4. Workshops:**

Certain organizations offer the workshops for their employees that last for two or more days so that the employees can be able to develop their career within the organization. The career objectives are described & match by the employees with the needs of the organizations. In other situations, the workshops are presented at the community level so that the employees may be sent or they may start the visit themselves.

#### **5. Personal Development Plans (PDP):**

There are some organizations that encourage their employees to present their own plans of personal development. Such plan consists of summary of needs of personal development of employees along with the specified action list for the achievement. So the management encourages the employees to analyze their weakness & strengths.

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### **12.3 CHALLENGES IN CAREER DEVELOPMENT**

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While most business people today agree that their organizations should invest in career development, it is not always clear exactly what form this investment should take. Before putting a career development program in place, management needs to consider three major challenges.

#### **a. Who will be Responsible?**

Many modern organizations have concluded that employees must take an active role in planning and implementing their own personal development plans. Situations have led companies to encourage their employees to take responsibility for their own development; these may include mergers, acquisitions, downsizing, and employee empowerment. However, employees need at least general guidance regarding the steps they can take to develop their careers, both within and outside the company.

#### **b. How Much Emphasis is Appropriate?**

Too much emphasis on career enhancement can harm an organization's effectiveness. Employees with extreme career orientation can become more concerned about their image than their performance. Some warning signs a manager should be on the lookout for include a heavy focus on advancement opportunities, managing impressions, and socializing **versus** job performance. Serious side effects of career development programs include employee dissatisfaction, poor performance, and turnover in the event that it fosters unrealistic expectations for advancement.

### **c. How Will the Needs of a Diverse Work Force be Met?**

Companies need to break down the barriers some employees face in achieving advancement in order to meet the career development needs of today's diverse work force. In 1991, a government study revealed that women and minorities are frequently excluded from the informal career development activities like networking, mentoring, and participation in policy-making committees. Perhaps the best way a company can ensure that women and minorities have a fair chance at managerial and executive positions is to design a broad-based approach to employee development that is anchored in education and training.

Another employee group that may need special consideration consists of dual-career couples. Common organizational approaches that are becoming increasingly popular in dealing with the needs of dual career couples are flexible work schedules, telecommuting, and the offering of child-care services. Some

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## **12.4 PLACEMENT**

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After the employee is hired and oriented, he/she must be placed in his/her right job. Placement is understood as the allocation of people to the job. It is assignment or re-assignment of an employee to a new or different job. Placement includes initial assignment of new employees and promotion, transfer or demotion of present employees. The placement is arising out of promotion, transfer, demotion. Assignment of new employee to a job apparently seems to be simple task. The employer advertises inviting applications from candidates for a specific post. The advertisement contains job description and job specifications in detail. When a candidate has selected, it is logical that individual is placed in a position that was advertised earlier. But the task of placement is not that simple it appears. Times are changing. Changes in the work ethics reflecting the demand for meaningful work. All these factors are causing organizations and individuals to determine the placement process more closely. We are entering the age when applicants must be considered for several jobs rather than one. From the managerial perspective, the task is to understand and capitalize on each person's individually. Since, human attributes vary along many relatively independent ability, interest, biographical sketch and the personality dimensions, a person's individuality is best viewed as his/her unique profile of scores on a variety of individual measures. Once we establish the unique profile for each individual, people and jobs can be matched optimally within the constraints set by available jobs and available people. If the number of individuals is large in relation to the available jobs, only the best qualified persons can be selected and



placed. On the other hand, when more jobs are available, optimal placement is possible. Thus the number of people and the number of jobs determine the placement process in any organization.

### **Principles of Placement**

A few basic principles should be followed at the time of placement of a workers on the job. This is elaborated below:

1. Man should be placed on the job according to the requirements of the job. The job should not be adjusted according to the qualifications or requirements of the man. Job first, man next, should be the principle of the placement.
2. The job should be offered to the person according to his qualification. This should neither the higher nor the lower than the qualification.
3. The employee should be made conversant with the working conditions prevailing in the organization and all things relating to the job. He should also be made aware of the penalties if he commits the wrong.
4. While introducing the job to the new employees, an effort should be made to develop a sense of loyalty and cooperation in him so that he may realize his responsibility better towards the job and the organization.
5. The placement should be ready before the joining date of the newly selected person.
6. The placement in the initial period may be temporary as changes are likely after the completion of training. The employee may be later transferred to the job where he can do better.

Proper placement helps to improve the employees' morale. The capacity of the employees can be utilized fully. The right placement also reduces labour turnover, absenteeism and also the accident rate. Than the employee can adjust to the required environment of the organization effectively and the performance of the employee will not be hampered.

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## **12.5 INDUCTION AND ORIENTATION PROGRAMME**

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Induction and orientation training programs for new employees are essential these days for all companies in order to ensure that the new employee can adopt the new working environment fast with ease and comfort.

The Induction and orientation training programs benefits are explained below:

**A) Benefits to the company:**

- ◆ It creates a positive perception of the organization and an understanding of the corporate culture, values, vision, mission and goals.
- ◆ It can set a precedent for ongoing training, by showing the employee that the organization is serious about developing his skills to perform his job competently.
- ◆ It can also help in motivating the existing employees who are included in the process.
- ◆ A good induction program can also help in cutting down recruitment costs as new staff is more likely to give longer term commitment to the organization.
- ◆ Can benefit from the insights, objectivity and fresh ideas of a new employee. A new employee can also give insights onto how the company is perceived externally.

**B) Benefits to employees:**

- Feel welcomed and comfortable (building relationships)
- It confirms the employee's decision to join the organization.
- It helps to build self-esteem, morale and motivation.
- It establishes good communication and relationship between the employee and his supervisor from the first day.
- Makes the employee familiar with the corporate environment, rules, systems and regulations.

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## **12.6 COACHING**

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Coaching is training or development in which a person called a *coach* supports a learner in achieving a specific personal or professional goal. The learner is sometimes called a *coachee*. Occasionally, *coaching* may mean an informal relationship between two people, of whom one has more experience and expertise than the other and offers advice and guidance as the latter learns; but coaching differs from mentoring in focusing on specific tasks or objectives, as opposed to general goals or overall development

Coaching is a popular approach to employee development, based on a relationship between two people, the coach and the individual. The individual typically wants to improve his or her understanding of a situation, learn new skills, prepare for new

situations, or improve performance areas. The coach may provide a variety of services to help the individual improve his or her performance. For example, the coach may help identify an underlying problem, provide tools that help the individual understand the problem, suggest activities that will lead to performance improvement, share insights about the environment in which the individual works, and provide honest feedback about the quality of performance. Coaching is especially useful during times of significant change or challenge, when individuals must acquire new skills or adapt to new environments.

### ***When should coaching be used?***

There are many approaches to development training and education, new assignments, mentoring relationships, etc. Each can be an effective tool when properly used in the right situation. To determine if coaching is useful in your situation, consider the following questions:

#### **◆ Is the nature of the problem understood?**

Often, the nature of an individual's performance difficulties are not well understood, and coaching is used to identify manifestations of the problem and explore the root causes. For example, an executive who works 80 hours a week may have difficulty accomplishing all of his or her tasks for a week. A coach can help the executive determine what intrudes on his or her schedule and prevents the person from achieving desired performance goals.

#### **◆ What competency is to be improved?**

Some competencies can best be improved by coaching, others by some other developmental activity. Coaching often works well for the development of skills that require feedback on actual behavior but may be less useful when measures of improvement are not dependent on someone else's evaluation. For example, if an individual needs to acquire financial management skills, the best solution may be a training course focused on principles of financial management. In contrast, if a manager has difficulty getting along with colleagues, a coach, who can give direct feedback and probe sensitive areas, may be more useful.

Examples of competencies that are often coached include:

Conflict management

Tact and diplomacy

Working across boundaries

Listening skills

Presentation skills

Time management skills

Strategic thinking

Decision-making skills

Interpersonal relationship skills

◆ **How sensitive is the problem?**

Although everyone has strengths and weaknesses, exposing your weaknesses varies in acceptability. While it may be OK to admit that you lack knowledge in an area to which you have never been exposed, it may not be OK to admit that you lack the interpersonal skills to build strong business relationships. Some individuals are resistant to admitting they have any performance deficiencies. Sometimes, just exploring the problem is a delicate matter. For example, an executive who needs assistance evaluating the strengths and weaknesses of his management team may not want to share information about others to anyone within his organization and needs assurances that the information shared is kept confidential. Coaching often works well when the problem or its resolution is a sensitive one.

◆ **What learning skills does the individual possess?**

Acquiring new skills is a function of learning skills as well as the motivation to learn. Sometimes a coach serves simply to help the individual discipline him or herself and spend time on development activities. Other times, a coach assists the individual in analyzing a situation and pointing out the salient elements. Coaching cannot add much value in situations where the person does not have the raw capabilities (e.g., intelligence) to succeed. Job redesign or reassignment is more useful. Neither is coaching the recommended solution when emotional or psychological issues are primary (e.g., depression, substance abuse). In such cases, therapy or mental health counseling is recommended.

◆ **What motivations does the individual have to participate fully in a coaching relationship?**

The essential requirement for effective coaching is simply the individuals desire to improve his or her performance and willingness to work at it. Improving a skill is a

challenging task. Unless the individual is motivated to participate fully in a coaching relationship and make significant changes, coaching is not likely to succeed.

◆ **What resources does the individual or organization have?**

Because coaching involves an on-going, one on one relationship, it can be a significant investment. The organization or individual paying for coaching must have the resources to pay for it.

◆ **Will the individual have the support of others in the organization?**

An individual making major changes in his or her approach to work must have the support of the organization. Sometimes, support is in the form of the boss providing detailed feedback. Other times, the organization must be willing to accept new approaches to certain activities. For example, if a manager is being coached to provide detailed performance feedback to subordinates, even star performers, the culture of the organization must accept the appropriateness of feedback. Without organizational support, changes in the individual are unlikely to be sustained over time.

***What makes coaching effective?***

Coaching can make a difference in peoples performance for three key reasons. First, it is customized to meet each persons needs, so no time is wasted. Although books, classes, e-learning, and other approaches may be less expensive, they may not provide as much value for the learner because they cover a broad content area and are aimed at a diverse audience. Second, coaching can address the full spectrum of learning, from insight, motivation, and learning new skills to accountability and application in the real world. Finally, having a personal coach provides a relationship built on trust and openness that allows safe exploration of difficult topics and supports risk-taking in trying new behaviors.

In summary, coaching can be an effective tool for accelerating learning and dramatically improving performance across a wide range of skills that benefit both the individual and the organization.

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**2.7 NOTES**

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## 12.8 SUMMARY

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In this unit, we have learnt about career development and its importance. We also covered the aspects like career development objectives and methods of career development, recent challenges of career development.

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## 12.9 KEY WORDS

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- ◆ Career
- ◆ Career development

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## 12.10 SELF ASSESSMENT QUESTIONS

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1. Define career development
2. Explain the methods of career planning and development
3. Highlights the challenges of career development
4. Express the concepts of placement
5. Discuss the induction and orientation programme

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## 12.11 REFERENCES

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DEPARTMENT OF STUDIES AND RESEARCH IN MANAGEMENT

**M.B.A III - Semester**

**Elective -C: People Management**

**COURSE - 16 C**

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**STRATEGIC HUMAN RESOURCE DEVELOPMENT**

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**BLOCK**

**4**

**EVALUATING HRD**

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**UNIT - 13**

HUMAN RESOURCE EVALUATION 01-22

---

**UNIT - 14**

HUMAN RESOURCE DEVELOPMENT 23-42

---

**UNIT - 15**

ORGANIZATION DEVELOPMENT 43-59

---

**UNIT - 16**

CHANGE MANAGEMENT 60-78

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## **BLOCK –IV : EVALUATION OF HRD**

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In the previous block, we have discussed career planning, career planning process, manpower planning and career planning and development. In this block, we are dealing with human resource accounting, benchmarking and competency mapping. This block also speaks on employee development, counseling, team building and team building process.

This block also explains HRD strategies for competitive advantages, organization development and its features and organization development process. It also deals with change, reasons for change, resistance to change and also change agent and its role.

This block consists of four units. They are,

Unit 13: Human resource Evaluation

Unit 14: Human resource Development

Unit 15: Organization Development

Unit 16: Change Management



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## **UNIT-13 : HUMAN RESOURCE EVALUATION**

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### **Structure:**

- 13.0 Objectives
- 13.1 Introduction
- 13.2 Human resource accounting
- 13.3 Human resource audit
- 13.4 Human resource benchmarking
- 13.5 Competency mapping
- 13.6 Balanced score card
- 13.7 Intellectual capital and HRD
- 13.8 Notes
- 13.9 Summary
- 13.10 Key words
- 13.11 Self-assessment questions
- 13.12 References

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## **13.0 OBJECTIVES**

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After reading this unit, you should be able to;

- Discuss the framework within which Human Resources are evaluated.
- Appreciate the role of human resource accounting practices and human resource audit in taking strategic decisions
- Recognize the advantages of human resource benchmarking
- Comprehend the need for competency mapping
- Identify with the concept of balance scorecard
- Relate Intellectual capital with Human Resource Development

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## **13.1 INTRODUCTION**

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Human resources measurement in an organization is done to measure the contribution of HR programs to organizational performance, to know the most competitive employee mix for a business unit, to measure the cost and value of the different types of work performed by the employees, increasingly derive value from human resources. The strategic importance of the workforce makes decisions about talent critical to organizational success. Informed decisions about talent require a strategic approach to measurement. However, measures alone are not sufficient, for measures without logic can create information overload, and decision quality rests in substantial part on the quality of measurements. An important element of enhanced competitiveness is a measurement of talent that articulates the connections between people and success, as well as the context and boundary conditions that affect those connections. Hence there is a need to examine the various tools for evaluating the effectiveness of Human Resources.

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## **13.2 HUMAN RESOURCE ACCOUNTING**

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The American Accounting Association's Committee on Human Resource Accounting (1973) has defined Human Resource Accounting as "the process of identifying and measuring data about human resources and communicating this information to interested parties".

HRA, thus, not only involves measurement of all the costs/ investments associated with the recruitment, placement, training and development of employees, but also the quantification of the economic value of the people in an organisation.

Flamholtz (1971) too has offered a similar definition for HRA. They define HRA as “the measurement and reporting of the cost and value of people in organizational resources”.

## **Methods of Human Resource Accounting**

Method of Evaluation of human resource management

### **1. Historical Cost Approach**

This approach was developed by William C. Pyle (and assisted by R. Lee Brummet & Eric G. Flamholtz) and R.G. Barry corporation, a leisure footwear manufacturer based on Columbus, Ohio (USA) in 1967. In this approach, actual cost incurred on recruiting, hiring, training and development the human resources of the organisation are capitalised and amortised over the expected useful life of the human resources. Thus a proper recording of the expenditure made on hiring, selecting, training and developing the employees is maintained and a proportion of it is written off to the income of the next few years during which human resources will provide service. If the human assets are liquidated prematurely the whole of the amount not written off is charged to the income of the year in which such liquidation takes place. If the useful life is recongnised to be longer than originally expected, revisions are effected in the amortisation schedule. The historical cost of human resources is very similar to the book value of the other physical assets. When an employee is recruited by a firm, he is employed with the obvious expectation that the returns from him will far exceed the cost involved in selecting, developing and training in the same manner as the value of fixed assets is increased by making additions to them. Such additional costs incurred in training and developing is also capitalised and are amortised over the remaining life. The unexpired value is Investment in human assets.

This method is simple to understand and easy to work out. It meets the traditional accounting concept of matching cost with revenue. It can provide a basis of evaluating a company's return on its investment in human resources

But it suffers from the following limitations:

- ◆ It takes into account a part of the employees acquisition costs and thus ignores the aggregate value of their potential services.

- ◆ It is difficult to estimate the number of years over which the capitalised expenditure is to be amortised.
- ◆ It is difficult to determine the rate of amortisation. Should it be increasing, constant or decreasing one?
- ◆ The economic value of human resources increases over time as the people gain experience. But in this approach, the capital cost decreases through amortisation.

## **2. Replacement Cost Approach –**

This approach was first suggested by Rensis Likert, and was developed by Eric G. Flamholtz on the basis of concept of replacement cost. Human resources of an organisation are to be valued on the assumption that a new similar organisation has to be created from scratch and what would be the cost to the firm if the existing resources were required to be replaced with other persons of equivalent talents and experience. It takes into consideration all cost involved in recruiting, hiring, training and developing the replacement to the present level of proficiency and familiarity with the organisation.

This approach is more realistic as it incorporates the current value of company's human resources in its financial statements prepared at the end of the year. It is more representative and logical. But it suffers from the following limitations:

- This method is at variance with the conventional accounting practice of valuing assets.
- There may be no similar replacement for a similar certain existing asset. It is really difficult to find identical replacement of the existing human resource in actual practice.
- The determination of a replacement value is affected by the subjective considerations to a marked extent and therefore, the value is likely to differ from man to man.

## **3. Opportunity Cost –**

This method was first advocated by Hc Kiman and Jones for a company with several divisional heads bidding for the services of various people they need among themselves and then include the bid price in the investment cost. Opportunity cost is the value of an asset when there is an alternative use of it. There is no opportunity cost for those employees that are not scarce and also those at the top will not be available for auction. As such, only scarce people should comprise the value of human resources.

This method can work for some of the people at shop floor and middle order management. Moreover, the authors of this approach believe that a bidding process such as this is a promising approach towards more optional allocation of personnel and a quantitative base for planning, evaluating and developing human assets of the firm. But this approach suffers from the following limitations:

- ◆ It has specifically excluded from its preview the employees scarce or not being 'bid' by the other departments. This is likely to result in lowering the morale and productivity of the employees who are not covered by the competitive process.
- ◆ The total valuation of human resources on the competitive bid price may be misleading or inaccurate. It may be due to the reason that a person may be an expert for one department and not so for the other department. He may be a valuable person for the department in which he is working and thus command a high value but may have a lower price in the bid by the other department.
- ◆ Under this method, valuation on the basis of opportunity cost is restricted to alternative use within the organisation. In real life such alternative use may not be identifiable on account of the constraints in an organisational environment.

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### **13.3 HUMAN RESOURCE AUDIT**

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Human resources are the people in an organization, so a human resources audit is a look at those people and the processes that put them in place to make sure the system is working efficiently. An HR audit also goes beyond looking at the hiring process into areas like employee retention, budgeting, training, employee compensation, management/employee relations and virtually any process or practice within the company that affects its people.

A periodic Human Resource audit can qualify its effectiveness within an organization. Human Resource audits may accomplish a variety of objectives, such as ensuring legal compliance; helping maintain or improve a competitive advantage; establishing efficient documentation and technology practices; and identifying strengths and weaknesses in training, communications and other employment practices

Human Resource auditing is something that many companies do annually, just as they audit their financial information. This gives them an accounting of their workforce and the efficiency with which the organization as an entity deals with its people, from recruiting to firing. Human Resource auditing can be likened to a person going to the doctor for a general check-up to stay well. The process allows a company to get a general



idea of where it stands so it can better correct any potential problems and plan for the future.

When it comes to physical health, prevention of problems is far better than waiting until a problem arises and trying to cure it. The same holds true for human resources auditing. Preventing problems is much easier than trying to fix them after the fact. Good Human Resource planning and auditing can help prevent those problems, and save companies money and difficulties.

Auditing is a diagnostic tool to gauge not only the current status of things but also the gaps between the current status and the desired status in the area that is being audited.

Auditing has been a routine exercise in the area of finance, especially because it is a statutory obligation. However, in case of Human Resource, there is no legal binding to adopt auditing. Some of the companies nevertheless prefer to have Human Resource audits.

Like any audit, the Human Resource Audit is also a systematic formal process, which is designed to examine the strategies, policies, procedures, documentation, structure, systems and practices with respect to the organization's human resource management. It systematically and scientifically assesses the strengths, limitations, and developmental needs of the existing human resources from the larger point of view of enhancing organisational performance.

A Human Resources Audit is a comprehensive method (or means) to review current human resources policies, procedures, documentation and systems to identify needs for improvement and enhancement of the HR function as well as to assess compliance with ever-changing rules and regulations

The human resource audit is based on the premise that human resource processes are dynamic and must continually be redirected and revitalized to remain responsive to the ever changing needs. Human Resource Audits are not routine practices aimed at problem solving. Instead of directly solving problems, HR audits, like financial audits, help in providing insights into possible causes for current and future problems.

The findings of these audits aid decision making in the organisation and are usually internal documents that need not necessarily be shared with the public. Moreover, unlike Financial Audits that are routine, regulated and standardised, Human Resource Audits are non-routine and may be designed to cater to the unique needs of the organisation at

a particular point in time. These are in fact, studies of an unusual nature. The manner in which the Audit is conducted could vary from self-directed surveys to interventions by outside consultants.

Human Resource Audit is the systematic verification of job analysis and design, recruitment and selection, orientation and placement, training and development, performance appraisal and job evaluation, employee and executive remuneration, motivation and morale, participative management, communication, welfare and social security, safety and health, industrial relations, trade unionism, and disputes and their resolution. HR audit is very much useful to achieve the organizational goal and also is a vital tool which helps to assess the effectiveness of HR functions of an organization.

It involves a complete Human Resources Checkup, including administration, employee files, compliance, handbook, orientation, training, performance management, and termination procedures. The intended outcomes include minimizing the liability exposure and introduction or enhancement of human resource best practices.

### **Need and Purpose of Human Resource Auditing**

The commonly understood audits are the established and regular accounting audits carried out in accordance with specific statutory regulations. However, in the case of human resource audits, there is no legal obligation, but enlightened managements have voluntarily accepted its usefulness depending upon the circumstances. The following circumstances may be cited as examples:

- ◆ felt concern by top management,
- ◆ compulsions of the external forces necessitating a situational audit,
- ◆ business changing significantly influenced by international business decisions affecting human resource management, and
- ◆ an urge on the part of human resource management professionals towards advancement of the practices and systems.

It is necessary to take a look at these and other questions. Human Resource audit is highly useful for the purpose

- Does the organisation regularly forecast the supply of and demand for employees in various categories?
- Do job analyses exist for all positions in the organisation?
- Are all potential sources of recruitment identified and evaluated?

- Are measurable selection criteria developed and used while filling up jobs?
- Do effective training and development programmes exist?
- Is there a performance evaluation system that helps assess past and potential performance?
- Is the remuneration programme designed to motivate employees?
- Is the plant unionised?
- Does a grievance procedure exist?
- Does the organisation have high quality of work life?
- Does the HRM practice contribute to organisational effectiveness?
- Does the management underestimate the capacity of HRM to contribute to organizational effectiveness?

### **Approaches to Human Resources Audit**

The following approaches are adopted for purpose of evaluation:

1. Comparative approach
2. Outside authority approach
3. Statistical approach
4. Compliance approach
5. Management by objectives (MBO) approach

#### **Comparative approach**

In this, the auditors identify Competitor Company as the model. The results of their organization are compared with that Company/ industry.

#### **Outside authority approach**

In this, the auditors use standards set by an outside consultant as benchmark for comparison of own results.

#### **Statistical approach**

In this, Statistical measures are performance is developed considering the company's existing information.

#### **Compliance approach**

In this, auditors review past actions to calculate whether those activities comply with legal requirements and industry policies and procedures.

### **Management by objectives (MBO) approach**

This approach creates specific goals, against which performance can be measured, to arrive at final decision about organization's actual performance with the set objectives.

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## **13.4 HUMAN RESOURCE BENCHMARKING**

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Benchmarking is a technique that uses quantitative or qualitative data to make comparisons between different organizations or different sections of organizations. Benchmarking is usually treated as a continuous process in which organizations periodically measure, challenge, and improve their practices.

Benchmarking seeks to assess the competences of an organization against "best in class" wherever that is to be found. Often this taken to mean only measures of output performance which can be defined in quantitative term (comparison of financial performance, key financial ratio and other measure of output such as market share, production throughput). However there are also more qualitative less tangible feature of performance which result on quality or satisfaction such as attitude towards customers. Assessment of these features is more difficult and it can only be done by direct observation or surveying user .Benchmarking should include quantitative and qualitative measure of performance and its emphasize should be on continuous quality improvement. There are two kinds of Benchmarking – Internal Benchmarking and External Benchmarking.

### **Internal Benchmarking**

Most organizations monitor their own performance in order to identify change in key business activities over time. This may mean looking at the performance of the organization as a whole or comparing the performance of different individual teams or business unit with each other. Performance monitoring is continuous process. Those with an interest in an organization's business (shareholder, analyst, management, etc.) will wish to compare result over time in order to reveal trends in business performance. This is the only way to discern whether performance is in line with expectations. individual activities involved not just a business unit. Part of this process will involve regular analysis of performance against target e.g. financial performance budget, sales and production achievement against target.

### **External Benchmarking**

This involves comparing performance with that of other organizations. Organizations need to decide:

- ◆ What activities or other dimension of the organization should be compared with others?
- ◆ Who the other organizations should be?
- ◆ How information on other organizations can be obtained?

In reality external benchmarking can be time consuming and be hampered by the difficulty of obtaining relevant information. There are also problems of finding comparable organizations to benchmark against. Nevertheless, most organizations will wish to assess their own performance relative to industry norms. They could do this with reference to industry averages or the time performance of best performing organizations. However a danger in relying solely on industry norm analysis is that industry may itself perform badly. Obviously the scope of cross industry comparison will be more limited but could relate, for example the employee cost or to research and development expenditure.

To conduct benchmarking exercise the following 10 steps are to be followed according to the sequence in which they are presented:

- Identify what is to be benchmarked.
- Identify comparable companies.
- Determine data collection methods and collect data.
- Determine current performance levels.
- Project future performance levels.
- Communicate benchmark results and gain acceptance.
- Establish functional goals.
- Develop action plans.
- Implement action plans and monitor progress.
- Recalibrate benchmarks.

Like general benchmarking, HR benchmarking is extremely important. When information on HR performance has been gathered, it must be compared to a standard, which is a model or measure against which something is compared to determine its performance level. For example, it is meaningless to know that organizational turnover rate is 75% if the turnover rates at comparable organizations are unknown. HR benchmarking compares specific measures of performance against data on those

measures in other “best practices” organizations. HR professionals interested in benchmarking try to locate organizations that do certain activities particularly well and thus become the “benchmarks.” HR Benchmarking is useful for following reasons:

- ◆ An organisation can identify how its HR practices compare with the best practices.
- ◆ It helps organisations learn what type of HR practices work and they can be successfully implemented.
- ◆ They provide a basis for reviewing existing HR practices and developing new practices.
- ◆ They also help managers to establish a strategy and set priorities for HR practices.

Some of the common benchmarked performance measures in HR management are:

- ◆ Total compensation as a percentage of net income before taxes
- ◆ Per cent of management positions filled internally
- ◆ Rupee sales per employee
- ◆ Benefits as a percentage of payroll cost

Managers need to consider several things when benchmarking. Managers must gather information about internal processes to serve as a comparison for best practices. It is also important to clearly identify the purpose of benchmarking and the practice to be benchmarked, and as with most quality approaches, upper-level management needs to be committed to the project. Both qualitative and quantitative data should be collected because descriptions of programmes and how they operate are as valuable as knowing how best practices contributed to the bottom line.

To ensure the broadest information possible, managers should be careful to gather data from the companies both within and outside their industry. Benchmarking may actually limit a company’s performance if the goal is only to learn and copy what competitors have done and not to consider various options to improve their process. It is also important not to view HR practices in isolation from each other. For example, examining recruitment practices also requires consideration on company’s emphasis on use of the company’s staffing strategy. Benchmarking will not provide “right” answer. The information collected needs to be considered in terms of the context of the companies. Finally, benchmarking is one part of an improvement process. As a result, use of the information gathered from benchmarking needs to be considered in the broader framework of organisational change.

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## 13.5 COMPETENCY MAPPING

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Competency mapping is a process of identifying key competencies for a particular position in an organization, and then using it for job-evaluation, recruitment, training and development, performance management, succession planning, etc.

Competency Mapping is a process of identifying key competencies for an organization and/or a job and incorporating those competencies throughout the various processes (i.e. job evaluation, training, recruitment) of the organization. A competency is defined as a behavior (i.e. communication, leadership) rather than a skill or ability.

The steps involved in competency mapping with an end result of job evaluation include the following:

1. Conduct a *job analysis* by asking incumbents to complete a position information questionnaire (PIQ). The PIQ can be provided for incumbents to complete, or you can conduct one-on-one interviews using the PIQ as a guide. The primary goal is to gather from incumbents what they feel are the key behaviors necessary to perform their respective jobs.
2. Using the results of the job analysis, you are ready to develop a competency based *job description*. This is developed by carefully analyzing the input from the represented group of incumbents and converting it to standard competencies.
3. With a competency based job description, you are on your way to begin *mapping the competencies* throughout your HR processes. The competencies of the respective job description become your factors for assessment on the performance evaluation. Using competencies will help guide you to perform more objective evaluations based on displayed or not displayed behaviors.
4. Taking the competency mapping one step further, you can use the results of your evaluation to identify in what competencies individuals need additional *development or training*. This will help you focus your training needs on the goals of the position and company and help your employees develop toward the ultimate success of the organization.

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## 13.6 BALANCED SCORE CARD

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The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization

The Balanced Scorecard is a strategy performance management tool - a semi-standard structured report, supported by design methods and automation tools, that can be used by managers to keep track of the execution of activities by the staff within their control and to monitor the consequences arising from these actions.

The critical characteristics that define a balanced scorecard are:

- ◆ its focus on the strategic agenda of the organization concerned
- ◆ the selection of a small number of data items to monitor
- ◆ a mix of financial and non-financial data items.

Design of a balanced scorecard is about the identification of a small number of financial and non-financial measures and attaching targets to them, so that when they are reviewed it is possible to determine whether current performance 'meets expectations'. By alerting managers to areas where performance deviates from expectations, they can be encouraged to focus their attention on these areas, and hopefully as a result trigger improved performance within the part of the organization they lead.

The original thinking behind a balanced scorecard was for it to be focused on information relating to the implementation of a strategy, and over time there has been a blurring of the boundaries between conventional strategic planning and control activities and those required to design a balanced scorecard. This is illustrated well by the four steps required to design a balanced scorecard included in Kaplan & Norton's writing on the subject in the late 1990s:

1. Translating the vision into operational goals;
2. Communicating the vision and link it to individual performance;
3. Business planning; index setting
4. Feedback and learning, and adjusting the strategy accordingly.

These steps go far beyond the simple task of identifying a small number of financial and non-financial measures, but illustrate the requirement for whatever design process is used to fit within broader thinking about how the resulting balanced scorecard will integrate with the wider business management process.

Although it helps focus managers' attention on strategic issues and the management of the implementation of strategy, it is important to remember that the balanced scorecard itself has no role in the formation of strategy. In fact, balanced scorecards can co-exist with strategic planning systems and other tools.



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## 13.7 INTELLECTUAL CAPITAL AND HRD

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Definition: Collective knowledge of the individuals in an organization or society. This knowledge can be used to produce wealth, multiply output of physical assets, gain competitive advantage, and/or to enhance value of other types of capital. Intellectual capital is now beginning to be classified as a true capital cost because (1) investment in (and replacement of) people tantamount to investment in machines and plants, and (2) expenses incurred in education and training (to maintain the shelf life of intellectual assets) are equivalent to depreciation costs of physical assets.

Intellectual capital, in other words, represents the collective knowledge that is rooted in the personnel, organizational systems and network relationships of an organization. Organizations have accepted IC as an important resource that need to be developed to acquire sustained competitive advantage as the knowledge that all employees bring to an organization is believed to provide the organization with a cutting edge. Therefore, the collective knowledge of an organization in today's knowledge economy is of utmost importance.

The management of IC should be such that the knowledge drawn from various levels should lend itself to the formation and implementation of HRM strategies and practices in the organization. This requires a paradigmatic shift in attitude towards a strategic focus of IC and its links to HRM.

Intellectual capital is the sum of an organization's resources encompassing collective tacit knowledge, human skills, experience and any intellectual resource that can contribute to value creation for the organization. When physical assets and financial capital are no longer the resources that facilitate competitive advantage, IC becomes the only differentiating factor that provides a competitive market position to an organization.

The concept of IC encompasses three primary interrelated components: human capital, structural capital and relational capital. Human capital subsumes various human resource elements, including cumulative tacit knowledge, competencies, experience and skills, and the innovativeness and talents of people. Human capital cannot be owned but only be rented and knowledge can only be created by individuals but not by organizations. New organizational members carry human capital when they join an organization. A loss of organizational memory due to individuals' departure may cause a threat to the organization. This is because organizational members take their talent, skills and tacit knowledge with them when they leave the organization. That is why human capital is important to organizations. When an organization acquires human resources in the

external job market it must undergo a period of dynamic adjustment costs before the best uses of the human resources can be discovered and tailored to the needs of the new environment. Besides, new employees' prior industry experience may affect their performance, preventing them to unlearn and re-learn knowledge in the new environment. In other words, human resources, along with their human capital, may not move between firms as easily as it was perceived. Accordingly, organizations should pay attention more on the development and deployment of human capital as recruitment and selection of human resources is not enough to ensure competitive advantage.

Structural capital refers to the learning and knowledge that is enacted in day-to-day activities. It is the pool of knowledge that remains in an organization at the end of the day after individuals within the organization have left. Structural capital is the supportive infrastructure for human capital. Structural capital deals with the mechanisms and structures of organizations that can assist individuals in their quest for optimum intellectual performance. This intellectual performance ultimately enhances overall organizational performance. Structural capital includes all of the non-human storehouses of knowledge in organizations such as databases, routines, organizational culture and anything that creates value for organizations. The role of human resources in creating competitive advantage depends highly on the other two IC components: structural capital and relational capital. Employees' know-how is most inimitable when it is firm specific and resides in the organization where it was originally developed that learning process within an organization helps to create firm-specific human capital and that potentially makes the human capital less useful to rivals. Other structural capital elements such as organizational culture and routines also help to amplify human capital, increase firm specificity and decrease imitability. Accordingly, HRM managers should not ignore structural capital when formulating and implementing HRM strategies and practices.

Relational capital represents an organization's relations with its external stakeholders and the perceptions that they hold about the organization, as well as the exchange of knowledge between the organization and its external stakeholders. Examples of relational capital include: the loyalty of valuable customers as a result of understanding their needs and meeting them consistently; the mutual trust and commitment given by key suppliers; the reliability and reliance partnership from allied partners; the reputation and relationships that an organization has developed over time in its surrounding community; the knowledge of laws and regulations as well as the lobbying and networking skills; and the critical understanding and intelligence about competitors. Relational capital assists members of an organization to appreciate the dynamic of external

knowledge. External knowledge is important to the role of human resources as it helps to increase the stock of human capital and potentially improve the quality of existing human capital within the organization.

IC is an important resource that organizations need to develop strategies for and around them measure, manage, maintain and develop their existing pool of knowledge. By understanding the effect of Intellectual Capital on HRM, senior human resource executives are more likely to be able to assist the executives to make strategic human resource decisions that enhance HRM performance and thus, enhance firm performance.

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### 13.8 NOTES

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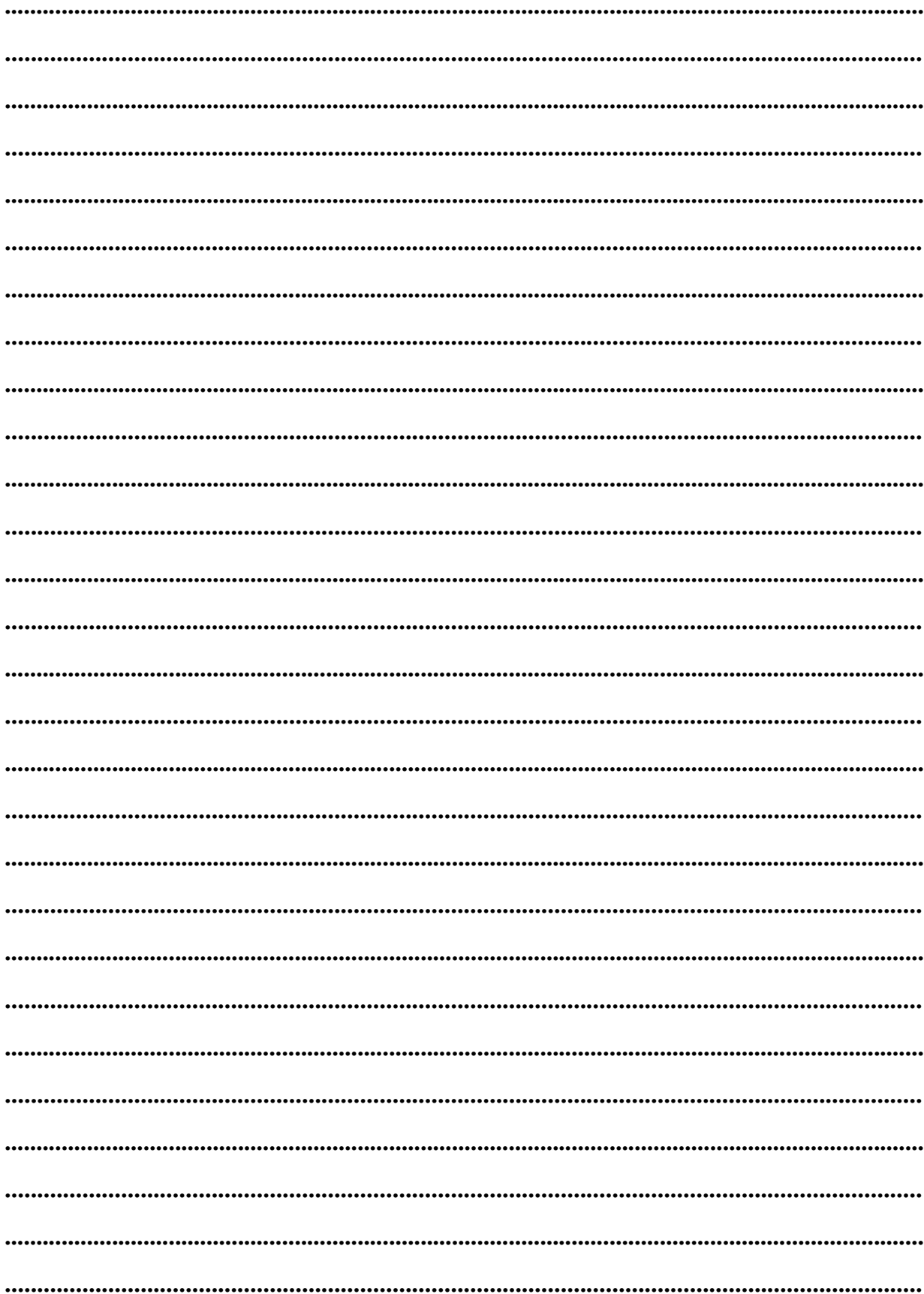
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## 13.9 SUMMARY

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Human resources evaluation using tools such as human resource accounting, Human resource audit, human resource benchmarking, competency mapping, balance scorecard help organizations to measure the contribution of HR programs towards effectiveness and efficiency of organizational performance. They help in determining the most competitive employee mix for a business unit. They help in assessing the cost and value of the different types of work performed by the employees and the extent to which human resources add value to the organisation. They help in making strategic decisions with respect to the workforce which is critical for organizational success.

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## 13.10 KEY WORDS

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Human Resource Accounting, Human Resource Audit, Human Resource Benchmarking, Competency Mapping, Balance Scorecard, Intellectual Capital.

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## 13.11 SELF-ASSESSMENT QUESTIONS

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1. Explain the methods of Human Resource Accounting?
2. Examine the role of Human Resource Auditing in taking strategic decisions.
3. What is Human Resource Benchmarking? Why is it necessary?
4. Explain the steps involved in competency mapping. How does it help in job-evaluation?
5. What is the purpose of using Balance Scorecard? Discuss its characteristics.
6. Discuss the various components of Intellectual Capital.

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## **UNIT-14 : HUMAN RESOURCE DEVELOPMENT**

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### **Structure:**

- 14.0 Objectives
- 14.1 Introduction
- 14.2 Employee development
- 14.3 Employee Counseling
- 14.4 HRD mechanisms for workers
- 14.5 Team building
- 14.6 Developing creativity & innovations
- 14.7 HR strategies for competitive advantage
- 14.8 Notes
- 14.9 Summary
- 14.10 Key words
- 14.11 Self-assessment questions
- 14.12 References

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## 14.0 OBJECTIVES

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After reading this unit, you should be able to:

- Explain the importance of creating an enabling and developmental role of the employee through Human Resources Development mechanisms
- Examine the need for employee counseling
- Identify the HRD mechanisms for workers
- Appreciate team building interventions
- Recognize the initiatives for developing creativity and innovations
- Explain HRD strategies for competitive advantage

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## 14.1 INTRODUCTION

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Development of human resources is essential for any organisation that would like to be dynamic and growth-oriented. Unlike other resources, human resources have rather unlimited potential capabilities. The potential can be used only by creating a climate that can continuously identify, bring to surface, nurture and use the capabilities of people. Human Resource Development (HRD) system aims at creating such a climate. A number of HRD techniques have been developed in recent years to perform the above task based on certain principles.

HRD concept was first introduced by Leonard Nadler in 1969 in a conference in US. “He defined HRD as those learning experience which are organized, for a specific time, and designed to bring about the possibility of behavioral change”.

Human Resource Development (HRD) is the framework for helping employees develop their personal and organizational skills, knowledge, and abilities. Human Resource Development includes such opportunities as employee training, employee career development, performance management and development, coaching, mentoring, succession planning, key employee identification, tuition assistance, and organization development.

The focus of all aspects of Human Resource Development is on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers.

Human resource development in the organisation context is a process by which the employees of an organisation are helped, in a continuous and planned way to:

1. Acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles;
2. Develop their general capabilities as individuals and discover and exploit their own inner potentials for their own and/or organisational development purposes; and
3. Develop an organisational culture in which supervisor-subordinate relationships, teamwork and collaboration among sub-units are strong and contribute to the professional well being, motivation and pride of employees.

### **Features of Human Resource Development**

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

- ◆ It stresses on development of human resources of the organisation. It helps the employees of the organisation to develop their general capabilities in relation to their present jobs and expected future role.
- ◆ It emphasise on the development and best utilization of the capabilities of individuals in the interest of the employees and organisation.
- ◆ It helps in establishing/developing better inter-personal relations. It stresses on developing relationship based on help, trust and confidence.
- ◆ It promotes team spirit among employees.
- ◆ It tries to develop competencies at the organisation level. It stresses on providing healthy climate for development in the organisation.
- ◆ HRD is a system. It has several sub-systems. All these sub-systems are inter-related and interwoven. It stresses on collaboration among all the sub-systems.
- ◆ It aims to develop an organisational culture in which there is good senior-subordinate relations, motivation, quality and sense of belonging.
- ◆ It tries to develop competence at individual, inter-personal, group and organisational level to meet organisational goal.
- ◆ It is an inter-disciplinary concept. It is based on the concepts, ideas and principles of sociology, psychology, economics etc.
- ◆ It form on employee welfare and quality of work life. It tries to examine/identify employee needs and meeting them to the best possible extent.



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

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## **14.2 EMPLOYEE DEVELOPMENT**

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Employee development is a process of encouraging employees to acquire new or advanced skills, knowledge, and view points, by providing learning and training facilities, and avenues where such new ideas can be applied.

Employee development is a joint initiative of the employee as well as the employer to upgrade the existing skills and knowledge of an individual. It is of utmost importance for employees to keep themselves abreast with the latest developments in the industry to survive the fierce competition. Believe me, if you are not aware of what is happening around you, even before you realize you would be out of the game. As they say there is really no age limit for education. Upgrading knowledge is essential to live with the changes of time. Employee development goes a long way in training, sharpening the skills of an employee and upgrading his/her existing knowledge and abilities. In a layman's language, employee development helps in developing and nurturing employees for them to become reliable resources and eventually benefit the organization. Employees also develop a sense of attachment towards the organization as a result of employee development activities.

Organizations must encourage their employees to participate in employee development activities. Employees also must take skill enhancement or employee development activities seriously. Do not attend trainings or other employee development activities just because your Boss has asked you to do so. Don't just attend trainings to mark your attendance. You just cannot use same ideas or concepts everywhere.

It is excellent if you know Microsoft Excel or for that matter Microsoft Word. Remember simply knowing few basic functions of MS excel would not help you in the long run. It might help you in the short run. Excel is not just to store your required data. There are many other formulae and advanced applications which one should be aware of.

Enhance your skills with time. Employee development can also be defined as a process where the employee with the support of his/her employer undergoes various training programs to enhance his/her skills and acquire new knowledge and learnings. Every organization follows certain processes which not only help in the professional but also personal growth of an employee. Employee development activities help an employee to work hard and produce quality work.

## **Examples of Employee Development Activities**

### **Professional Growth**

Employee development activities must be defined keeping in mind an employee's current stage and desired stage. Knowing an employee's current and desired stage helps you find the gaps and in which all genres he/she needs to be trained on. Human resource professionals must encourage employees to participate in internal or external trainings, get enrolled in online courses to increase their professional knowledge and contribute effectively.

### **Personal Growth**

Employees start taking their work as a burden only when an organization does not provide any added benefits or advantages which would help in their personal growth.

Soft skills classes, fitness sessions, loans with lower interest rates are certain initiatives which not only motivate an employee to do quality work but also help in employee development.

Employee development not only helps in enhancing knowledge of employees but also increases the productivity of organizations. Employees, as a result of employee development activities are better trained and equipped and work harder to yield higher profits.

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## **14.3 EMPLOYEE COUNSELING**

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Employee counseling is a psychological health care intervention which can take many forms. Its aim is to assist both the employer and employee by intervening with an active problem-solving approach to tackling the problems at hand.

Employee counseling can do much to prevent the negative effects of stress at an individual level and ultimately at an organizational level.

Employee counseling gives individuals a valuable opportunity to work through problems and stresses in a strictly confidential and supportive atmosphere.

Counseling provides access to several basic forms of helping: giving information, direct action, teaching and coaching, advocacy, and providing feedback and advice, for example.

Typically, counseling involves the individual employee meeting with a psychological adviser, usually on a one-on-one basis. It is not uncommon for the individual employee and counselor to meet once or twice a week for several weeks. However, the

number and frequency of meetings required will depend upon the nature of the perceived difficulty and the nature of the intervention needed.

The focus of counseling sessions is to encourage discussion of personal and work-related difficulties. This is often followed by the adoption of an active problem-solving approach to tackle the problems at hand.

- ◆ The specific aims of employee counseling are to:
- ◆ Explore and find the key sources of difficulty (this step may include the use of diagnostic self-report tests)
- ◆ Review the individual's current strategies and styles of coping.
- ◆ Implement methods of dealing with the perceived problem, thereby alleviating the issue. Often, this step may involve also improving interpersonal relations at work and/or improving personal performance.
- ◆ Evaluate the effectiveness of the chosen strategies.

### **Counseling Approach**

A counseling session must be planned and organized. Your approach is one of the primary issues to consider. The approach you take to counseling will generally fall somewhere on a continuum between extremely directive and extremely non-directive. The continuum looks something like this: Extremely Directive Non-Directive

As a manager, you must choose the approach you will take in each counseling session. There are a number of factors to consider including the objective of the session, whether the session is for conduct or performance, and the personality of the employee. However, the objective to be achieved is the primary determinant in planning the counseling

#### Characteristics of the Directive Approach

In a directive counseling session, the manager takes the lead and does most of the talking. These meetings are relatively brief covering only enough time to fully cover the counseling plan. The manager opens the session with a definition of the problem which initiated the need for the counseling. Next, you should explain the effect of the problem on accomplishing the work of the unit. This should provide the employee with a clear understanding of how the actions of the employee are adversely affecting the work unit and follow with your expectations for the employee to correct the problem. You should clearly identify the consequences if the employee fails to change and comply with your expectations. This is not a threat but rather a clear delineation of what the employee can expect if the situation remains unchanged. At this point, it is good to provide the employee

with an opportunity to explain and question anything you have said. 13 Generally, this approach is used for conduct situations where the violation is straight forward and the expectations are clear. For example, a situation where an employee has returned from lunch late causing an adverse effect on the work of the unit. If it continued, the other employees of the unit would expect to have the same privilege. The focus of the session is on improvement in the behavior of the employee and that can be easily measured.

When using the directive approach, a follow-up meeting is not necessary unless the conduct has not improved and change has not occurred. A follow-up meeting is usually needed for performance counseling. Performance counseling is handled through a more non-directive approach, since the total involvement of the employee is necessary in achieving change in performance-related issues.

### **Characteristics of the Non-Directive Approach**

This approach differs considerably from the directive approach. The manager is still in control, but the employee is responsible for much of the discussion. In this approach, the manager must use advanced counseling techniques to keep the employee talking about the problem, its causes, and possible solutions. This approach is normally used for performance related counseling where the employee is failing, or nearly failing, one or more critical elements of the position. You must keep the pressure on the employee since performance problems are primarily that of the employee, not the supervisor. While you have a great deal at stake if the employee does not improve performance, the problem is that of the employee. You must assure the employee is actively involved in developing a resolution. When planning to conduct a non-directive counseling session, allow two hours for the meeting. While most meetings using this approach last less than two hours, you should allow that much time to provide an adequate opportunity to develop proposed solutions for the problem. These meetings are time consuming, but essential when attempting to improve employee performance.

When using the non-directive approach, you need patience for the process to work. You often have to use advanced counseling techniques that include paraphrasing, questioning, and probing. Sometimes, this requires the manager to use unnatural behavior. Generally, a manager attempts to utilize time efficiently. In this process, you have to avoid reaching your “bottom-line” too quickly. You have to abstain from providing your solution to the employee and help the employee develop a solution that is acceptable to you. The employee will feel a part of the solution and strive to achieve results if you and the employee develop a solution that is satisfactory to both of you.

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## 14.4 HUMAN RESOURCE DEVELOPMENT MECHANISMS FOR WORKERS

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Human Resource Development Mechanisms for workers include training, welfare, quality circles, quality work life, grievance mechanism, workers participation in management and counseling.

### ***Training:***

Training is an important mechanism for worker development. For overall development and growth of workers, the direction of training effort need to be focused not only on job skills but also inter-personal skills, collaborative skills and team building skills. Besides these skills, problem solving and self-management are also required. The effort in training has to be basically AN INSTITUTIONAL EFFORT, DEPENDDING upon the actual training needs of workers in the technological context of a particular industry. Technical training itself will not create competence amongst workers but behavioural training is equally important to develop inter-personal skills and also skills to help them in improving quality of their life in general.

### ***Counseling:***

Counseling is an important mechanism to provide timely guidance to workers and help them learn from their own mistakes. Timely counseling can help avoid many conflict situations and eventually help workers both in their personal and job life. Many Indian companies have trained counselors, who work full time and extend counseling services to workers. Larsen and turbo, and Voltas are two companies in private sectors that have taken significant initiative in this direction. Counseling services may be extended to the personal family life of workers. Counseling to help a worker to plan the careers of his own children can have high motivational value.

### ***Participation:***

Workers' participation in management is a very potent mechanism for overall growth of workers and also all round growth of companies. Pitably, however, not much has either been initiated or achieved in this direction. Partly the problem is that the scheme of workers' participation in management is always pushed by statutory mechanisms and to that extent is considered as coercion from the government. The overall industrial relations environment and the inter-union rivalry add to the problem. In this atmosphere, the employers have mostly played safe. Failure of institutions of work committee and joint management councils are examples of inadequacy of governmental

interventions. One of the important reasons for the cynicism amongst employers about any participation mechanism seems to be lack of experimentation in this area. A handful of companies have however experimented though in a limited manner, the participation of workers in the affairs on management.

### ***Employee welfare***

The issue related to welfare is very much germane to the overall development of workers, both their physical being and psychological being. Employee welfare programmes create a sense of belonging and adequacy that benefits the organization in the long run. In a highly inflationary economy like ours, the wages are barely adequate for day-to-day sustenance of workers. Unless adequate welfare programme exist in the form of educational subsidies, health and medical benefits etc workers are likely to languish at the present level and quality of their life is likely to suffer. What are required in the welfare programmes are the concern and the pro-activity for worker welfare. Voluntaries are the hallmark of pro- activity in welfare programmes. Most welfare programme for industrial workers are in the form of statutory labour laws. The development of workers can be actuated by pro – activity on the part of employers in initiating welfare schemes like eight –hour working day, free medical aid, schooling facilities for children, leave with pay, provident fund scheme, workmen compensation scheme, medical benefit, profit sharing benefit, retirement gratuity etc. that are in consonance with the emerging needs of workers.

### ***Quality of work life***

For overall development of workers, only good wages and service conditions are not adequate. Equally important is the environment in which they work. This mostly relates to physical environment such as heating and air conditioners, lighting and safety and general aesthetic atmosphere in the organization. Quality of work life is focused generally on these aspects and also on other motivational factors such as flexibility in working hours, autonomy and discretion in the performance of jobs and the very nature of the work etc.

### ***Quality Circles***

Quality circle is a small group activity where in a small group of employees on voluntary basis meet periodically to discuss work-related problems. Experience with quality circle in Japan and elsewhere is very encouraging in terms of involvement of workers in the work-related matters and psychological satisfaction. In a last few years, many companies, both in private sector and public sector have experimented with quality circle and the results are encouraging.

### ***Grievance mechanism***

In a large organization, there is a tendency to ignore the grievance of workers and many a times, individuals are not encouraged to put- forth their grievance and the only mechanism to deal with workers grievance is through trade unions. Absence of timely disposal of grievance is creating a sense of frustration and eventual conflict in the organization. Many developmental efforts become counterproductive on the aggrieved groups of workers and therefore, a quick system of grievance redressal is a developmental mechanism. It requires initiative in developing skills in first line supervisors and others in handling day to day grievances. Some companies like TISCO have elaborate grievance redressal machinery, which has the record of successful functioning.

### ***Control and Ownership***

#### **Other initiatives in HRD for workers**

1. Creating development climate
2. Developing developmental style of leadership amongst all the managers for worker development
3. Legitimizing the role of unions in traditionally ‘non bargainable’ issues
4. Continuous interaction and dialogue with unions in identifying and prioritizing areas of HRD for workers.

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## **14.5 TEAM BUILDING**

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Descriptions, goals, and mechanics of the various technical tools of OD practitioners that are directed toward improving the performance of ongoing work teams – from office or plant floor to board rooms – as well as temporary team configuration are discussed as below:

#### **Characteristics of an Effective Team**

- ◆ Clear purpose (defined/accepted vision, mission, goal or task, & an action plan).
- ◆ Informality (informal, comfortable, and relaxed).
- ◆ Participation (much discussion and every one encouraged to participate).
- ◆ Listening (members use effective listening techniques such as questioning, paraphrasing, and summarizing).
- ◆ Civilized disagreement (team is comfortable with disagreement; does not avoid, smooth over, or suppress conflict).

- ◆ Consensus decision making (substantial agreement through thorough discussion, avoidance of voting).
- ◆ Open communications (feelings are legitimate, few hidden agendas).
- ◆ Clear rules and work assignments (clear expectations and work evenly divided).
- ◆ Shared leadership (while there is a formal leader, everyone shares in effective leadership behaviours).
- ◆ External relations (the team pays attention to developing outside relationships, resources, credibility).
- ◆ Style diversity (team has broad spectrum of group process and task skills).
- ◆ Self-assessment (the team periodically examines how well it is functioning).

***High-performance teams:***

Basic characteristics of High-performance teams: deeper sense of purpose, more ambitious performance goals, more complete approaches, fuller mutual accountability, interchangeable as well as complementary skills.

***Broad Team-building Interventions:***

The most important single group of interventions in OD are team building activities, the goals of which are the improvement and increased effectiveness of various teams within the organization. Some interventions focus on the intact work team composed of a boss and subordinates, which we are calling the formal group. Other interventions focus on special team such as startup teams, newly constituted teams due to mergers, organization structure changes, or plant startups; task forces; cross-functional project teams; and committees. Team-building interventions are typically directed toward four major substantive areas: diagnosis, task accomplishments, team relationships, and team and organization processes. These separate thrusts are diagrammed in Fig. 2.1. which describes major approaches to team building, such as the formal work group diagnostic meeting, formal work group team-building meeting, process consultation, and Gestalt OD.



**ig. 2.1: Varieties of Team-Building Interventions**

TEAM-BUILDING ACTIVITIES

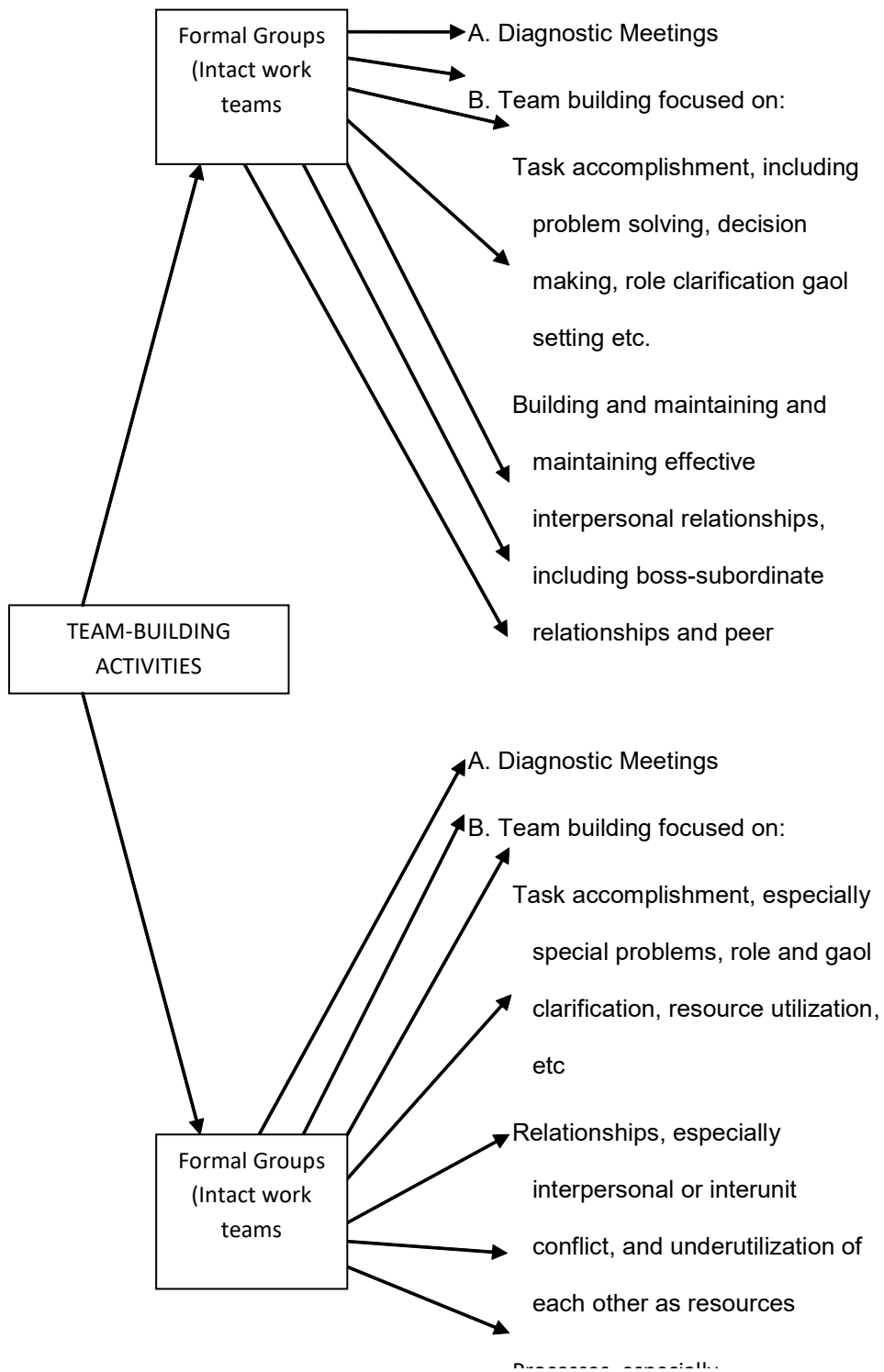


Fig. 2.1 suggests that team-building sessions may be directed toward problem solving for task accomplishment, examining and improving interpersonal relationships, or managing the group's culture and processes. It may be that one of these issues is the principal reason for holding the team-building meeting. For example, suppose that the meeting is designed as a team problem-solving session to examine the impact on the team of a new function or task being added to the group's work requirements. Even in this case a portion of the session will probably be reserved for reflecting on how the team is solving its problems that is, critiquing the group's processes. In this way the team becomes more effective at both the task level and the process level.

### **A Gestalt Approach to Team Building**

A form of team building that focuses more on the individual than the group is the Gestalt approach to OD. The major advocate of this orientation is Stanley M. Herman, a management and OD consultant. The approach rests on a form of psychotherapy developed by Frederick S. 'Fritz' Perls called Gestalt therapy. Gestalt therapy is based on the belief that persons function as whole, total organisms. And each person possesses positive and negative characteristics that must be 'owned up to' and permitted expression. People get into trouble when they get fragmented, when they do not accept their total selves, and when they are trying to live up to the demands of others rather than being themselves. The goals of Gestalt therapy are awareness, integration, maturation, authenticity, self-regulation, and behavior change. Basically, one must come to terms with oneself, must accept responsibility for one's actions, must experience and live in the 'here and now', and must stop blocking off awareness, authenticity, and the like by dysfunctional behaviors.

The primary thrust is to make the individual stronger more authentic, and more in touch with the individual's own feelings.

To do this people must be able to express their feelings fully, both positive and negative. They must 'get in touch' with 'where they are' relations with others, and relations with selves. They must learn to 'stay with' transactions with other and work them through to resolution rather than suppressing negative feelings or cutting off the transaction prematurely. They must learn to accept the polarities within themselves – weakness – strength, autocratic – democratic urges.

The Gestalt OD practitioner fosters the expression of positive and negative feelings, encourages people to stay with transactions, structures exercises that cause individuals to become more aware of what they want from others, and pushes toward

greater authenticity for everyone. The Gestalt OD practitioner often works within a group setting, but the focus is usually on individuals.

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## 14.6 DEVELOPING CREATIVITY AND INNOVATIONS

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The companies that have done the best over the long haul are those who are the most creative and innovative. These organizations don't copy what others do; instead, they may use innovative ideas from others as a spring board to come up with a unique application, product, or service for themselves. They tend to distance themselves from the competition rather than compete with them. If they see another company copying what they do, they create something new and better. In other words, they are able to leverage their creativity and their innovative capabilities to attain long-term success.

### *What is Creativity?*

Creativity is a function of knowledge, curiosity, imagination, and evaluation. The greater your knowledge base and level of curiosity, the more ideas, patterns, and combinations you can achieve, which then correlates to creating new and innovative products and services. But merely having the knowledge does not guarantee the formation of new patterns. The bits and pieces must be shaken up and iterated in new ways. Then the embryonic ideas must be evaluated and developed into usable ideas. In other words, there really is a process. To help you master that process, you first must understand three important levels of creativity, which are discovery, invention, and creation.

#### **1. Discovery:**

The lower level of creativity is discovery. Just as the name implies, it's when you become aware of or stumble upon something—discover it. For example, a piece of wood with an interesting pattern which is a discovered art. Many inventions start with a discovery.

#### **2. Invention:**

A higher level of creativity is invention. For example, Alexander Graham Bell invented the telephone. But you have to ask yourself, "Would the telephone have been invented without Bell?" The answer is yes. Eventually the telephone would have been invented as the science was there. So while invention is higher than discovery, it's something that is going to happen. If you don't invent it, someone else will.

#### **3. Creation:**

Creation is the highest level of creativity. There are things that only your organization can create! The key is tapping in to what those things are.

Here's an example of how this could play out in your company. While at a conference you might discover a tool, a technology, or a process that you didn't know before. You purchase the tool for your staff, and that discovery helps everyone work better. After some time, that discovery may also spur an innovative idea of how to apply the discovery. You may then use that innovative idea as an inspiration that yields something never seen before, something created by your company that helps you and your customers. That's how the three levels of creativity can work together.

Creativity and innovation are different. Creativity refers to generating new and novel ideas. Innovation refers to the application of an idea and, in many cases, is a collaborative enterprise. So in other words, innovation is applied creativity.

### **Strategies for Increasing your Creativity and Innovation**

Now that you understand the various levels of creativity, you can implement some strategies that will boost your company's ability to create and innovate.

- ◆ Truly creative people have developed their ability to observe and to use all of their senses, which can get dull over time. Take time to “sharpen the blade” and take everything in.
- ◆ Innovation is based on knowledge. Therefore, you need to continually expand your knowledge base. Read things you don't normally read.
- ◆ Your perceptions may limit your reasoning. Be careful about how you're perceiving things. In other words, defer judgment.
- ◆ Practice guided imagery so you can “see” a concept come to life.
- ◆ Let your ideas “incubate” by taking a break from them. For example, when I'm working on a big business project, one of the best things I can do to take a break from it is play my guitar or the flute for a few minutes, or take a ride on my motorcycle. It shifts my brain into another place and helps me be more innovative and creative.
- ◆ Experience as much as you can. Exposure puts more ideas into your subconscious. Actively seek out new experiences to broaden your experience portfolio.
- ◆ Treat patterns as part of the problem. Recognizing a new pattern is very useful, but be careful not to become part of it.
- ◆ Redefine the problem completely. One of the lines I've been sharing for the past few decades is: “Your problem is not the problem; there is another problem. When you define the real problem, you can solve it and move on.” After all, if you had

correctly defined the real problem, you would have solved it long ago because all problems have solutions.

- ◆ Look where others aren't looking to see what others aren't seeing.
- ◆ Come up with ideas at the beginning of the innovation process ... and then stop. Many times we come up with several ideas and start innovating, and then we come up with more ideas and never get a single idea done. At some point you have to turn off the idea generation part of the process and really work on the innovation and execution part in order to bring a project to life.

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## 14.7 HR STRATEGIES FOR COMPETITIVE ADVANTAGE

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HR Department has undergone a drastic change and now people are talking about *HR being a strategic partner providing sustainable competitive advantage to the organizations.*

**The VRIO framework** (Barney, 1995) is one of the most significant approaches that suggests ways to achieve sustainable competitive advantage through HR.

**Value:** HR executives must address a primary question “*How can HR aid in either decreasing costs or increasing revenues?*” In today's time when everyone is talking numbers; the HR department has to prove its worth and show that it creates value for the organizations. HR can help a firm achieve sustainable competitive advantage by creating value.

**Rareness:** Only value alone cannot help the HR department to achieve sustainable competitive advantage for organizations. HR executives must examine how to develop and exploit rare characteristics of the firm's human resources to gain competitive advantage. If the same characteristic of human resources is found in many competing firms, then that characteristic cannot be a source of competitive advantage for any one of them. In order to drive the strategic decisions, HR executives should be the ‘rare’ factor in the talent they recruit.

**Imitability:** If the competitors in the business can easily imitate what you offer, then you are at loss! The HR executives must attempt to develop and nurture characteristics of the firm's human resources that cannot easily be imitated by competitors. This essentially means leveraging on organization's unique history or culture that helps in gaining competitive advantage. In any organization, the culture is nurtured and developed via the HR Department. Hence, by restricting and developing unique culture, executives can help firms in gaining competitive advantage.

**Organization:** In order for any characteristic of a firm's human resources to provide a source of sustained competitive advantage, the firm must be organized to exploit the resource. Organization requires developing the systems and practices that allow human resources characteristics to bear the fruit of their potential advantages. Clearly the HR function, through either directly controlling or strongly influencing the characteristics of human resources in organizations plays an important role in developing and maintaining a firm's competitive advantage.

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**14.8 NOTES**

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## **14.9 SUMMARY**

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Individuals in an organization form its vital resource and must be valued, nurtured and retained. Employees are the most valuable assets and truly the backbone of an organization. Every employee in his/her own way contributes towards the success or failure of an organization. Without employees in an organization, even the most powerful machinery with the latest technology would not function.

Employees should not treat their organization as a mere source of earning money and employers should not treat their employees as slaves. Employers must invest their time and resources in training and developing their workforce in order that they become indispensable resources. Employees should be developed and prepared to face any eventualities.

If employees are to function at an optimum level of well-being and competence, it is vital that they feel supported and valued. Employee counseling can be a vehicle to provide help in an effective, practical way. It is through such help that individuals are motivated to understand and realize their own career potential, thus maximizing the chances of functioning in the best interests of the organization.

There is a vast reservoir of latent talent in workers which if nurtured and chiseled carefully can increase organizational synergy. Creation of necessary 'climate' for development is, however, a pre-requisite. Both management and trade unions have to shed their traditional role towards workers and show progressive attitude.

The VRIO framework enables business people in HR to transform the HR function into a contributor to firm performance rather than a drain on firm resources. Today, HR is not merely a burden on the organization and HR executives should communicate the 'economic reason' which compels the organizations to invite HR Executives to the strategic planning "table".

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## **14.10 KEY WORDS**

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Employee Development, Counseling, HRD Mechanisms, Team Building, Creativity, Innovations, Competitive Advantage

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## **14.11 SELF-ASSESSMENT QUESTIONS**

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1. Explain the importance and role Human Resources Development in creating an effective and efficient workforce for an organization.



2. Examine the different approaches to employee counseling .
3. Explain the HRD mechanisms for workers.
4. Explain the various forms of team building interventions.
5. What are the initiatives for developing creativity and innovations in organisations?
6. Explain HRD strategies for competitive advantage.

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## **UNIT-15 : ORGANISATION DEVELOPMENT**

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### **Structure :**

- 15.0 Objectives
- 15.1 Introduction
- 15.2 Meaning and definitions
- 15.3 Characteristics of organization development
- 15.4 Organization development values, assumptions and beliefs
- 15.5 Implication of organization development values and assumptions
- 15.6 Organisation development process
- 15.7 Components of organisation development
- 15.8 Notes
- 15.9 Summary
- 15.10 Key words
- 15.11 Self-assessment questions
- 15.12 References

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## 15.0 OBJECTIVES

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After reading this unit, you should be able to;

- Get an insight into the significance of Organization Development (OD).
- Define Organization Development and explain its meaning.
- Summarize the characteristics of OD
- Explain the OD is transition and state the assumptions
- Examine the implication of OD values and assumptions
- Understand the OB Process
- Describe the components of OD

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## 15.1 INTRODUCTION

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Organization development is the applied behavioural science discipline dedicated to improving organizations and the people in them through the use of the theory and practice of planned change. Organizations face multiple challenges and threats today – threats to effectiveness, efficiency, and profitability challenges from turbulent environments, increased competition, and changing customer demands; and the constant challenge to maintain congruence among organizational dimensions such as strategy, culture and processes. Keeping organizations healthy and viable to today’s world is a daunting task.

Individuals in organizations likewise face multiple challenges – finding satisfaction in and through work, fighting obsolescence of one’s knowledge and skills, finding dignity and purpose in pursuit of organizational goals, and achieving human connectedness and community in the workplace. Simple survival – continuing to have an adequate job – is a major challenge today as people face layoffs and cutbacks. Although new jobs are being created, old jobs are being destroyed at an accelerating pace. ‘Knowledge’ work is replacing ‘muscle’ work. (Job losses from layoffs and furloughs in large firms in the United States were averaging over 50,000 per month in the first eight months of 1993). In summary, organizations and the individuals in them face on enormously demanding present and future.

Are there any strategies and technologies available to help people and organizations cope, adapt, survive, and even prosper in these vexing times? Fortunately, the answer is ‘yes’. A variety of solutions exists, and Organization Development (OD) is one of them. Basically, organization development is a process for teaching people how to solve

problems, take advantage of opportunities, and learn how to do that better and better over time. OD focuses on issues related to the ‘human side’ of the organization by finding ways to increase the effectiveness of individuals teams, and the organization’s human and social processes.

As the term suggests, organization development is about developing (improving) organizations. But is also about developing individuals. This dual focus is a unique strength of OD.

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## **15.2 MEANING AND DEFINITIONS**

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Organization development is a unique organizational improvement strategy that emerged in the late 1950s and early 1960s. Originally based on insights from group dynamics and on theory and practice related to planned change, the field has evolved into an integrated framework of theories and practices capable of solving or helping to solve most of the important problems confronting the human side of organization.

Organisation development is about people and organizations and people in organisations and how they function. OD is also about planned change, that is, getting individuals, teams, and organizations to function better. Planned change involves common sense, hard work applied diligently over time, a systematic, goal-oriented approach, and valid knowledge about organizational dynamics and how to change them. Valid knowledge drives from the behavioural sciences such as psychology, social psychology, sociology, anthropology, systems theory, organizational behaviour, organization theory, and the practice of management. Putting all this together, organization development offers a prescription for improving the ‘fit’ between the individual and the organization, between the organization and its environment, and among organizational components such as strategy, structure, and processes. The prescription is implemented through interventions and activities that address specific problematic conditions.

Leaders and OD practitioners typically conduct OD programs together. Practitioners are consultants trained in the theory and practice of organization development; they understand organizational dynamics and organizational change. These persons may be members of the organization (internal consultants) or may be from outside the organization (external consultants). Two goals of OD programs are (i) to improve the functioning of individuals, teams, and the total organization, and (ii) to impart the necessary skills and knowledge that will enable organization members continuously to improve their functioning on their own.

OD programs are long-term, planned, sustained efforts. A leader confronts an undesirable situation and seeks to change it. The leader establishes contact with an OD professional, and together they explore whether organization development is relevant to the risk at hand. If the answer is yes, they enlist others in the organization to help design and implement the change program. A central feature of OD is widespread participation and involvement: Get as many people as possible into the act. An overall game plan or strategy is then developed that includes a series of activities, each intended to achieve an outcome that moves the organization toward the desired goals. This is the overall OD model, but in practice OD programs are not so linear and straightforward.

Organization development deals with the gamut of 'people problems' in organizations. Examples would be the following: poor morale, low productivity, poor quality, interpersonal conflict, intergroup conflict, unclear goals (either corporate strategy or unit goals), inappropriate leadership styles, poor team performance, inappropriate organization structure, poorly designed tasks, insufficient attention to environmental demands, poor customer relations, different parts of the organization working at cross-purposes, and the like. In short, where individuals, teams and organizations are not realizing their full potential, OD can improve the situation.

**Some early definitions of organization development follow:**

Organization development is an effort (1) planned, (2) organization-wide, and (3) managed from the top, to (4) increase organization effectiveness and health through (5) planned interventions in the organization's 'processes', using behavioural-science knowledge (Beckhard, 1969).

Organization development (OD) is a response to change, a complex educational strategy intended to change the beliefs, attitudes, values, and structure of organizations so that they can better adapt to new technologies, markets, and challenges, and the dizzying rate of change itself (Bennis, 1969).

OD can be defined as a planned and sustained effort to apply behavioural science for system improvement, using reflexive, self-analytic methods (Schmuck and Miles, 1971).

Organization development is a long-term effort, led and supported by top management, to improve an organization's visioning, empowerment, learning, and problem-solving process, through an ongoing, collaborative management of organization culture – with special emphasis on the culture of intact work teams and other team configurations – utilizing the consultant – facilitator role and the theory and technology

of applied behavioural science, including action research. This is a lengthy definition, but it includes a number of components we consider essential. We will explain this definition in some detail.

By long-term effort we mean that organizational change and development take time-several years in most cases. Ralph Kilmann's book, *Beyond the quick Fix*, tells the story correctly: There is no 'quick fix', when it comes to lasting organizational improvement. In fact, it is more accurate to describe 'improvement' as a never-ending journey of continuous change. A program or initiative moves the organization to a higher plateau, then another initiative move it to yet a higher plateau of effectiveness.

The phrase led and supported by top management states a virtual imperative: Top management must lead and actively encourage the change effort. Organizational change is hard, serious business; it includes pain and setbacks as well as successes. Top management must initiate the improvement 'journey' and be committed to seeing it through to completion. Most OD programs that fail do so because top management was ambivalent, lost its commitment, or become distracted with other duties.

By visioning processes we mean those processes through which organization members develop a visible, coherent, and shared picture of the nature of the products and services offered by the organization, how those goods will be produced and delivered to customers, and what the organization and its members can expect from each other. Visioning means creating a picture of the desired future that includes salient features of the human side of the organization and then working together to make that picture a reality.

By empowerment processes we mean those leadership behaviours and human resource practices that enable organization members to develop and utilize their talents as fully as possible toward the goals of individual growth and organizational success. Involving large numbers of people to help build the vision of tomorrow, develop the strategy for getting there, and making it happen is what we mean by empowerment. For empowerment to become a fact of life, it must be built into the very fabric of the organization – its structure, processes, and culture.

Problem-solving processes refer to the ways organization members diagnose situations, solve problems, make decisions, and take action in relation to problems, opportunities, and challenges in the organization's environment and its internal functioning. Recall that Michael Beer's definition called for 'developing new and creative organizational solutions'. We believe such solutions are enhanced by tapping deeply

into the creativity, commitment, vitality, and common purposes of all members of the organization, in contrast to having only a select few be involved in problem solving. We further believe that having a compelling vision of a desired future that is widely shared and endorsed creates the best climate for effective problem solving by all the organization's members. Empowerment means involving people in problems and decisions and letting them be responsible for results.

By ongoing collaborative management of the organization's culture we mean, first, that one of the most important things to manage in organizations is the culture, the prevailing pattern of values, attitudes, beliefs, assumptions, expectations, activities, interactions, norms, sentiments, and artifacts'. And second, managing the culture should be a collaborative business – widespread participation in creating and managing a culture that satisfies the wants and needs of individuals at the same time that it fosters the organization's purposes is the best way to do this. Collaborative management of the culture means that everyone, not just a few, has a stake in making the organization work. Just as visioning, empowerment, learning, and problem-solving processes are opportunities for collaboration in organization development, so is managing the culture.

By intact work teams and other configurations we recognize the centrality of teams for accomplishing work in organizations. We think teams are the basic building blocks of organizations. When teams function well, individuals and the total organization function well. Team culture can be collaboratively managed to ensure effectiveness.

The phase utilizing the consultant-facilitator role conveys our belief that leaders can benefit from seeking the assistance of professional help in planning and implementing OD initiatives. In the early phases, at least, it is desirable to have the services of a third-party consultant-facilitator. The third-party role is very powerful: that person is typically seen as bringing objectivity, neutrality and expertise to the situation. The third party also is not captive to the culture of the unit undertaking the program. This does not mean that the third party cannot be a member of the organization; rather, it means that he or she should not be a member of the particular unit that is initiating the OD effort.

By the theory and technology of applied behavioural science we-mean insights from the sciences dedicated to understanding people in organizations, how they function and how they can function better. OD applies knowledge and theory.c

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### **15.3 CHARACTERISTICS OF ORGANIZATION DEVELOPMENT**

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The primary distinguishing characteristics of organization development:

1. OD focuses on culture and processes.
2. Specifically, OD encourages collaboration between organization leaders and members in managing culture and processes.
3. Teams of all kinds are particularly important for task accomplishment and are targets for OD activities.
4. OD focuses on the human and social side of the organization primarily, and in so doing, also intervenes in the technological and structural sides.
5. Participation and involvement in problem solving and decision making by all levels of the organization are hallmarks of OD.
6. OD focuses on total system change and views organizations as complex social system.
7. OD practitioners are facilitators, collaborators, and co-learners with the client system.
8. An overarching goal is to make the client system able to solve its problems on its own by teaching the skills and knowledge of continuous learning through self-analytical methods. OD views organization improvement as an ongoing process in the context of a constantly changing environment.
9. OD relies on an action research model with extensive participation by client system members.
10. OD takes a developmental view that seeks the betterment of both individuals and the organization. Attempting to create 'win-win' solutions is standard practice in OD programs.

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### **15.4 ORGANIZATION DEVELOPMENT VALUES, ASSUMPTIONS AND BELIEFS**

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A set of values, assumptions, and beliefs constitutes an integral part of organization development, shaping the goal and methods of the field and distinguishing OD from other improvement strategies. Most of these beliefs were formulated early in the development of the field, and they continue to evolve as the field itself evolves. A belief is a proposition about how the world works that the individual aspects as true; it is a



cognitive fact for the person. Values are also beliefs, and are defined as: ‘Beliefs about what is a desirable or a ‘good’ (eg: free speech) and what is an undesirable or a ‘bad’ (eg: dishonesty) ‘. Assumptions are beliefs that are regarded as so valuable and obviously correct that they are taken for granted and rarely examined or questioned. Thus, values, assumptions, and beliefs are all cognitive facts or propositions, with values being beliefs about good and bad, and assumptions being strongly held, relatively unexamined beliefs accepted as the truth. Values, assumptions, and beliefs provide structure and stability for people as they attempt to understand the world around them.

Writing in 1969, Warren Bennis proposed that OD practitioners (change agents) share a set of normative goals based on their humanistic / democratic philosophy. He listed these normative goals as follows:

1. Improvement in interpersonal competence.
2. A shift in values so that human factors and feelings come to be considered legitimate.
3. Development of increased understanding between and within working groups in order to reduce tensions.
4. Development of more effective ‘team management’, that is, the capacity for functional groups to work more competently.
5. Development of better methods of conflict resolution. Rather than the usual bureaucratic methods which rely mainly on suppression, compromise, and unprincipled power, more rational and open methods of conflict resolution are sought.
6. Development of organic rather than mechanical systems. This is a strong reaction against the idea of organizations of mechanisms which managers ‘work on’, like-punishing buttons.

Richard Beckhard. In his 1969 book he described ‘several assumptions about the nature and functioning of organizations’ held by OD practitioners. Here is his list.

1. The basic building blocks of an organization are groups (teams). Therefore, the basic units of change are groups, not individuals.
2. An always relevant change goal is the reduction of inappropriate competition between parts of the organization and the development of a more collaborative condition.

3. Decision making in a healthy organization is located where the information sources are, rather than in a particular role or level of hierarchy.
4. Organizations subunits of organizations, and individuals continuously manage their affairs against goals. Controls are interim measurements, not the basis of managerial strategy.
5. One goal of a healthy organization is to develop generally open communication, mutual trust, and confidence between and across levels.
6. 'People support what they help create'. People affected by a change must be allowed active participation and a sense of ownership in the planning and conduct of the change.

**Robert Tannenbaum, listed the values in transition as follows:**

- ◆ Away from a view of people as essentially bad toward a view of people as basically good.
- ◆ Away from avoidance of negative evaluation of individuals toward confirming them as human beings.
- ◆ Away from a view of individuals as fixed, toward seeing them as being in process.
- ◆ Away from resisting and fearing individual differences toward accepting and utilizing them.
- ◆ Away from utilizing an individual primarily with reference to his or her job description toward viewing an individual as a whole person.
- ◆ Away from walling of the expression of feelings toward making possible both appropriate expression and effective use.
- ◆ Away from marksmanship and game playing toward authentic behaviour.
- ◆ Away from use of status for maintaining power and personal prestige toward use of status for organizationally relevant purposes.
- ◆ Away from avoidance of risk taking toward willingness to risk.
- ◆ Away from a view of process work as being unproductive effort toward seeing it as essential to effective risk accomplishment.
- ◆ Away from primary emphasis of competition toward a much greater emphasis on collaboration.

Beliefs such as trust and respect for the individual, the legitimacy of feelings, open communication, decentralized decision making, participation and contribution by all organization members, collaboration and contribution by all organization members, collaboration and cooperation, appropriate uses of power, authentic interpersonal relations, and so forth were seldom espoused and rarely implemented in the vast majority of organizations at that time. Therefore, the humanistic values prompted a search for better ways to run organizations and develop the people in them.

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## 15.5 IMPLICATION OF ORGANIZATION DEVELOPMENT VALUES AND ASSUMPTIONS

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**Implications for Dealing with Individuals.** Two basic assumptions about individuals in organizations pervade organization development. The first assumption is that most individuals have drives toward personal growth and development if provided an environment that is both supportive and challenging. Most people want to develop their potential. The second assumption is that most people desire to make, and are capable of making, a higher level of contribution to the attainment of organization goals than most organizational environments permit. A tremendous amount of constructive energy can be tapped if organizations realize and act on these assumptions. The people doing the work are generally experts on how to do it – and how to do it better. The implications of these two assumptions are straightforward: Ask, listen, support, challenge, encourage risk taking, permit failure, remove obstacles and barriers, give autonomy, give responsibility, set high standards, and reward success.

**Implications for Dealing with Groups.** Several assumptions relate to the importance of work teams and the collaborative management of team culture. First, one of the most psychologically relative reference groups for most people is the work group, including peers and boss. What occurs in the work group, at both the formal and informal levels, greatly influences feelings of satisfaction and competence. Second, most people wish to be accepted and to interact cooperatively with at least one small reference group, and usually with more than one group, such as a work group, the family, a church or club group, and so on. Third, most people are capable of making greater contributions to a group's effectiveness and development. Implications of these assumptions are several. Let teams flourish because they are often the best way to get work done and, in addition, are the best way to satisfy social and emotional needs at work. Also, leaders should invest in groups: Invest the time required for group development, invest training time and money to increase group members' skills, invest energy and intelligence and creating

a positive climate. It is especially important that leaders adopt a team leadership style, not a one-on-one leadership style. To do this, leaders need to give important work to team, not individuals.

Another assumption is that the formal leader cannot perform all the leadership and maintenance functions required for a group to optimize its effectiveness. Hence, group members should assist the leader in performing the multiple roles required receive training in group effectiveness skills such as group problem solving and decision making, conflict management, facilitation, and interpersonal communication. And since suppressed feelings and attitudes adversely affect problem solving, personal growth, and job satisfaction, group members should be encouraged to learn to deal effectively with positive and negative feelings. This too is a trainable skill. Dealing appropriately with feelings and attitudes increases the level of interpersonal trust, support, and cooperation within the group.

Finally, it is assumed that many attitudinal and motivational problems in organizations require interactive and transactional solutions. Such problems have the greatest chance of constructive solution if all parties in the system alter their mutual relationships. The question becomes not how A can get B to perform better, but how A and B can work together to modify their interactions toward the goal of B becoming more effective and A and B becoming their mutually effective. Frequently the challenge is broader, including how persons C, D and E can support and assist in these changes. By implication, this requires a shift in perspective from viewing problems as ‘within the problem person’ to viewing problems and solutions as transactional and as embedded in a system.

**Implication for Designing and Running Organizations.** It is becoming increasingly clear that traditional hierarchical forms of organization – fairly steep pyramid, emphasis on top-down directives, grouping by specialized function, adherence to the chain of command, formalized cross-functional communication, and so on – are obsolete in terms of meeting the demand of the marketplace. The clear implication is that experimenting with new organization structures and new forms of authority is imperative. In addition, there is growing awareness that ‘win-lose’ organizational situations, in which one side wins and the other side loses, are dysfunctional over the long run and need to be replaced by ‘win-win’ situations. Creating cooperative organizational dynamics rather than competitive ones is a primary task of the organization’s leader.

A key assumption in organization development is that the needs and aspirations of human beings are the reasons for organized effort in society. This suggests it is good to have a developmental outlook and seek opportunities in which people can experience personal and professional growth. This orientation creates a self-fulfilling prophecy. The belief that people are important tends to result in their being important. The belief that people can grow and develop in terms of personal and organizational competency tends to produce that result. By implication, an optimistic, developmental set of assumptions about people is likely to reap rewards beneficial to both the organization and its members.

Finally, it is possible to create organizations that on the one hand are humane, developmental, and empowering, and on the other hand are high performing in terms productivity, quality of output, and profitability. Evidence for this assumption comes from numerous examples where ‘putting people first’ paid off handsomely in profits and performance. The implication is that people are an organization’s most important resource; they are the source of productivity and profits and should be treated with care.

Values that respondents believe are associated with OD work today, the top five values considered most important were (1) increasing effectiveness and efficiency, (2) creating openness in communication, (3) empowering employees to act, (4) enhancing productivity, and (5) promoting organizational participation.

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## 15.6 ORGANISATION DEVELOPMENT PROCESS

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Organization development process is a complex and long process. Organization development process caters to move the organization from present position to better future position. The process consists of five steps:

**1. Data collection:** Surveys may be made to determine organizational climate and behavioral problems. The consultant usually meets with groups away from work to develop information from questions such as these:

- ◆ What kinds of conditions contribute most to your job effectiveness?
- ◆ What kinds of conditions interfere with your job effectiveness?
- ◆ What would you most like to change in the way this organization operates?
- ◆ The by-products of data collection include the identification of performance gaps deficiencies in the way the organization operates and abseiling in the way the organization operates and baseline information a portrait of the organizations

current level of operations for later comparison with the effects of OD (Organization Development) efforts?

**2. Data feedback and confrontation:** Work groups are assigned to review the data collected, to medicate areas of disagreement, and to establish priorities for change.

**3. Action planning and problem solving:** Groups use the data to develop specific recommendations for change. Discussion focuses on actual problems in the organization. Plans are specific, including who is responsible and when the action should be completed.

**4. Use of intentions:** Once the action planning is completed, the consultant helps the participants select and use appropriate OD interventions, Depending on the nature of the key problems; the intervention may focus on individuals, teams. Interdepartmental relating or the total organization.

**5. Evaluation and follow-up:** The consultant helps the organization evaluate the results of tits OD efforts and develop additional programs in areas where additional results are needed.

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## 15.7 COMPONENTS OF ORGANISATION DEVELOPMENT

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Organisation Development Programs have 3 Basic Components

1. Diagnosis
2. Action
3. Program Management

Diagnosis Includes (Considers Systems , subunits and processes)

1. Strength of System
2. Problem Areas
3. Unrealised Opportunities
4. Gap between Vision and Current Status

Action Plan Includes OD Interventions and applies to

1. Correction of Problem
2. Seizing Opportunities
3. Maintaining of Strength
4. Application of Organization Development Intereventions to Special Groups and Organization wide
5. Inter-group or Individual

Program management Includes

1. Review Results of Action
2. Consider New Problems ( if Those on hand are resolved or initiate action if unresolved)
3. Redefine Problems and Initiate Action

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**15.8 NOTES**

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## 15.9 SUMMARY

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The nature of organization development and its central themes were examined to establish a foundation for understanding the field. OD is a strategy for change that intervenes in the human and social processes of organizations.

The various definitions clarify the distinctive features of the field of OD and suggest why it is such a powerful strategy. The participative, collaborative, problem-focused nature of OD marshals the experience and expertise of organization members as they work on their most important problems and opportunities in ways designed to lead to successful outcomes.

The field of organization development rests on a foundation of values and assumptions about people organizations. These beliefs help to define what OD is and guide its implementation. This discussion was intended to provide you with an appreciation of OD values and explain where they came from. These OD values were considered revolutionary in the 1950s but are widely accepted today.

The process consists of five steps which include **Data collection, Data feedback and confrontation, action planning and problem solving, Use of intentions, Evaluation and follow-up. The Components of OD include** Diagnosis, Action and Program Management.

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## 15.10 KEY WORDS

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Organization Development, Values, Assumptions, Beliefs, Organisation Development Process, Diagnosis, Action, Program Management.

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## 15.11 SELF-ASSESSMENT QUESTIONS

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1. Explain the importance of the field of organization Development and its need.
2. Define Organization Development and explain its meaning.
3. List the characteristics of Organization Development.
4. Briefly state the values, assumptions of Belief of Organization Development.
5. What are the implication of Organization Development values of assumptions for dealing with individuals, groups and organizations?
6. Explain the Organization Development Process.
7. What are the components of Organization Development?

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## **UNIT-16 : CHANGE MANAGEMENT**

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### **Structure:**

- 16.0 Objectives
- 16.1 Introduction
- 16.2 Concepts
- 16.3 Reasons for change
- 16.4 Change models
- 16.5 Resistance to change
- 16.6 Overcoming resistance to change
- 16.7 Change agent
- 16.8 Notes
- 16.9 Summary
- 16.10 Key words
- 16.11 Self-Assessment Questions
- 16.12 References

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## 16.0 OBJECTIVES

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After reading this unit, you should be able to;

- Appreciate the importance and role of change management
- Identify the reasons for Change
- Explain the Mechanisms involved in the three-stage model of the change process.
- List the different phases of consulting process of seven-stage model.
- Discuss the process involved in action research.
- Explain why employees resist change & means to overcome resistance
- Get an insight into the role of change agents

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## 16.1 INTRODUCTION

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The changes affecting today's managers are the rising importance of globalization, increased women in management, the value of adaptability in moving between jobs and organizations, the need to keep skills current. Managing today is about managing in times of rapid change. The Economy, The Organisation and The Employee are all going through change. Globalization has increased competition. Rivals can now come from the other side of the world as well as the other side of town, so organizations must be flexible and responsive if they are to survive. Globalization also creates tremendously expanded opportunities for organizations to offer their products and services worldwide. The first wave was agriculture (up to the 1890s). The second was industrialization (about 1900 to the 1960s). The third wave is information technology (beginning in the 1970s). Today, agriculture represents less than 5 percent of employment in industrialized countries. Meanwhile, the information age has significantly reduced low-skilled, blue-collar jobs in manufacturing, but it has created abundant opportunities for educated and skilled technical specialists, professionals, and other knowledge workers. Organizations externalize risk is through subcontracting out work, licensing products to others, and forming joint partnerships. The key elements in total quality management are intense focus on the customer concern for continual improvement in the quality of everything the organization does, accurate measurement, and empowerment of employees. Organizations are reengineering work processes in order to maintain competitiveness. New technologies can bring about dramatic improvements in productivity. Reengineering encompasses looking at all work processes from scratch. It offers opportunities for improvements of far greater magnitude than the traditional approach of incremental

change. The contingent workforce includes temporaries, part-timers, consultants, contract workers, and others who are employed on a nonpermanent basis. The bimodal workforce represents low-skilled workers earning little above minimum wage and high-skilled professional, technical, and knowledge workers who earn solid middle-class wages. The low-skilled workers not only earn low wages, but they have little opportunity to improve their economic status, have restricted mobility, and have weak job security. The loyalty-for-job-security arrangement has been irrevocably broken. Employers need flexibility today, and long-term job security is inconsistent with that objective. As a result, employees are increasingly placing loyalty to their work group and to their profession ahead of loyalty to their employer.

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## **16.2 CONCEPTS**

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To make or become different, give or begin to have a different form

Dissatisfaction with the old and belief in the new

Aspects of organisational change:

- ◆ what to change or the content of change
- ◆ how to change or the process of change

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## **16.3 REASONS FOR CHANGE**

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The Drivers of change which have resulted in organizations taking strategic initiatives in response to global competition are:

- ◆ cost effectiveness
- ◆ quality
- ◆ customer responsiveness & speed to market
- ◆ technology (R&D – fixed costs)
- ◆ skill shortages (location free organisation structures)
- ◆ information technology

Further, Major changes reshaping the economy are: Globalization, Technological upheavals, especially in the areas of computers, telecommunications, and information, Growth and decline among job sectors, Cultural diversity, Changing societal expectations, Expanding interest in entrepreneurship, Being more fickle, More-demanding customers, Privatization of government businesses.

Further the New Organisations are characterised by Flexibility and Temporariness, Externalization of Risk, Workforce Diversity, Total Quality Management, Downsizing, Reengineering, Skill Shortages, Playing to Strengths: Core Competencies, Empowering Employees, Organizing Around Teams, Dejobbing and the Loss of Traditional Job Security, Flexible Compensation, Social Responsibility and Ethics

The New Employee further faces the challenges of the Bimodal Split in workforce as low skilled and high skilled workers, Impermanence, Self-directed careers, expectations of multiple skills, being a team player, Continual retraining, Coping with alienation and stress.

All of the above reasons have made it imperative for organizations to find new ways of managing while adapting to the changes.

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## **16.4 CHANGE MODELS**

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Organization development is planned change in an organizational context. The development of models of planned change facilitated the development of OD Model and theories depict, in words or pictures, the important features of some phenomenon, describe those features as variables, and specify the relationships between the variables. Planned change theories are rather rudimentary as far as explaining relationships between variables, but pretty good in terms of identifying the important variables involved in change. Several recent theories show great promise for increasing our understanding of what happens and how it happens in planned change situation. Our purpose here is to provide a framework for thinking about planned change by exploring several models from the literature.

### **Kurt Lewin's Three – Stage Model**

Kurt Lewin introduced two ideas about change that have been very influential since the 1940s. The first idea states that what is occurring at any point in time is a resultant in a field of opposing forces. The states quo-whatever is happening right now – is the result of forces pushing in opposing directions. For example, the production level of a manufacturing plant can be thought of as a resultant equilibrium point in a field of forces, with some forces pushing toward higher levels of production and some forces pushing toward lowers levels of production. The production level tends to remain fairly constant because the field of forces remains fairly constant. Likewise, the level of morale in that plant can be thought of as a resultant equilibrium point. Although morale may get a little better or a little worse on occasion, it generally hovers around some

equilibrium point that is the resultant in a field of forces, some forces pushing toward higher morale, and some pushing toward lower morale. With a technique called the force-field analysis, one can identify the major forces that make up the field of forces and then develop action plans for moving the equilibrium point in one direction or the other. This concept that the status quo is the result of a field of forces is a powerful one for thinking about the dynamics of change situations.

Lewin's second idea was a model of the change process itself. He suggested that change is a three-stage process: unfreezing the old behaviour (or situation), moving to a new level of behaviour, and freezing the behaviour at the new level. Change entails moving from one equilibrium point to another equilibrium point. Take the example of a man who is a cigarette smoker who wants to quit. The three-stage model says he must first unfreeze the old behaviour of smoking, that is, believe that cigarette smoking is bad for him, and that he should stop smoking. Next he must move, that is, change his behaviour from being a smoker to being a non-smoker. Finally, the non-smoking behaviour must become permanent so that not smoking becomes the new equilibrium point. To do this a new field of forces must be established to support the new behaviour.

**Table 1. A Three-stage Model of the Change Process**

- Stage 1**    Unfreezing: Creating motivating and readiness to change through
  - 1. Disconfirmation or lack of confirmation
  - 2. Creation of guilt or anxiety
  - 3. Provision of psychological safety
  
- Stage 2**    Changing through Cognitive Restricting: Helping the client to see things, judge things feel things, and react to things differently based on a new point of view obtained through
  - a. Identifying with a new role model, mentor, etc.
  - b. Scanning the environment for new relevant information.
  
- Stage 3**    Refreezing: Helping the client to integrate the new point of view into
  - a. The total personality and self-concept
  - b. Significant relationships

Lewin's three-stage model is a powerful cognitive tool for understanding change situations. Edgar Schein took this excellent idea and improved it by specifying the psychological mechanisms involved in each stage as shown in Table 1.

In Stage 1, unfreezing, disconfirmation creates pain and discomfort, which cause guilt and anxiety, which motivate the person to change. But unless the person feels comfortable with dropping the old behaviours and acquiring new ones, change will not occur. That is, the person must experience a sense of psychological safety in order to replace the old behaviours with new behaviours.

In Stage 2, moving, the person undergoes cognitive restructuring. The person needs information and evidence to show that the change is desirable and possible. This is gained by modeling the behaviour of an exemplar or by gathering relevant information from the environment.

The primary task in Stage 3, refreezing, is to integrate the new behaviours into the person's personality and attitudes. That is, stabilizing the changes requires testing to see if they fit – fit with the individual, and fit with the individual's social surroundings. The phrase significant relationships refers to important people in the person's social environment – do these significant others accept and approve of the changes? We believe Lewin's model and Schein's extension of the model provide excellent ways to think about change and the planning of change.

### **Seven-Stage Model**

Another modification of Lewin's model was proposed by Ronald Lippitt, Jeanne Watson, and Bruce Westley who expanded the three-stage model into a seven-stage model representing the consulting process. Their seven stage are as follows:

- Phase 1: The development of a need for change. This phase corresponds to Lewin's unfreezing phase.
- Phase 2: The establishment of a change relationship in this phase a client system in need of help and a change agent from outside the system establish a working relationship with each other.
- Phase 3: The clarification or diagnosis of the client system's problem.
- Phase 4: The examination of alternative routes and goal; establishing goals and intentions of action.



Phase 5: The transformation of intentions into actual change efforts Phase 3, 4 and 5 correspond to Lewin's moving phase.

Phase 6: The generalization and stabilization of change. This corresponds to Lewin's refreezing phase.

Phase 7: Achieving a terminal relationship, that is, terminating the client-consultant relationship.

The seven-stage model by Lippitt, Watson, and Westley lays out the logical steps involved in OD consulting, most practitioners know this model. Similar models have been developed by Kolb and Frohman and by Burke. These 'road maps' are useful for thinking about change.

### **Comprehensive Change Model**

A comprehensive change model by Ralph Kilmann specifies the critical leverage points to manipulate for change to occur. We will briefly describe the 'total system change' model presented in his book, *Managing Beyond the Quick Fix*. There are five sequential stages in this model: (i) initiating the program; (ii) diagnosing the problems; (iii) scheduling the 'tracks', (iv) implementing the 'tracks', and (v) evaluating the results. Change programs take from one to five years to complete.

Initiating the program entails securing commitment and support from top management. Diagnosing the problems entails conducting a thorough analysis of the problems and opportunities facing the organization. These problems and opportunities will be the targets of later interventions. Scheduling and implementing the 'tracks' entail intervening in five critical leverage points (called 'tracks') found in all organizations, that, when functioning properly, cause the organization to be successful. Kilmann's five tracks are: (i) the culture track; (ii) the management skills track; (iii) the team-building track; (iv) the strategy-structure track; and (v) the reward system track. Interventions include training programs, problem-solving sessions, critique of current practices and procedures, and so forth.

### **Action Research Model**

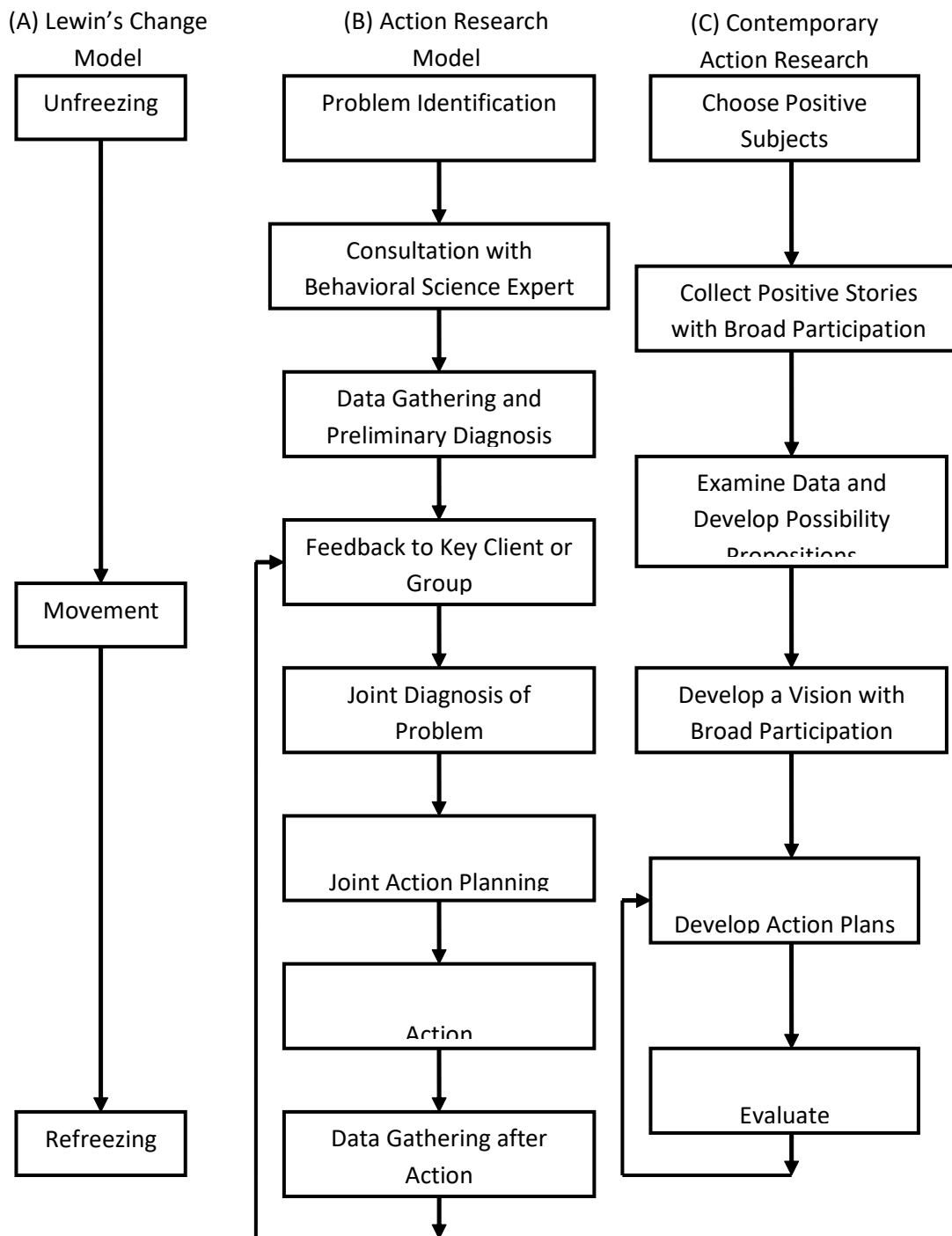
The action research model focuses on planned change as a cyclical process in which initial research about the organization provides information to guide subsequent guide further action, and so on. This interactive cycle of research and action involves considerable collaboration among organization members and OD parishioners. It places heavy emphasis on data gathering and diagnosis prior to action planning and implementation, as well careful evaluation of results after action is taken.

Action research is traditionally aimed both at helping specific organizations to implement planned change and at developing more general knowledge that can be applied to other settings. Although action research was originally developed to have this dual focus on change and knowledge. It has been adapted to OD efforts in which the major emphasis is on planned change. Fig. 4.1 shows the cyclical phases of planned change as defined by the original action research model. There are eight main steps.

**1. Problem Identification:** This stage usually begins when a key executive in the organization or someone with power and influence senses that the organization has one or more problems that might be solved with the help of an OD practitioner.

**2. Consultation with a behavioural science expert:** During the initial contact, the OD practitioner and the client carefully assess each other. The practitioner has his or her own normative, developmental theory or frame of reference and must be conscious of those assumptions and values. Sharing them with the client from the beginning establishes an open and collaborative atmosphere.

**3. Data gathering and preliminary diagnosis:** This step is usually completed by the OD practitioner, often in conjunction with organization members. It involves gathering appropriate information and analyzing it to determine the underlying causes of organizational problems. The four basic methods of gathering data are interviews, process observation, questionnaires, and organizational performance data (unfortunately, often overlooked). One approach to diagnosis begins with observation, proceeds to a semi-structured interview, and concludes with a questionnaire to measure precisely the problems identified by the earlier steps. When gathering diagnostic information, OD practitioners may influence members from whom they are collecting data. In OD, 'every action on the part of the ... consultant constitutes an intervention' that will have some effect on the organization.



**Fig. 4.1: Comparison of Planned change Models**

**4. Feedback to key client or group:** Because action research is a collaborative activity, the diagnostic data are fed back to the client, usually in a group or work-team meeting. The feedback step, in which members are given the information gathered by the OD practitioner, helps them determine the strengths and weaknesses of the organization or the department under study. The consultant provides the client with all relevant and useful information, involves consideration of privacy and ethics as well as judgment about whether the group is ready for the information or if the information would make the client overly defensive.

**5. Joint diagnosis of the problem:** At this point, members discuss the feedback and explore with the OD practitioner whether they want to work on identified problems. A close interrelationship exists among data gathering, feedback, and diagnosis because the consultant summarizes the basic data from the client members and presents the data to them for validation and further diagnosis. An important point to remember, as Schien suggests, is that the action research process is very different from the doctor-patient model, in which the consultant comes in, makes a diagnosis, and prescribes a solution. Schein notes that the failure to establish a common frame of reference in the client-consultant relationship may lead to a faulty diagnosis or to a communication gap whereby the client is sometimes 'unwilling to believe the diagnosis or accept the prescription. 'He believes' most companies have drawers full of reports by consultants, each loaded with diagnoses and recommendations which are either not understood or not accepted by the 'patient'.

**6. Joint action planning:** Next, the OD practitioner and the client members jointly agree on further actions to be taken. This is the beginning of the moving process (Described in Lewin's change model), as the organization decides how best to reach a different quasi-stationary equilibrium. At this stage, the specific action to be taken depends on the culture, technology, and environment of the organization; the diagnosis of the problem; and the time and expense of the invention.

**7. Action:** this stage involves the actual change from one organizational stage to another. It may include installing new methods and procedures, reorganizing structures and work designs, and reinforcing new behaviours. Such actions typically cannot be implemented immediately but require a transition period as the organization moves from the present to a desired future state.

**8. Data gathering after action:** Because action research is a cyclical process, data must also be gathered after the action has been taken to measure and determine the

effects of the action and to feed the results back to the organization. This, in turn, may lead to rediagnosis and new action.

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## **16.5 RESISTANCE TO CHANGE**

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### **A. People Don't Embrace Change.**

1. One of the best-documented findings from studies of individual and organizational behavior is that organizations and their members resist change.

- a) Resistance is positive. It provides a degree of stability and predictability within organizations.
- b) But there is a serious downside to resistance to change. It hinders adaptation and progress.

2. Organizations that have historically experienced lengthy periods of success tend to be particularly resistant to change.

3. Resistance can be overt, implicit, immediate, or deferred.

- a) It is easiest for management to deal with overt and immediate resistance.
- b) The greater challenge is managing resistance that is implicit or deferred.
- c) Similarly, deferred actions cloud the link between the source of the resistance and the reaction to it. A change may produce what appears to be only a minimal reaction at the time it is initiated, but then resistance surfaces weeks, months, or even years later.

4. Sources of resistance—individual and organizational.

### **B. Individual Resistance**

1. Individual sources of resistance to change reside in basic human characteristics such as perceptions, personalities, and needs.

2. Five reasons why individuals may resist change.

3. Habit.

- a) To cope with complexity, we all rely on habits, or programmed responses.
- b) But when confronted with change these accustomed ways become a source of resistance.

4. Security.

- a) People with a high need for security are likely to resist change because it threatens their feeling of safety.
5. Economic factors.
- a) Another source of individual resistance is concern that changes will lower one's income.
6. Fear of the unknown.
- a) Changes substitute ambiguity and uncertainty for the known.
  - b) Employees in organizations hold the same dislike for uncertainty.
7. Selective information processing.
- a) Individuals are guilty of selectively processing information in order to keep their perceptions intact. They hear what they want to hear. They ignore information that challenges the world they have created.

### **C. Organizational Resistance**

1. Organizations are characterized by inertia. They actively resist change.
2. Six major sources of organizational resistance have been identified.
3. Structural inertia.
  - a) Organizations have built-in mechanisms to produce stability—the selection process, training, and formalization.
  - b) When an organization is confronted with change, this structural inertia acts as a counterbalance to sustain stability.
4. Limited focus of change.
  - a) Organizations are made up of interdependent subsystems. You can't change one without affecting the others. So limited changes in subsystems tend to get nullified by the larger system.
5. Group inertia.
  - a) Even if individuals want to change their behavior, group norms may act as a constraint.
6. Threat to expertise.
  - a) Changes in organizational patterns may threaten the expertise of specialized groups.
7. Threat to established power relationships.

- a) Any redistribution of decision-making authority can threaten long-established power relationships within the organization. The introduction of participative decision making or self-managed work teams is the kind of change that is often seen as threatening by supervisors and middle managers.
8. Threat to established resource allocations.
- a) Those groups in the organization that control sizable resources often see change as a threat. Those that most benefit from the current allocation of resources often feel threatened by changes that may affect future allocations.

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## **16.6 OVERCOMING RESISTANCE TO CHANGE**

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### Overcoming Resistance to Change

1. What can managers do to overcome the resistance that transformational change creates?

- a) Assessing the climate for change.
- b) One major factor determining the success of change is the readiness to change.

2. Seventeen key elements to successful change. By paying attention to the questions addressed below organisations can to some extent overcome resistance to change.

- a) Is the sponsor of change high up enough to have power to effectively deal with resistance?
- b) Is day-to-day leadership supportive of the change and committed to it?
- c) Is there a strong sense of urgency from senior management about the need for change, and is it shared by the rest of the organization?
- d) Does management have a clear vision of how the future will look different from the present?
- e) Are there objective measures in place to evaluate the change effort, and are reward systems explicitly designed to reinforce them?
- f) Is the specific change effort consistent with other changes going on within the organization?
- g) Are functional managers willing to sacrifice their personal self-interest for the good of the organization as a whole?

- h) Does management pride itself on closely monitoring changes and actions taken by competitors?
- i) Is the importance of the customer and a knowledge of customer needs well accepted by everyone in the work force?
- j) Are managers and employees rewarded for taking risks, being innovative, and looking for new solutions?
- k) Is the organization structure flexible?
- l) Are communication channels open both downward and upward?
- m) Is the organization's hierarchy relatively flat?
- n) Has the organization successfully implemented major changes in the recent past?
- o) Are employee satisfaction and trust in management high?
- p) Is there a high degree of cross-boundary interactions and cooperation between units in the organization?
- q) Are decisions made quickly, taking into account a wide variety of suggestions?

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## **16.7 CHANGE AGENT**

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Changes Within an Organization Need a Catalyst. The Catalyst is the change agent. In many organisations, consultants play the role of change agents. However, the following is also true.

1. Many managers play the role of change agent.
  2. Managers need to implement quantum change and reinvent their organizations.
  3. Managers who can effectively play the role of change agent are in high demand and can accelerate their ascendancy into executive positions.
  4. For major change programs, senior management frequently looks outside to find people who have experience in promoting change and who have no vested interest in the current system.
- a) Those individuals who can exhibit visionary leadership and charismatic qualities additionally have characteristics that organizations associate with successful change agents.



## **The nature of the consultant's expertise**

We believe it is possible, and desirable, for the OD consultant to be an expert in the sense of being competent to present a range of options open to the client, but any extensive reliance on the traditional mode of consulting, that is, giving substantive advice, will tend to negate the OD consultant's effectiveness. The OD consultant needs to resist the temptation of playing the content expert and will need to clarify his or her role with the client when this becomes an issue.

Moving into the expert or advocate role. The consultant wishes to maintain the relationship for a variety of reasons – professional, financial, or self-esteem – and naturally wants to be perceived as competent. The consultant, therefore, gets trapped into preparing reports or giving substantive advice, which if more than minimal, will reduce his or her effectiveness.

There are at least four good reasons why the OD consultant should largely stay out of the expert role. The first is that a major objective of an OD effort is to help the client system to develop its own resources. The expert role creates a kind of dependency that typically does not lead to internal skill development.

The second reason is that the expert role almost inevitably requires the consultant to defend his or her recommendations. With reference to an initial exploratory meeting, Schein mentions the danger of being 'seduced into a selling role' and states that under such conditions 'we are no longer exploring the problem'. In short, finding oneself in the expert role and defending one's advice tends to negate a collaborative, developmental approach to improving organizational processes.

A third reason for largely avoiding the expert role has to do with trust. One criterion for resolving whether to provide confidential reports or advice to top management is how such an intervention would affect various client groups in the organization and the consultant's relationship with them. The OD consultant's role is a tenuous one at best. Any impression that the consultant is making recommendations inimical to members of client groups puts the consultant in the role of an adversary.

A fourth reason has to do with expectations. If the consultant goes very far in the direction of being an expert on substance in contrast to process, the client is likely to expect more and more substantive recommendations, thus negating the OD consultant's central mission which is to help with process.

There are exceptions to these reasons. The OD consultant should act in the expert role on the process used but not on the task. Another exception consists of providing a range of options open to the client. We believe that the more extensive the OD consultant's knowledge of management and organization, the more effective the OD consultant can be. But there is a difference between being essentially a facilitator-educator and being essentially an advice giver.

**The consultant as a model**

Another important issue is whether change agents are willing and able to practice what they preach. In the area of feelings, for example, the consultant may be advocating a more open system in which feelings are considered legitimate and their expression important to effective problem solving and at the same time suppressing his or her own feelings about what is happening in the client system. In particular, this can be a frequent problem for the less-experienced practitioner, and it usually has an impact on this person's feeling of competency. The more one learns to be in touch with one's own feelings, the more spontaneous one can be and the greater the options open for interventions. However, the client system is not the appropriate ground for working out any problems the consultant may be currently experiencing. On the other hand, being too aloof emotionally will tend to minimize the possibilities of helping the client. We are not suggesting that the OD consultant must be a paragon of virtue rather; we are suggesting that to maximize one's effectiveness, it is necessary continuously to practice and develop the effective behaviours one wishes to instill in the client system.

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**16.8 NOTES**

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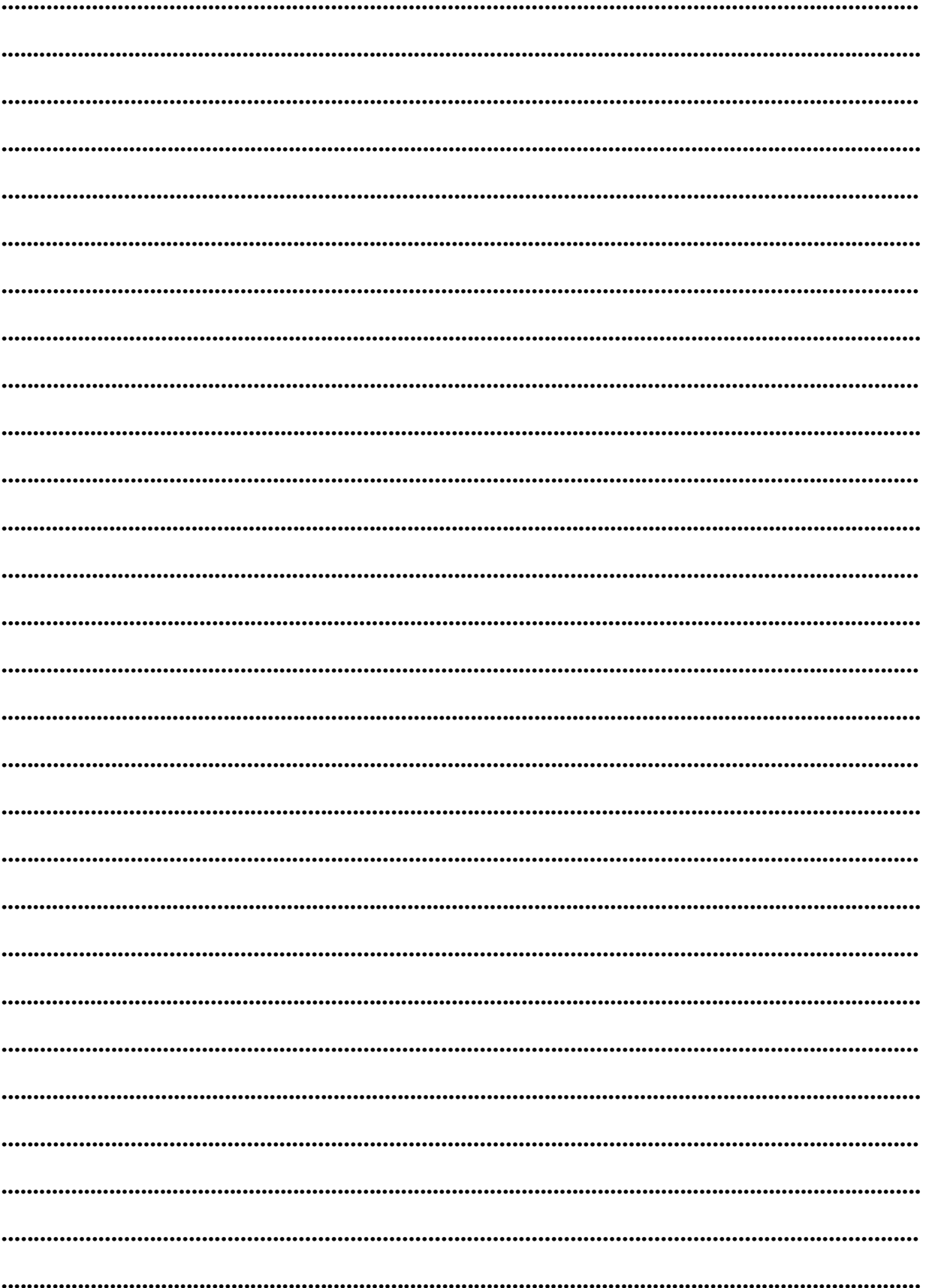
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## **16.9 SUMMARY**

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Managing today is about managing in times of rapid change. The Economy, The Organisation and The Employee are all going through change. Theories of Planned change describe the activities necessary to modify strategies, structure, and processes to increase an organization's effectiveness. Lewin's change model, the action research model, and more recent adaptations of action research offer different views of the phases through which planned change occurs in organizations. Lewin's change model views planned change as a three-step process of unfreezing, movement, and refreezing. It provides a general description of the process of planned change. The action research model focuses on planned change as a cyclical process involving joint activities between organization members and OD practitioners. It involves eight sequential steps that overlap and interact in practice: problem identification, consultation with a behavioural science expert, data gathering and preliminary diagnosis, feedback to a key client or group, joint diagnosis of the problem, joint action planning, action, and data gathering after action. The action research model places heavy emphasis on data gathering and diagnosis prior to action planning and implementation, and on assessment of results after action is taken. Although the planned change models describe general stages of how the OD process unfolds, there are different types of change depending on the situation. Planned change efforts can vary in terms of the magnitude of the change and the degree to which the client system is organized. The change agent plays a very critical role in catalyzing change in an organisation.

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## **16.10 KEY WORDS**

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Planned Change, Change Drivers, Resistance to Change, Change Agent

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## **16.11 QUESTIONS FOR SELF-ASSESSMENT**

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1. Discuss in detail Kurt Lewin's three stage model of the change process.
2. Detail the steps involved in Action Research process.
3. Explain the factors influencing organizational change.
4. Identify the reasons for resistance to change.
5. Describe the role of managers as change agent.

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DEPARTMENT OF STUDIES AND RESEARCH IN MANAGEMENT

**M.B.A III Semester**

**Elective -C: People Management**

**COURSE - 16 C**

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**STRATEGIC HUMAN RESOURCE DEVELOPMENT**

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**BLOCK**

**5**

**HRD AND GLOBALISATION**

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**UNIT - 17**

GLOBALIZATION

01-19

---

**UNIT - 18**

HRD PROGRAMMES

20-32

---

**UNIT - 19**

HUMAN RESOURCE INFORMATION SYSTEM

33-50

---

**UNIT - 20**

HRDAUDIT

51-68

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## **BLOCK - V : HRD AND GLOBALISATION**

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In the previous block, we have learnt human resource accounting, benchmarking, competency mapping, employee development and organization development. This block gives you in and out of various concepts of HRD programmes, globalization of business, diversity of work force and HRD programme for culturally diversified employees.

This block explains trends in HRD, training for trainers and HRD professionals. It also speaks of human resource information system, its objectives and importance. It also deals with HRD Audit and its objectives and role of HRD Audit.

This block divided into four units. They are,

Unit 17: Globalization

Unit 18: HRD Programmes

Unit 19: Human Resource Information System

Unit 20: HRD Audit





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## **UNIT- 17: GLOBALISATION**

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### **Structure:**

- 17.0 Objectives
- 17.1 Introduction
- 17.2 Meaning and Definitions
- 17.3 Globalisation of Business
- 17.4 Globalisation and its impact on HRD
- 17.5 Diversity of Work force
- 17.6 Managing diversity of Work force
- 17.7 Effectiveness of managing diversity programme
- 17.8 HRD programs for culturally diversified employees
- 17.9 Case Study
- 17.10 Notes
- 17.11 Summary
- 17.12 Key Words
- 17.13 Self Assessment Questions
- 17.14 References

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## **17.0 OBJECTIVES**

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After studying this unit, you should be able to;

- Explain the impact of Globalization on HRD.
- Discuss the Diversity of Workforce in HRD.
- Discuss the managing of Diversity of Workforce.

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## **17.1 INTRODUCTION**

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Human Resource Development is a system of developing in a continuous and planned way the competencies of individual employees, dyadic groups (supervisor and subordinate), teams and the total organisation to achieve the organisations goals. It maximize the congruence between the individual and the organisational goals of employees an develops an organisational culture in which superior- subordinate relationships, teamwork and collaboration among various units become strong and contribute to the professional well-being, motivation and pride of employees.

In order to organizations to compete successfully in a global economy, they must be able to attract and retain the best employees possible. For most organizations, this means recruiting and hiring a more diverse workforce. Organizations have recognized the demographic changes that have occurred in the workforce over the past forty years. In response to the civil rights and feminist movements, as well as the equal employment legislation that began in the 1960s many organizations established programs to facilitate the recruitment and retention of qualified women and minorities. The inclusion of women, minorities, and other underrepresented groups have made organizations more culturally diverse.

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## **17.2 MEANING AND DEFINITIONS**

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Nadler (1970) defined HRD as a series of organized activities conducted within a specified period of time and designed to produce behavioural change. In a revised definition, Nadler (1984) defined HRD as organized learning experience in a definite time period to increase the possibility of job performance and growth.

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### 17.3 GLOBALIZATION OF BUSINESS

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Human resource development can be defined as a set of systematic and planned activities designed by an organisation to provide its members with the opportunities to learn necessary skills to meet current and future job demands. Learning is at the core of all HRD efforts. HRD activities should begin when an employee joins an organisation and continue throughout his or her career, regardless of whether that employee is an executive or a worker on an assembly line, HRD programs must respond to job changes and integrate the long-term plans and strategies of the organisation to ensure the efficient and effective use of resources.

During the last decade, significant changes have taken place in the social, economic, technological and political and legal environment of Indian Business. However, the recent spate of changes in the economies of the world by the creation of World Trade Organisation (WTO), economic liberalisation and trend towards globalisation have brought many opportunities and threats for the modern organisations. The modern management professionals can't ignore such changes, rather they have to design and execute innovative mechanisms of developing skills and competencies of human resources to prepare them to accept the emerging challenge including:

- (a) Revolution of information technology having far reaching impact on every sub-system of business and creating need for building up 'knowledge capital'.
- (b) Advancement of technology leading to obsolescence of present skills and techniques.
- (c) Economic and industrial policy changes leading to tough competition from multinational corporations.
- (d) Changing profile of workforce, e.g., increased education, rising share of women in the work force increased emphasis on fulfilment of psychological needs.
- (e) Changing needs and expectation of customers rendering the existing processes and products obsolete.
- (f) Changing international environment leading to free flow of goods and services throughout the world.

The above trends will have a tremendous impact in the tasks of future managers who will have to act as "Change agents" and "Change facilitators".

## **Globalisation:**

National policies are being influenced significantly by extra-national forces on a variety of economic, social and labour matters. Problems and decisions in one part of the world affect prospects in other parts of the world and shape the events and institutions elsewhere too. International debt and cross national inequities are limiting the sovereignty of independent nations to act decisively even on matters concerning their own nations. This is a new interpretation of global interdependence which unfortunately is not based on balance of power and opportunities.

Globalisation impinges on better industrial management because it contributes to structural changes resulting from new forms of organisation of work and production within and between firms and also it subjects international industrial markets to increase pressures from foreign economic influences.

The impact of globalisation can be observed from the following trends:

- (a) **Integration of economies:** Globalisation has resulted in the opening up of vast markets which can be tapped by big industries. This is possible only when there exists harmony between the labour and management and both parties active for the growth of the country.
- (b) **Global benchmarking:** Globalisation has resulted in striving for higher quality of products and processes so that they are competitive in the world market.
- (c) **Changes in the management styles:** Today's management style is moving towards participative management where workers are delegated responsibility and involved in the day to day decision making.
- (d) **Future of public enterprises:** there is a need for a radical change in the focus of public enterprises in the post-liberalisation period. The public enterprises have to increase their efficiency and productivity by restructuring the whole organisation after taken into confidence the workers so that they can be competitive in the liberalized era.

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## **17.4 GLOBALISATION AND ITS IMPACT ON HRD**

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### ***17.4.1 Globalisation of Economy:***

Today's economy is globalised in which geographical boundaries of a country have only political relevance; the economic relevance has extended beyond these. Globalisation of business is helpful in earning profit but at the same time, it creates

many challenges for management. Therefore, management practices which are relevant for a company in its place of origin may not be relevant for its operation in other countries. The globalisation of Indian business implies that the managers are required to be familiar with the attitudes, beliefs and values prevalent in the host countries. They must have knowledge of other conditions prevailing in those countries which have bearing on management practices.

#### ***17.4.2 Corporate structuring***

Corporate structuring is comparatively a new technique for achieving faster growth rate. It involves restructuring the entire business around an organisation's core competence. Core competence is a unique strength of an organisation not shared by others. Corporate restructuring around core competence is followed throughout the world and India does not lag far behind. Restructuring of this type involves divestment of non-core business and acquisition of core business. In India, there are several such instances which have emerged after the process of liberalisation of the economy started. In restructuring, there are additional dimensions of problems related to managing human resources, financial resources and marketing strategy.

#### ***17.4.3 Newer Organisational Designs***

Companies are today not based on the classical approach of division of labour, departmentation, authority-responsibility etc. Organisational structural changes are taking place in the form of tall or flat structure and from mechanistic to virtual organisation. A virtual organisation is a network of independent companies-suppliers, customers, competitors through information linking to share skills, costs and access to one another's markets.

#### ***17.4.4 Job Profile Changes***

Nature of jobs has changed over period of time and this process is continuous. The major contributory factor is due to faster technology changes particularly in terms of automation coupled with information technology. Today, machines are replacing human beings and jobs are becoming more of thinking and collaborating than doing. People will work on more than one team at a time, keeping irregular hours and may never meet co-workers face to face. Computer, cell phones, modems will allow people to work for multiple employers at the same time in locations throughout the world.

#### ***17.4.5 Work Profile Development***

The Changes in job profile leads to changes in work profile. Earlier, work force considered being illiterate and all management activities used to be geared to meet job demands and expectations based illiteracy. Today, they are more educated, skill oriented, comparatively younger and have high expectations. The increases in facilities are acquiring skills in management and technical field, the average age of executive has dropped considerably.

#### ***17.4.6 Increase Role of Woman Employees***

Globally, there is an increase in role of women employees both in managerial as well as non-managerial cadre. In India both corporate sector and government companies have started recruiting mere women work force in their organisation. The reasons are that the women work force has more work commitment coupled with empowerment.

#### ***17.4.7 Increase in Use of Knowledge Management***

Traditional concept of more relevance physical and financial resources have gone but today, the corporate have given more importance to human resources and also human resources are considered as human capital along with human asset. The solution to this modern human resources management is technology driven society of knowledge management. The primary tools applied in practice of knowledge management are organisational dynamics, process engineering technology.

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### **17.5 DIVERSITY OF WORKFORCE**

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In order to organizations to compete successfully in a global economy, they must be able to attract and retain the best employees possible. For most organizations, this means recruiting and hiring a more diverse workforce. Organizations have recognized the demographic changes that have occurred in the workforce over the past forty years. In response to the civil rights and feminist movements, as well as the equal employment legislation that began in the 1960s many organizations established programs to facilitate the recruitment and retention of qualified women and minorities. The inclusion of women, minorities, and other underrepresented groups has made organizations more culturally diverse.

#### ***17.5.1 Cultural Diversity***

Cultural diversity is defined as the existence of two or more persons from different cultural back ground in any single group or organization. Most organizations are culturally diverse because their employees are from different cultural subgroups

(whether gender, age, ethnic origin, etc.). But even if an organization is culturally diverse, it may not be aware of or acknowledge this diversity.

### ***17.5.2 Valuing Differences and Diversity Training***

Barbara Walker, former manager of the International Diversity Program at Digital Equipment Corporation, is credited with coining the phrase “valuing differences” in the 1980s. Her approach was to create an environment in which each person’s cultural differences are respected. Valuing differences soon became popularized as diversity training. The diversity training movement gained momentum when the Hudson Institute published a report in 1987 that predicted that women and minorities would represent 85 percent of all net new entrants in the labour force by the year 2000. This prediction led to a sense of urgency by employers who felt they were ill prepared to handle this kind of change. It also resulted in the proliferation of diversity consultants and programs (e.g., cultural sensitivity training), many of which came with a large price tag.

It is estimated that 72 percent of organizations conducted diversity training in 2003. Diversity training programs vary in scope and length. At one extreme there are one- to three-day programs for managers that designed to transform them into culturally sensitive people. Most of these are one-shot programs that have no follow-up to reinforce the issues raised in training. For example, US WEST developed a diversity program that includes two kinds of training: (1) a three-day program called managing a Diverse Workforce for managers and union stewards and (2) a one-day version called “The Value of Human Diversity” for the remaining 65,000 employees. Other organizations have used a different approach that includes a strategy to foster long-term cultural change. For example, Pacific Gas & Electric created a program based on the assumption that a cadre of internal trainers is needed to cultivate a multicultural organization. Employees are selected to attend a six-day certification (“train-the-trainer”) diversity awareness program and, upon graduation, are expected to champion diversity in their day-to-day interactions with others.

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## **17.6 MANAGING DIVERSITY OF WORKFORCE**

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Thomas defines managing diversity as “a comprehensive managerial process for developing an environment (organizational culture) that works for all employees.” This approach goes beyond both affirmative action and valuing diversity because it focuses on building a positive environment for everyone and on full utilization of the total workforce. It does not exclude women or minorities, nor does it exclude whites or males.



It is an attempt to create a level playing field for all employees without having regard for cultural distinction. Coming to an agreement on the definition of diversity can be a very difficult task, as many experienced trainers will attest. However, one recent article defined it as “the commitment on the part of organizations to recruit, retain, reward, and promote a heterogeneous mix of productive, motivated, and committed workers including people of colour, whites, females, and the physically challenged.” To do this, managing the diversity approach requires (1) a long-term commitment to change; (2) substantive changes in organizational culture; (3) a modified definition of leadership and management roles; (4) both individual and organizational adaptation; and (5) structural changes.

The long-term commitment to change, particularly from top management, is necessary to allow sufficient time and resources to bring about a change in organizational culture. For example, Pillsbury has created the three-year objectives for its division heads for managing diversity:

1. To develop and implement strategic plans for creating more culturally diverse organizations
2. To increase leaders’ and managers’ knowledge and skills in managing a culturally diverse workplace
3. To attract, motivate, and retain women and people of colour.

To achieve these objectives, managers must be totally committed to the program. Commitment from key organizational members (top managers, union leaders, etc.) is an important part of managing diversity.

A substantive change in culture is necessary if an organization expects to change the underlying assumptions, values, and beliefs that have fostered sexist and racist attitudes. Employees must learn to be more understanding of language and cultural differences and be able to identify and reject cultural stereotypes. Most organizations that have developed managing diversity programs rely on education and training programs, much as the valuing differences approach does. For example, organizations like Avon, Apple Computer, and Xerox have made diversity education the cornerstone of their managing diversity programs.

Modified definitions of leadership and management roles are needed to accommodate the changes in organizational culture. Not only is it important that management roles be redefined during the change process, they may also be redefined

as part of managing diversity program. For example, managers may be required to serve as formal mentors to one or more of the women and minorities in their organization. Other organizations may require managers to lead a diversity core group. To ensure that these roles are institutionalized, some organizations have created a new corporate office for managing diversity. This office gives the program high visibility, and ensures that all activities are coordinated.

Managing diversity requires both individual and organizational adaptation, because as the organizational culture undergoes a redefinition and begins to take on new characteristics, employees must be able to adapt to these changes. How well the organization and its employees adapt to this is highly dependent on the management and leadership of the change process. Sufficient support systems must be available for people who are not sure about what is expected of them and how to adapt to these new expectations. For example, some employees may feel this program is affirmative action under a new name. Managers must be able to reinforce the point that a managing diversity favors no subgroup.

Structural changes are necessary to accommodate the changes in management and leadership roles and changes in individual expectations. For example, several structural changes within the HRD function may need to be made. These include (1) developing new policies that support the management of diversity initiative; (2) changing formal orientation programs to place more emphasis on diversity issues; (3) developing formal career development programs; (4) adding a diversity component to some of the ongoing training programs, particularly management and supervisory training; and (5) developing a diversity resource library for all types of ongoing diversity programs.

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## **17.7 EFFECTIVENESS OF MANAGING DIVERSITY PROGRAMS**

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There is growing awareness of the need to address diversity issues. Many organizations have achieved success with such programs. However, a problem with managing diversity is the resistance of long-held attitudes to change. Even when organizations bolster their change strategy with diversity education and training programs, there is no guarantee that all employees will place the same value on learning about their own attitudes and about other cultures, particularly if they feel they have nothing in common with members of those cultures. The fact remains that people tend to feel most comfortable among those with whom they have things in common (e.g., common cultural attributes).

This perceived backlash should not be ignored in a process of forced change. Resistance to change is rooted in personal values, beliefs, and attitudes. To overcome this resistance, we feel that organizations should consider introducing multiculturalism through a planned change strategy. This would entail making use of theories and interventions. Further, there is a growing body of work that provides guidance concerning how organizations can manage diversity in a way that is strategic, proactive, and more grounded in solid empirical and theoretical research than has typically been true to date.

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## **17.8 HUMAN RESOURCE DEVELOPMENT PROGRAMS FOR CULTURALLY DIVERSIFIED EMPLOYEES**

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The changing demographics of the workforce present both opportunities and challenges to HRD professionals. One of the challenges is seeking to remove all causes of discrimination. HRD professionals can do at least two things. First, they must be willing to confront the underlying assumptions, beliefs, and attitudes that foster bigotry and stereotyping that exist within their organization. They can be advocates for people who are the victims of discrimination and must be willing to fight for institutional justice. Second, HRD professionals should examine their organization's practices in the areas of socialization, orientation, career development, and sexual and racial harassment.

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## **17.9 CASE STUDY**

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Automotive Components Limited is a major manufacturer of automatic filters mostly used in automobiles of various types. It supplies filters directly to automobile manufacturers in bulk quantity besides supplying to the market for replacement. On one day two engineers from a reputed engineering consultant came. They inspected the production facilities and workshop; they came on the next two days also. During their visit the atmosphere in the workshop was tense as the engineers made several enquiries from the foreman of the workshop. Three days after the last visit of these engineers a notice was put on the notice board asking the workers to shut off motors and lights during the lunch break.

During the following week a rumour spread that the company was not able to discharge its contractual commitments because of the technical defects in the plant. Therefore a big order was likely to be cancelled resulting into closure of the plant for some time. This period became quite distributed both for workers as well as for

the foreman .Three workers made enquires on different occasions from the foreman. About the reasons for the visits by the outside engineers .In fact one of the workers put a question” Is there going to be layoff in the plant?” The foreman himself being ignorant in the matter had little to say. Thus rumours spread further about the likely layoff and retrenchment .The union leaders criticized the approach of the management and threatened with strike if any worker was laid off or retrenched.

On getting this news of lower productivity and threat of strike the production manager visited the plant and talked to the foreman and some of the senior workers. One of the office bearers of the union questioned angrily when some of them were to be thrown out. The production manager was taken by surprise and asked the foreman what workers were talking about. The foreman narrated the total situation right since the visits of outside engineers and notice of conserving power. He also told about the rumour of cancellation of big order and consequently retrenchment of some of the workers the production manager was taken back and could not believe what the foreman was saying .He asked the foreman “But all this is not true, did you not tell the workers?” The foreman kept quiet.

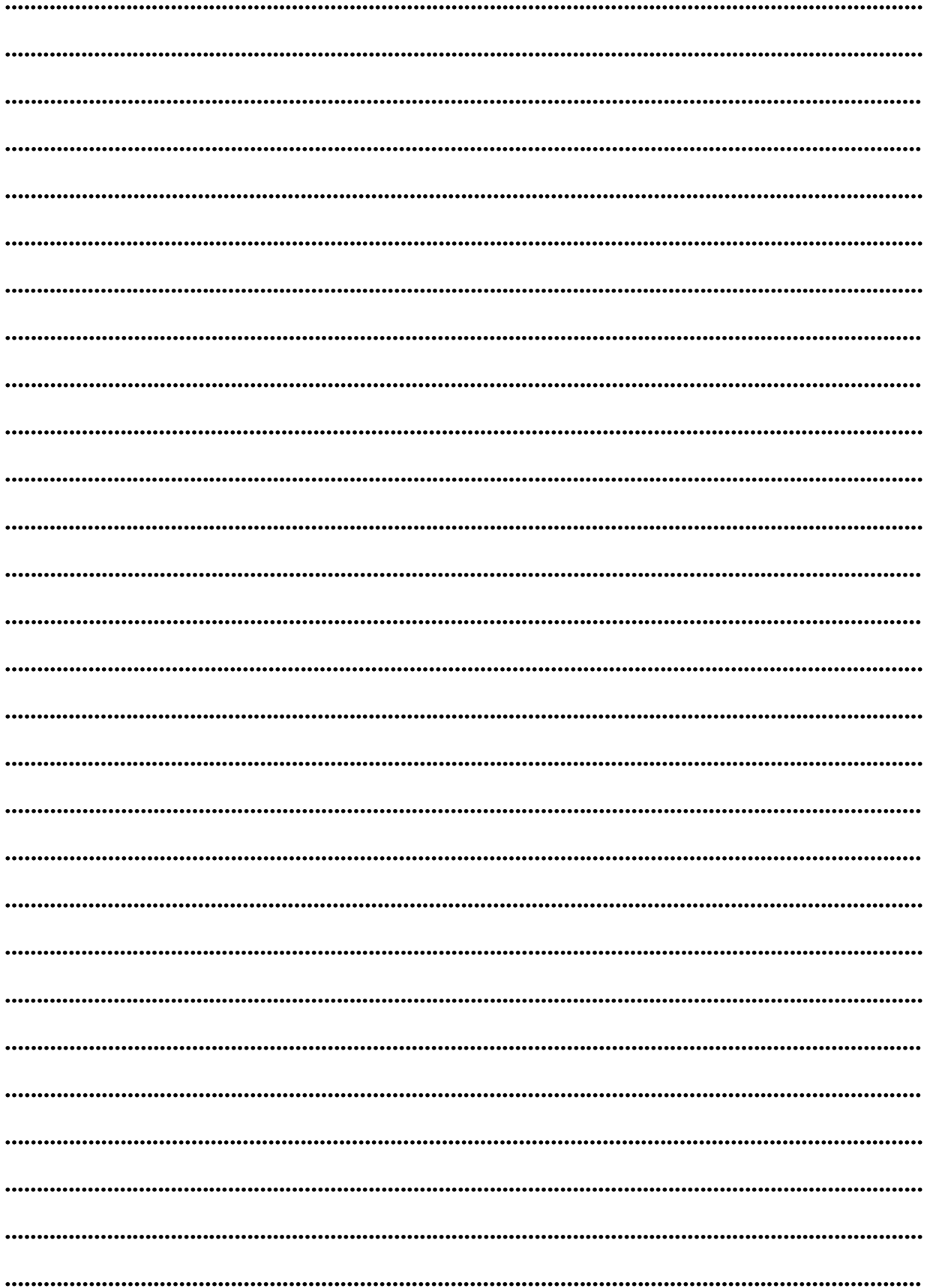
Later in the day, the production manager called a meeting of union office bearers along with some workers. He also invited the foreman to attend the meeting. In the meeting the production manager informed about the objectives of the visits of outside engineers. He told that the engineers were invited to observe the existing machine layout and to draw plan for installing new equipment.

He explained that notice for putting off motors and lights during the lunch break was meant to save power as there was shortage of power and this had nothing to do with the visits of the engineers. Regarding the cancellation of order, he agreed that one big order was likely to be cancelled because of some troubles at the buyers’ plant but the company had secured a much bigger order and that instead of layoff. There would in fact be more recruitment. But all these could not convince the workers and after two days the union gave a notice to the production manager for a one day protest strike.

**Questions:**

1. Discuss the reasons for the problem that arise in the company.
2. Advise the production manager as to how he should proceed in the matter.





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## **17.11 SUMMARY**

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Human Resource Development being one of the most integral part of Human Resource Management explains the need that the workforce/employees should be developed in such a manner that they prove an asset to the organisation. With minimum resources and less wastages an optimum production can be carried out. HRD helps organisations to provide learning related activities to its employees and employers.

Cultural diversity is defined as the existence of two or more persons from different cultural groups in any single group or organization. Managing diversity is a comprehensive managerial process for developing an environment that works for all employees. Most cross-cultural awareness training programs deal with raising the awareness of cultural differences, focusing on ways attitudes are shaped, providing factual information about each culture and building skills in the areas of language, nonverbal communication, cultural stress management, and adjustment adaptation skills. HRD professionals should examine their organization's practices in the areas of socialization, orientation, career development, and sexual and racial harassment.

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## **17.12 KEY WORDS**

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Globalization on HRD, diversity of workforce, cultural diversity, corporate restructuring.

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## **17.13 SELF ASSESSMENT QUESTIONS**

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1. Discuss the impact globalization on HRD
2. Explain the functions of HRD in the Global employment?
3. Explain HRD programs for managing diversity
4. Explain diversity of workforce?
5. Explain the impact of Globalisation on HRD?

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## **UNIT- 18: HRD PROGRAMS**

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### **Structure:**

- 18.0 Objectives
- 18.1 Introduction
- 18.2 Meaning and Definitions
- 18.3 Trends in HRD
- 18.4 HRD programs for diversified employees
- 18.5 Training for trainers and HRD professionals
- 18.6 Case Study
- 18.7 Notes
- 18.8 Summary
- 18.9 Key Words
- 18.10 Self Assessment Questions
- 18.11 References

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## 18.0 OBJECTIVES

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After studying this unit, you should be able to;

- Highlights the Trends in HRD
- Explain the programs for diversified employees,
- Discuss the Training for trainers and HRD Professionals.

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## 18.1 INTRODUCTION

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**Have you ever:**

- ◆ trained a new employee to do his or her job (either formally or informally)?
- ◆ taught another person how to use a new technology, for example, how to conduct an effective PowerPoint presentation, set up a wireless Internet connection, or use a hand-held device such as a Blackberry, an Android, or an iPod?
- ◆ attended an orientation session for new employees?
- ◆ taken part in a company-sponsored training program, for example, diversity training, sexual harassment awareness and prevention, or career development?
- ◆ gone through an experiential training experience, such as a “ropes” course or other outdoor learning experience?
- ◆ completed some type of career planning project or assessment, for example, a vocational interest inventory?
- ◆ participated in an organization-wide change effort, for example, your organization was seeking to change its culture and move toward a flatter, more team-oriented structure?

If you said “yes” to any of the previous questions, you’ve been involved in some form of human resource development. It is often said that an organization is only as good as its people. Organizations of all types and sizes, including schools, retail stores, government agencies, restaurants, and manufacturers, have at least one thing in common: they must employ competent and motivated workers.

In order to organizations to compete successfully in a global economy, they must be able to attract and retain the best employees possible. For most organizations, this means recruiting and hiring a more diverse workforce. Organizations have recognized the demographic changes that have occurred in the workforce over the past forty years. In response to the civil rights and feminist movements, as well as the equal employment

legislation that began in the 1960s many organizations established programs to facilitate the recruitment and retention of qualified women and minorities. The inclusions of women, minorities, and other underrepresented groups have made organizations more culturally diverse.’

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## **18.2 MEANING AND DEFINITIONS**

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Richard Swanson has defined it as “a process for developing and unleashing human expertise through training and development and organization development for the purpose of improving performance.”

Jacobs and Park define workplace learning as “the process used by individuals when engaged in training programs, education and development courses, or some type of experiential learning activity for the purpose of acquiring the competence necessary to meet current and future work requirements.”

For our purposes, then, human resource development (HRD) can be defined as a set of systematic and planned activities designed by an organization to provide its members with the opportunities to learn necessary skills to meet current and future job demands. Focused most broadly, HRD seeks to develop people’s “knowledge, expertise, productivity, and satisfaction, whether for personal or group/team gain, or for the benefit of an organization, community, nation, or, ultimately, the whole of humanity.

HRD activities should begin when an employee joins an organization and continue throughout his or her career, regardless of whether that employee is an executive or a worker on an assembly line. HRD programs must respond to job changes and integrate the long-term plans and strategies of the organization to ensure the efficient and effective use of resources. In short, while training and development activities, or “T&D” for short, constitutes a major part of human resource development, activities such as coaching, career development, team building, and organization development also are aspects of human resource development.

This chapter provides a brief history of significant events contributing to contemporary thought within the HRD field. We then discuss human resource management and HRD structure, functions, roles, competencies, and process. We also discuss certification and education for HRD professionals. Next, we describe several critical challenges facing HRD professionals. Finally, we present a systems or process framework that can guide HRD efforts.

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### 18.3 TRENDS IN HRD

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From the table the following trends maybe observed in terms of the HRD practices:

- ◆ Most organizations seem to have well developed performance management systems or are in the process of having the same. The performance management systems of all these organizations seem to be development oriented. This is more in that organization where there is separate HRD department or there is high emphasis on HRD.
- ◆ Feedback and Counselling is the second system most seems to follow. However this is integrated into the performance appraisal and hence diluted. The Feedback and review discussions are conducted more as a formality than with a high development orientation.
- ◆ There is no potential appraisal as a separate system in any of these companies. It is there as a part of the performance appraisal in a few of these. Only one of the organizations is planning to use Assessment centers.
- ◆ 360-Degree Feedback is being tried out in six of the eight organizations either as part of corporate initiative or on their own initiative.
- ◆ Employee satisfaction surveys, TQM interventions, Total Productivity Management, Team Building workshops, visioning exercises, Train the trainer programs etc. are some of the OD interventions being used by these organizations. However there is very little of in-house competencies in OD. OD interventions are largely outsourced. HRD Departments are not yet being developed as internal change agents or OD facilitators.
- ◆ Training and development is well developed and well managed in these organizations. Internal Faculty has been developed in most of these organizations. Those organizations covered under ISO certification programs have given a systematic and high emphasis to training and development activities. They are still to graduate from Training and Development orientation to creation of a learning environment

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## 18.4 HRD PROGRAMS FOR DIVERSIFIED EMPLOYEES

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The changing demographics of the workforce present both opportunities and challenges to HRD professionals. One of the challenges is seeking to remove all causes of discrimination. HRD professionals can do at least two things. First, they must be willing to confront the underlying assumptions, beliefs, and attitudes that foster bigotry and stereotyping that exist within their organization. They can be advocates for people who are the victims of discrimination and must be willing to fight for institutional justice. Second, HRD professionals should examine their organization's practices in the areas of socialization, orientation, career development, and sexual and racial harassment.

### **Socialization and Orientation**

Socialization is the process by which an individual becomes an insider through assimilation roles, norms, and expectations of the organization. A new employee's initial experiences in an organization are particularly significant in influencing later decisions about career choices and to remain in an organization or not. For example, when learning experiences are designed for new employees, the following issues should be considered:

1. New employees (including women and minorities) may feel isolated when their cultural differences prevent them from obtaining the interesting and challenging work assignments that are needed to learn important job-related skills and to qualify for promotions.
2. Women and minorities may experience additional stresses if they feel they must become bicultural" in order to be accepted by coworkers in the majority group.
3. Women and minorities are sometimes held in higher standards than other coworkers as they enter nontraditional occupations.

Failure to consider these issues can result in the loss of talented employees

Some organizations have recognized the influences of cultural differences on the socialization process and have taken steps to incorporate them into their orientation and socialization practices. For example, Armco Steel recognized that subtle attitudes and prejudices against women and minorities had a negative effect on their upward mobility. Armco saw how these attitudes and prejudices were manifested during the socialization process. Specifically, it looked for ways in which existing employees could serve as role models during the socialization process. Having role models from one's own race and gender can make it easier for new employees to confront issues like sexism and racism without fearing reprisal from coworkers

There is disagreement about the value of holding training and orientation programs that are targeted to a segregated audience (e.g., women or minorities only) Some organizations believe that if the goal of managing diversity is to get employees to work together, it is important not to segregate women or minorities at any point in their development.

However, other organizations see such sessions as important in meeting the special needs of these groups. Organizations like DuPont and GTE provide additional classroom training for newly hired women, but the trend is to avoid the impression of preferential treatment. Morrison and Von Glinow have stated that, "Because women and minorities face special situations as tokens, they may need to perfect certain competencies such as conflict resolution." While we agree that it may be beneficial for incoming women and minorities to be given special awareness and training programs to help them make the adjustment and deal with difficult cultural issues, these programs should exist within an overall plan targeted toward all employees to achieve the goal of multiculturalism.

### **Career Development**

Most career development models and programs do not explicitly deal with the special concerns of a culturally diverse workforce. Programs that promote valuing differences and managing diversity can be useful in creating a positive climate for career advancement. Although both of these approaches rely on education and training to change some of the underlying assumptions, values, and beliefs that sustain barriers like the glass ceiling, only the managing diversity approach attempts to integrate these efforts into the organizational strategy. For example, Jim Preston, former CEO of Avon, saw managing diversity as a significant part of his organization's business strategy, and stated that "if you are going to attract the best . . . people into your organization, you'd better have a culture; you'd better have an environment in which those people feel they can prosper and flourish."

Organizations can modify or create career development policies and programs without using a managing diversity approach. However, if sexist and racist attitudes are prevalent, an organization is less likely to be successful using "traditional" career development techniques to help advance the careers of women and minority employees. A "new" career development program should include specific roles for managers (e.g., serving as mentors or advocates) and a formal role for HRD department in monitoring the process.

## **Mentoring to Promote Diversity**

Mentoring is a relationship between a junior and senior member of the organization that contributes to the career development of both members. There is some evidence to suggest that women see barriers to mentoring because they feel that a male mentor might misconstrue their request as a romantic or sexual gesture, are concerned about how others feel about the relationship, and feel that the male mentor would reject them.

In terms of minorities, a study found that the development of minorities in organizations is affected by such things as the “absence of mentors, less interesting or challenging work as a result of being in the out group, and being left out of the informal social network.” This is supported by research that has examined diversified mentoring relationships (i.e., those made up of a majority member and minority member) and homogeneous mentorship (i.e., those made up of both minority members and both majority members). The findings show the following relationships:

- ◆ Minorities in homogeneous mentoring relationships receive more psychosocial support (e.g., personal support, friendship) than those in diverse mentoring relationships.
- ◆ Mentors are also better role models in homogeneous relationships.
- ◆ Psychosocial support existed in diverse relationship when both the mentor and protege showed the preferred strategy for dealing with (racial) differences.

HRD professionals who design and implement mentorship programs should be aware of these possibilities and attempt to construct their programs in ways that maximizes the benefits and minimizes the problems. Even though there are some inherent potential problems with mentoring, the benefits outweigh the potential pitfalls, and that mentoring should be part of the career development process.

## **Sexual and Racial Harassment Training**

Reports of sexual harassment have remained high over the past fifteen years. Organizations must take affirmative steps to deal with this problem at the workplace. Recent court decisions make it clear that the burden is on organizations to create a safe environment free from sexual demands or hostile acts. Similar issues exist concerning racial and other forms of harassment as well. For example, the Civil Rights Bureau for the State of Wisconsin advocates a single organizational policy covering all forms of workplace harassment.

A number of steps should be taken to implement training to reduce workplace harassment. On the whole, the HRD process model discussed provides a framework for the issues that should be addressed in establishing this sort of program. The four steps listed highlight some of the issues specific to developing and delivering a sexual or racial harassment training program:

1. Preparation of a policy and complaint procedure. Make sure the harassment policy is up-to-date and can be understood by all members of the organization. An appropriate policy should include procedures for (1) defining the scope of responsibility, (2) prompt and measured responses to claims of harassment, (3) authority to address the issue, and (4) multiple avenues for filing complaints. Some organizations have made the employees to sign a document indicating that they have read and understood this policy.
2. Assessment of the organizational climate. It is important to determine if the organization is ready to accept the appropriate change, particularly if such training is mandatory. Also, it is important to survey the employees to see how they feel about harassment issues. The data could be helpful for determining program content. For example, if evidence shows that a number of supervisors try to discourage formal complaints; the program may need to reinforce supervisors' legal responsibilities in this area.
3. Content of the training program. The program should describe the current laws including interpretation of recent court decisions, review of the organizational policy and procedures, communicate a set of organizational standards of conduct, outline responsibilities of supervisors, discuss methods of counseling or referring victims, and address situations where harassment is likely to take place
4. Selecting the trainer or trainers. Care must be taken in selecting a trainer who has both expert knowledge of the law and an understanding of the organizational politics. Many organizations seek an outside consultant with legal experience in this area.

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## **18.5 TRAINING FOR TRAINERS AND HRD PROFESSIONALS**

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As stated earlier, HRD is a series of organised activities conducted within a specified time and designed to produce behavioural change. HRD is defined and interpreted in many ways by many scholars and academicians. Swanson and Holten (2001) defined HRD as “A process for developing and unleashing human experience through organisation development and personal training and development for the purpose of improving performance.” Mclean & Mclean (2001) defined HRD as “Human resource



development is any process or activity that, either initially or over the long term, has the potential to develop adults' work-based knowledge, expertise, productivity, and satisfaction, whether for personal or group/team gain, or for the benefit of an organisation, community, nation or ultimately, the whole community." M. J. Arul (1989) defined HRD as "HRD is a set of inter-related activities, by which human potentialities are assessed, selectively upgraded and appropriately deployed for achievement of envisioned goals that foster human dignity." The American Society for Training and Development (ASTD) simply defines HRD as "HRD is the integrated use of training and development, organisational development, and career development to improve individual, group and organisational effectiveness." In all these different definitions, training is identified as an important element of HRD. ASTD identified 3 elements of HRD namely;

- 1) Training and development
- 2) Organisational development
- 3) Career development

### ***1 Training and Development***

Garavan, Costine, and Heraty (1995) identified that training and development (T&D) include three main activities, namely 1) training, 2) education, and 3) development. These activities are often considered to be synonymous. However, to practitioners, they encompass three separate, although interrelated, activities as outlined below:

- ◆ Training: This activity is both focused upon, and evaluated against, the job that an individual currently holds.
- ◆ Education: This activity focuses upon the jobs that an individual may potentially hold in the future, and is evaluated against those jobs.
- ◆ Development: This activity focuses upon the activities that the organization employing the individual, or that the individual is part of, may partake in the future, and is almost impossible to evaluate.

### **2 Organisational Development**

Organizational Development (OD) involves activities to increase an organization's performance. Emphasis is placed on how to cope with change and make organizations ready to meet the change. OD contributes to assisting organizations and individuals to cope with change.

In other words, OD is the framework for a change process designed to lead to desirable positive impact on all stakeholders.

Cummings & Worley, (2001) defined OD as “Organization Development (OD) concerns system wide planned change, uses behavioural science knowledge, targets human and social process of organizations, and intends to build the capacity to adapt and renew organizations” In the OD approach, psychological and behavioural-science are fully utilized.

### ***3 Career Development***

Career development focuses on individuals’ progression in organizations. It explains how individuals manage their careers within organizations and how organizations structure the career progression of their members. This is the viewpoint of career development from the organizational development perspective. However, another viewpoint looks at the concept from the perspective of a personal life long career. Career progression occurs not only in one organization but can occur throughout one’s life in the different organizations one works for.

It should be noted that training programmes should be integrated into an overall HRD system. Similarly, HRD should be integrated into an overall HRM system. A simple example of this concept is that an employee who is trained in Kaizen should be in an environment where the concept can be applied.

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## **18.6 CASE STUDY**

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In March 2006, some leading IT services companies in India such as Wipro Technologies (Wipro) and IBM India dismissed several employees, when they discovered that the information provided in the employees’ Curriculum Vitae (CVs) was false. The companies also blamed some of the recruitment agencies which had recruited the dismissed employees, for helping them to fake their CV’s. These charges and allegations highlighted the growing problem of fake CVs in the Indian job market. The phenomenon of fake CVs was not just restricted to the software industry. It was also prevalent in other sectors like ITeS, financial services, retail etc. It was estimated that Rs 400 crores was spent by Indian companies for filling 200,000 jobs a year in these sectors and 10-12% of the selected candidates had submitted false information in their CVs. However, the extent of falsification was believed to be much higher in the IT and ITeS sectors as they accounted for 50% of the 200,000 jobs and were highly attractive to job seekers due to their high salary packages and other benefits.

The main areas for falsification were work experience, expertise and skills, educational qualifications, and previous salary packages. It was reported that in many cases the falsification of the CV's was done with active collaboration of recruitment agencies and at times even with the knowledge and connivance of the company's recruitment managers. The boom in the Indian job market had resulted in the growth of the recruitment industry and it was reported that 1,500 new recruitment agencies were set up since 2004 to cater to the growing demand. The issue of fake CVs highlighted concerns regarding the professional practices and ethics of the recruitment agencies. Industries which used the services of these agencies were concerned about the negative perceptions the issue might create with customers based in foreign countries. They felt that this problem, if unchecked, could negate India's status as a favorable destination for outsourcing of software and BPO services. The Executive Recruiters Association (ERA), the association of the Indian recruitment industry, expressed its regrets on this issue and promised strict action against the erring member agencies.

**Questions:**

1. Elucidate the problem in this case
2. State the ethical issues in this case
3. Should the companies go for direct recruitment or outsource?
4. Suggest suitable methods for improving this situation.

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**18.7 NOTES**

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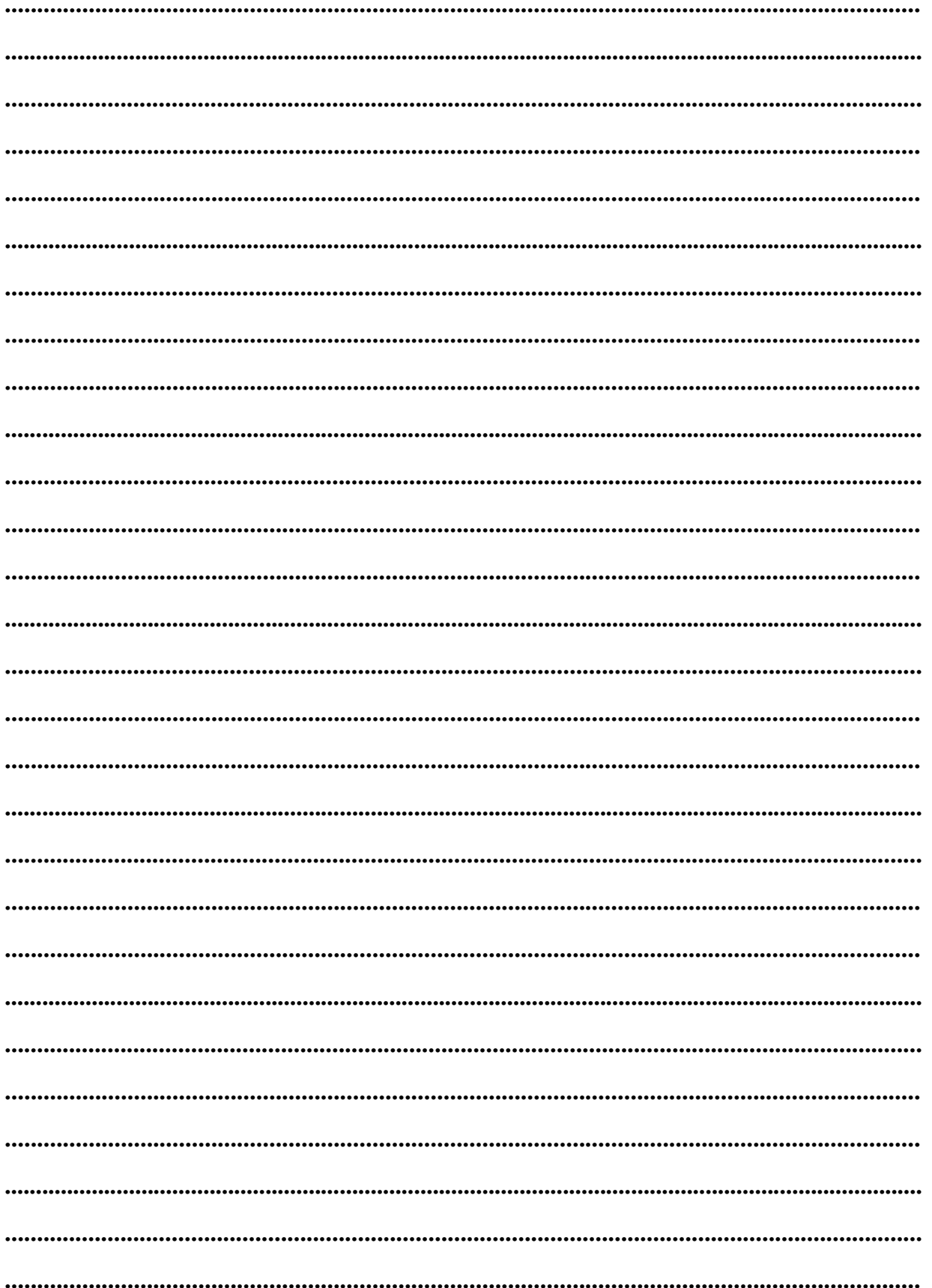
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## **18.8 SUMMARY**

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HRD functions are training and development, organization development and career development. A HRD professional must perform a wide variety of functions. A functional role is a specific set of tasks and expected outputs for a particular job. To carry out these various roles, HRD professionals need to possess many different skills or competencies. Roles are more likely to correspond to the job titles or job descriptions for professional positions in HRD. Increasing globalization and the technological revolution are identified as two primary factors that make for a new competitive advantage.

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## **18.9 KEY WORDS**

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Diversified employees, career development, training for trainers and HRD professionals, organisational development, mentoring.

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## **18.10 SELF ASSESSMENT QUESTIONS**

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1. What are the recent trends of HRD in India?
2. What are the HRD programs available for diversified employees?
3. Explain the training methods for trainers and HRD professionals.

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## **UNIT -19: HUMAN RESOURCE INFORMATION SYSTEM (HRIS)**

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### **Structure:**

- 19.0 Objectives
- 19.1 Introduction
- 19.2 Meaning and definitions
- 19.3 Promoting research in HRD
- 19.4 Human Resource Information System (HRIS)
- 19.5 Developing HRIS
- 19.6 Case study
- 19.7 Notes
- 19.8 Summary
- 19.9 Key words
- 19.10 Self assessment questions
- 19.11 References

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## **19.0 OBJECTIVES**

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After studying this unit, you should be able to;

- Define the concept of HRIS.
- Explain the steps in implementation of HRIS.
- Discuss the process and approaches of personnel research.

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## **19.1 INTRODUCTION**

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Electronic computers have made possible scientific and industrial advances that could not be imagined thirty or forty years ago. With the aid of present-day computers, a large number of space programs have become a processing of voluminous data. Computers find their greatest applications in the commercial, scientific and military fields. They are used in many varied projects ranging from engineering designs to traffic control. The beneficial aspects of computers include speed and accuracy which are important for solving complex problems in the modern world. Computers are playing an important role in shaping the future of mankind.

The use of computers in industry has increased tremendously. They are used for all industrial functions from purchasing and inventory control to preparation of accounts and for all managerial functions – planning, organising, staffing, directing and control. Computers are capable of solving very complex problems very quickly. They facilitate the installation of effective Management Information System in the modern organizations.

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## **19.2 MEANING AND DEFINITIONS**

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A human resources information system (HRIS) is a system of software and supporting computer hardware specifically designed to store and processes all HR information.

HRIS may also be defined as interrelated components working together to collect, process, store, and disseminate information to support decision making, coordination, control analysis and visualization of an organization's human resource management activities.

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### **19.3 PROMOTING RESEARCH IN HRD**

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Research refers to search for knowledge. Advanced Learner's Dictionary of current English lays down the meaning of research as a careful investigation or inquiry specially through search for new facts in any branch of knowledge. Redrnan and Mory define research as a systematized effort to gain new knowledge According to Flippo, "Research is a systematic and purposive investigation of facts." In fact, it is an activity seeking to gain greater understanding of a phenomenon and is directed towards the solution or, elucidation of a problem. It is an art of scientific investigation and a voyage of discovery.

Now, personnel research can be defined as a systematized investigation into the matters of employees with an objective to solve their problems. According to Dale Yoder, "personnel research implies searching, investigation, re-examination, reassessment and revaluation". Jucius has defined personnel problems may be solved or principles or laws governing their solution derived". Thus, personnel research can be defined as a systematic investigation and analysis into any aspect of managing personnel in an organisation.

The basic purpose of personnel research is to seek answers to problems through the application of scientific methodology which guarantees that the information is reliable and unbiased. In this regard, some managers believe that "figures do not lie but lies can figure". So to say, it is true that scientific findings may be valid but there is no proof that they may not be the result of manipulations of certain kinds of selected results only. It is also important to note that simply conducting a research is not sufficient if the usable results are not implemented. Hence, a human resource manager has an obligation to see that the results of research are implemented in his organisation. Otherwise, personnel research by itself will remain sterile if its results are not implemented to solve the personnel problems of the organisation.

According to Monappa and Saiyadain, a scientific research is characterised by the following features:

1. It is objective.
2. It is systematic.
3. It is generalizable.
4. It is purposive.
5. It is parsimonious.
6. It is replicable.



## ***APPROACHES TO PERSONNEL RESEARCH***

You have just learned that personnel research is the scientific collection of factual information on a given problem and analyse it and draw conclusion to solve the problem. Then, the question is how to do it? There is no single approach to conduct personnel research.

In fact, there can be different approaches to be employed for personnel research depending on the nature of the problem, the nature and availability of data/information, and time-cost-resource constraint. The approach to personnel research will mainly differ with its purpose. Here, we will briefly discuss some major approaches usually employed for personnel research in the Indian business organisations.

### **1. Historical Studies:**

Historical studies are used to trace the origin and development of a problem in order to isolate and understand causative factors. Thus, these studies are based on past records and documents and are in a way a throwback on one characteristic feature of historical studies is that they offer a perspective of current events in view of similar past experiences. Yet another essential feature of historical studies is their systematic investigation on a time-span or longitudinal dimension.

Some researchers consider the time-gap between the occurrence of an event and its analysis as a major problem. They view that the validity of the time-gap data becomes sometimes questionable unless it is empirically demonstrated. As historical studies take a long time, hence they become costly ones. Nonetheless, historical studies are found useful in understanding the development of a problem and then seeking suitable solution for it.

### **2. Case Studies:**

Case studies investigate and present the related facts and the context of a specific problem. The main objective of case study is to understand and appreciate how a problem is handled by an individual or by an organisation, and how it could have been handled more effectively.

Individual case studies may enable a researcher to formulate general hypotheses which would help conduct good research for similar problems arising in future'. However, case studies also suffer from certain shortcomings. No two cases can be meaningfully compared because each presents a unique contextual perspective.

### **3. Survey Research:**

The approach of survey research is used for problems requiring a systematic collection of data from the related population, or a representative sample of population through personal contact. Data is collected by administering a questionnaire or conducting a structured interview. Before collecting data, certain hypotheses are formed and survey questions are designed accordingly.

Data collected is tabulated, analysed and conclusions are derived. Since a survey necessarily entails direct contact with the sample of population or entire universe, it becomes time-consuming and costly. Researchers' also report that in survey researches, researchers tend to emphasise more on importance of collection of data and not the importance of analysis of data and formulating a theory on their data.

### **4. Experimental Studies:**

Experimental studies investigate how one variable affects the result. In other words, one variable changes while other variables do not and then casual relationship is established between one variable and its effect on the result/output. Let it be exemplified by an example. In order to establish a relationship between incentive and output, other variables like personality and environment must be controlled.

Now, the worker can be asked to perform the same job for a number of days under absolutely identical conditions except for a variation of incentive. If it is found that output varies with an incentive, it can be concluded that other things/variables remaining the same, incentives affect output.

### **5. Exploratory Studies:**

Such studies emphasize the discovery of new ideas and insights either to have closer familiarity with a phenomenon or to achieve new/greater insights into the problem in order to formulate hypotheses. For example, the Head of the Department of Business Administration concerned with high absenteeism among female lecturers might discuss problem with some of them to discover the reasons.

Once he seeks insight into the problem, he can frame specific hypotheses to be tested in a more empirical fashion. Thus, exploratory studies serve as precursors for large studies. With their flexible nature in data collection, they are less demanding in terms of time and cost.

## **PROCESS OF PERSONNEL RESEARCH**

In order to make personnel research a systematic and scientific one, the researcher needs to follow a certain process or procedure while conducting personnel research. All research, including personnel research, can broadly be classified into applied and pure.

Applied research is one that is carried out to understand and solve a specific problem of the organisation and the results of research lead to specific action plan. From this point of view, all industrial research is applied one.

On the other hand, pure research, also called theoretical research, is carried out to establish relationship between two sets of variables, i.e., how independent variable affects dependent variables, controlling other variables. The findings of pure research may not lead to specific action plans but can be used to develop certain concepts and hypotheses.

**Be it an applied or pure research, the following steps must be followed while carrying out personnel research:**

### ***1. Statement of Purpose:***

In simple words, statement of purpose is a statement to justify the present research. In other words, the researcher has to state what he/she actually proposes to study and why. It also needs to be pointed out that given the problem, the present research is the most parsimonious way of seeking answers to the problem.

### ***2. Statement of Problem:***

Research, including personnel research, is carried out to solve problem faced by an organization / individual. Therefore, the foremost step involved in carrying out personnel re-search is to state the problem to be studied clearly and concretely. Better the problem is stated, better will be possibility of realistic research.

Problem can be identified by going through the existing literature, discussion with knowledgeable persons in the subject and getting first-hand information and observation on the matter. The problem so identified should be reduced to manageable size. Once the problem is clearly identified, the next step is to develop the hypoth-eses, also called 'suggested answers'.

### ***3. Statement of Method:***

Method refers to the manner followed to collect data / information for the study. Yes, the method will differ across researches depending upon the nature of research

problems and hypotheses set for them. An important aspect of methodology is the identification and selection of study group. In case of large universe, it may be difficult to contact each unit/individual of the universe.

Hence, either random or purposive sample can be selected for the study. What are the dependent and independent variables of the study should be clarified. Dependent variables are the responses, reactions and behaviour, whereas independent variables are ones that affect dependent variables. Method of data collection with its justification must also be clearly decided.

#### ***4. Statement of Results:***

Results, based on information gathered, refer to the relationship between dependent and independent variables of the study. They may support or reject the hypotheses set in the beginning of the study. The results can be found out by applying statistical tools and, then, can be presented in the form of tables, graphs, charts, bar diagrams, etc.

#### ***5. Statement of Analysis and Implications:***

No doubt, results of the research can be utilized to solve the specific problem. Besides, the concern of a personnel research is also to visualize the implications of the results and also utilize them for policy formulation and decision-making.

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## **19.4 HUMAN RESOURCE INFORMATION SYSTEM (HRIS)**

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

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

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

### ***COMPONENTS OF HRIS***

The HRIS system will have five basic components namely

#### **1. Database**

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

#### **2. Data entry**

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

#### **3. Information retrieval**

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

#### **4. HRIC - Human Resources Information Center**

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

#### **5. Data quality and integrity.**

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

- Basic module containing basic, vital information.
- Career development module.
- Benefits module.
- Job evaluation module.

- Position control.
- Health and Safety module.
- Recruitment module.
- Payroll module.
- Employee self-service module.
- Training module.
- Labour relations module.

### ***ADVANTAGES OF HRIS***

There is no better answer than technology which will give an edge over our competition. The development of HR technologies is helping to transform HR into a decision-making science, with this people can measure the impact on business and its growth. Not only HRIS but also internet and email play a major role in communication and have accelerated business functions.

Whether it concerns the hiring and firing of employees or whether it concerns employee motivation, the Human Resources Department of any organisation now enjoys a very central role in not only formulating company policies, but also in streamlining the business process.

To make a human resource department more effective and efficient, new technologies are now being introduced to make things much simpler. As mentioned previously, one of the latest human resource technologies is the introduction of a Human Resources Information System (HRIS); this integrated system is designed to help provide information used in HR decision making such as administration, payroll, recruiting, training, and performance analysis.

The basic advantage of a Human Resource Information System (HRIS) is to not only computerise employee records and databases but to maintain an up to date account of the decisions that have been made or that need to be made as part of a human resource management plan.

The Human Resource Information System not only makes the functionalities less challenging, but they are also ensures a smooth running, without any hindrance or hick-up.

This system paves the way to human resource personnel to apply new technologies to effectively gather and appraise employee time and work information. It lets an employee's information be easily tracked so that it can be assessed on a more scientific level whether an employee is performing to their full potential or not, and if there are any improvements that can be made to make an employee feel more secure. Employee benefits are very crucial because they help to motivate an employee to work harder. By using an automated system in employee benefits, the human resource department is able to keep better track of which benefits are being availed to which employee and how each employee gets the benefits provided. Such automated system also has advantages in HR management because it restrains time and cost consuming activities leading to a more efficient HR department. Technology definitely take away some of the drudgery associated with administration.

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## **19.5 DEVELOPING HRIS**

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The development of HRIS can be explained through SDLC model (system Development Life Cycle Model).

### **I. Planning Stage**

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

1. Information Planning
2. Systems Investigation

#### **Information Planning**

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

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

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

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

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

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

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

## **2. System Investigation**

The steps in investigation are

### **Stage 1 Selection**

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

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

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

- ◆ What problems will automation eliminate or reduce?
- ◆ How much will automation/HRIS cost?
- ◆ What benefits can we expect?



- ◆ What level of computer expertise exists in the HR dept?
- ◆ What is the level of technical feasibility?
- ◆ What is the level of economic feasibility?
- ◆ What is the level of operational feasibility?
- ◆ What is the level of schedule feasibility?
- ◆ What is the level of legal and contractual feasibility?

The economic feasibility uses the cost benefit analysis. The tangible and the intangible costs will be taken into account. Similarly the tangible and the intangible benefits will also be taken into account. The technical and operational feasibility is all about the organization's ability to construct the proposed system. The project risk is assessed using information regarding project size, project structure, development group's experience with the application, user group's experience with development projects and the application area.

The operational feasibility assesses how a proposed system solves business problems or takes advantage of opportunities. The schedule feasibility assesses the time frame and project completion dates with respect to organization constraints for affecting change. The legal and contractual feasibility assesses the legal and contractual ramifications of new system.

## **II Analysis**

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

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

3. Analyze data and requirements

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

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

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

### **III Design**

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

The preliminary steps include:

1. Finalizing Functional Requirements like which functions will be adopted for new systems
  2. Finalizing Technical Requirements/Architecture which includes the selection of hardware and System Software, evaluating the available software and selecting the appropriate software. After analyzing the technical requirements, the organization will take the decision of whether to make the HRIS by itself or it can look for the vendor to purchase HRIS.
  3. Acquire Hardware/Software
  4. Technical Design It includes the type of databases to be used, the screen shots, the flow of information, data security, data retrieval details.
5. Reengineer Business Processes
- ◆ Work flow analysis
  - ◆ Combining tasks
  - ◆ Fewer controls at necessary points

## **IV. Implementation**

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

The implementation includes certain pre-requisites

### ***1. Training***

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

### ***2. Tailoring the system***

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

### ***3. Data Entry to the system***

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

### ***4. Testing the system***

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

### ***5. Roll out***

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

## **V Maintenance**

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

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

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## 19.6 CASE STUDY

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Prem is back in his home town Chennai after an exciting three years of work in the US subsidiary of his company. He went to US with a promotion of Divisional Head of Banking services and the tenure of his assignment to be five years. When he started to US, he took his family also with him. His wife, Preetham, a system analyst in another leading Indian IT firm had to quit the job as Prem did not want the family to be broken. Prem had all fears about US while starting, as his two children had to be admitted in the school, the whole family has to get withstand the culture change. But the family settled in US without much trouble, as the children could find place in an International school and both of them liked the school and the culture. Preetham could find another job in US without making much compromise in the career. The family started loving pizzas and coke and now the life style of the whole family has changed. Prem proved to be very successful in his assignment.

The company planned to open a subsidiary in China. While analyzing many of its employees' profile, they found Prem's to be suitable. Hence they posted Prem as the head of the subsidiary, and wanted Prem to move to the new location within two weeks. To get the orders now, Prem is in Chennai after an exciting three years of work in the US. Leaving his family in US, he has come to Chennai to take the charge.

He is highly tensed to tell the whole family about the change now. He is more confused now as Preetham has got promotion last month and the first kid is in the last year of his school, and telling both of them to change is a highly sensitive issue. The culture change from US to Chinese, learning Chinese language which is a must for Prem now as his office will recruit Chinese nationals, his office is at some interior part of China where there is no International school nearby and many more problems have lined up.

### **Questions:**

1. As a HR manager what are your responsibilities to make Prem's change a smooth process?
2. Do you think Prem can be as successful as he was in US?
3. What type of training can be given to Prem and his family?





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## **19.8 SUMMARY**

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HRIS is essential for any good organization to ensure effective people management and to get a competitive edge in the corporate world accordingly. The enterprise/business owners should consider it as an investment rather than cost. Commitment of top management is required to remove the existing barriers to success of HRIS. Like MIS, it will help management to make effective and better decision. The communication between individual and line manager became faster. The HR services became self service rather than paper based transaction that resulted in more efficient HR department.

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## **19.9 KEY WORDS**

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HRIS, personnel research, career development, payroll module, labour relation module.

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## **19.10 SELF ASSESSMENT QUESTIONS**

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1. Why would an organization develop an HRIS?
2. What Human resources functions would a large organization utilize efficiently with the investment of an HRIS?
3. Explain the steps in implementation of HRIS.
4. Explain the process of personnel research.
5. What are the approaches available to personnel research?

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## **UNIT – 20: HRD AUDIT**

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### **Structure:**

- 20.0 Objective
- 20.1 Introduction
- 20.2 Meaning and Definitions
- 20.3 HRD Audit
- 20.4 Objectives of HRD Audit
- 20.5 Concepts of HRD Audit
- 20.6 Work Stress
- 20.7 Remedies for managing stress
- 20.8 HR Accounting
- 20.9 Case Study
- 20.10 Notes
- 20.11 Summary
- 20.12 Key Words
- 20.13 Self Assessment Questions
- 20.14 References



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## **20.0 OBJECTIVES**

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After studying this unit, you should be able to;

- Explain the concept of human resource development audit as distinct from financial and statutory audits;
- Appreciate the need, purpose and scope of human resource development audit;
- Develop a perspective on the know-how of human resource development audit.
- Bring out the Causes of stress management.
- Discuss the of Human Resource Accounting.

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## **20.1 INTRODUCTION**

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In the previous chapters we have noted different functions of HRD Management. Howsoever carefully we may design the HR system, the Implementation is an important step for successful function of HRD management. It is however necessary to know, regularly and at frequent intervals, how the HRD management activities are doing. This is possible by carrying out HRD Audit, i.e., auditing various functions of HRD department. The HRD audit can be carried out by a suitably qualified person of the organization. The HRD audit is a tool for evaluating the personnel activities of an organization. It gives feedback about how well the HRD specialist and the line managers who practice HR applications are doing. It acts an overall quality control check on HRD function and the evaluation reveals how these activities support the overall strategy of the organization.

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## **20.2 MEANING AND DEFINITIONS**

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HRD Audit means the systematic verification of job analysis and design, recruitment and selection, orientation and placement, training and development, performance appraisal and job evaluation, employee and executive remuneration, motivation and morale, participative management, communication, welfare and social security, safety and health, industrial relations, trade unionism, and dispute and their resolution. HRD audit is very much useful to achieve the organizational goal and also is a vital tool which helps to assess the effectiveness of HRD Functions of an organization.

Stress is a body reaction to any demands or changes in its internal and external environment. Whenever there is a change in the external environment such as temperature, pollution, humidity and working conditions, it leads to stress. In these days of competition when one wishes to surpass what has been achieved by others, leading to

an imbalance between demands and resources, it causes psycho-social stress. It is a part and parcel of everyday life.

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### **20.3 HUMAN RESOURCE DEVELOPMENT AUDIT**

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Human Resource Audit is a systematic assessment of the strengths, limitations, and developmental needs of its existing human resources in the Context of organizational performance

HRD Audit works on the following features :

- a. **Tangible aspect:** Physical facilities, machines, Tools etc.
- b. **Reliability:** Function ability of HR jobs
- c. **Responsiveness :** Willingness to help
- d. **Assurance :** Trustworthiness
- e. **Empathy :** Individual treatment with care.

#### **Human Resource Development Audit (HRA):**

One premise on which the human resource development audit is based is that opportunities are being missed by staying with the current approaches. It considers the human resource development process as dynamic and that it must continually be redirected and revitalized to be responsive to the ever changing needs.

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### **20.4 OBJECTIVES OF HRD AUDIT**

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“The basic objective of HRD audit is to know how the various units are functioning and how they have been able to meet the policies and guidelines which were agreed upon; and to assist the rest of the organization by identifying the gaps between objectives and results, for the end-product of an evaluation should be to formulate plans for corrections of adjustments” (Gray).

The objectives of HRD audit are:

- a. To review the organizational system, human resources subsystem in order to find out the efficiency of the organization in attracting and retaining human resources.
- b. To find out the effectiveness of various personnel policies and practices.
- c. To know how various units are functioning and how they have been able to implement the personnel policies, and

- d. To review the personnel system in comparison with organizations and modify them to meet the challenges of HRD management.

### ***BENEFITS OF HRD AUDIT***

It provides the various benefits to the organization. These are:

- ◆ It helps to find out the proper contribution of the HR department towards the organization.
- ◆ Development of the professional image of the HR department of the organization.
- ◆ Reduce the HR cost.
- ◆ Motivation of the HR personnel.
- ◆ Find out the problems and solve them smoothly
- ◆ Systematic job analysis.
- ◆ Create an HR business plan
- ◆ Develop user-friendly HR systems
- ◆ Monitor compliance with established regulations and procedures

### ***SCOPE OF HRD AUDIT***

Every time a human resource development audit is to be taken up; the scope is decided. The audit need not be exhaustive but may focus on particular function of human resource development management such as training and development, compensation, performance appraisal, etc. Nevertheless, the objective and approach of HRA-more or less- remains the same, regardless of scope.

The HRD Audit should cover all aspects of HRD function and the scope can be understood by asking several questions like –

- (1) Are personnel planning, recruitment and selection rendering timely help for manpower supply?
- (2) Does job analysis exist for all jobs?
- (3) Is the training and development activity useful? What corrections are necessary in this respect?
- (4) Does the remuneration and reward system, motivate employees to do their best? Are any corrective steps necessary?

- (5) Does the performance appraisal system help in assign the true performance of all employees and does it reflect the potential existing in the organization?
- (6) Are the employee relations cordial, are there any conflicts, is the grievance redressed procedure working satisfactorily?
- (7) Are the communication channels working do they need any changes?
- (8) Does the HRM practices respond to employee satisfaction needs?
- (9) Are employee related costs within the budgeted limits?
- (10) Is the percentage of employee turnover high? What are the reasons and what corrective steps are necessary.
- (11) What is the level of employee motivation commitment and morale amongst-the employees?

The audit-report should be used to effect corrections and improvement in the performance of personnel function.

### **NEED FOR HRD AUDIT**

Though there is no legal obligation to audit HRD policies and practices, some of the modern organizations have accepted it due to certain compelling reasons:

- i. Increasing size of the organization and personnel in several organizations.
- ii. Changing philosophy of management towards human resources.
- iii. Increasing strength and influence of trade unions.
- iv. Changing human resources management philosophy and thereby personnel policies and practices throughout the world.
- v. Increasing dependence of the organization on the human resources system and its effective functioning.

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## **20.5 CONCEPTS OF HRD AUDIT**

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

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

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

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

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

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

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

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

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

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

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

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

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

### ***GENERAL PROCESS OF AUDIT***

The general process of conducting an audit includes seven key steps, each of which is discussed in greater detail below:

#### **I. Determine the scope and type of the audit**

To uncover the needed information, it is important to determine exactly what areas should be targeted for review. If the organization has never audited its HR function, or if there have been recent significant organizational or legal changes, the audit team may want to conduct a comprehensive review of all HR practice areas. On the other hand, if concerns are limited to the adequacy of a specific process or policy, the audit focus should be limited to a review of that particular area.

## **2. Creating audit questionnaire**

Whether conducting a comprehensive audit or an audit of a specific practice, it is important to invest sufficient time in developing a comprehensive document that elicits information on all the subjects of the inquiry. A list of specific questions must be developed to ensure that the questionnaire is complete.

## **3. Collect the data**

The next phase includes the actual process of reviewing specific areas to collect the data about the company and its HR practices. Audit team members will use the audit questionnaire as a roadmap to review the specific areas identified within the scope of the audit.

## **4. Benchmark the findings**

To fully assess the audit findings, they must be compared with HR benchmarks. This comparison will offer insight into how the audit results compare against other similarly sized firms. Typical information that might be internally benchmarked includes the company's ratio of total employees to HR professionals, general and administrative costs, cost per new employees hired, etc. Benchmarking might include the number of days to fill a position, average cost of annual employee benefits, absenteeism rates, etc.

## **5. Feedback provision on the results**

At the conclusion of the audit process, the audit team must summarize the data and provide feedback to the company's HR professionals and senior management team in the form of findings and recommendations. Findings typically are reduced to a written report with recommendations prioritized based on the risk level assigned to each item (e.g., high, medium and low). From this final analysis, a roadmap for action can be developed that will help determine the order in which to address the issues raised. In addition to a formal report, it is critically important to discuss the results of the audit with employees in the HR department, as well as the senior management team, so everyone is aware of necessary changes and approvals can be obtained quickly.

## **6. Frame out action plans**

It is critical actually to do something with the information identified as a result of an audit. The company must create action plans for implementing the changes suggested by the audit, with the findings separated by order of importance: high, medium and low. It actually increases legal risk to conduct an audit and then fail to act on the results.

## **7. Encourage a climate of continuous improvement**

At the conclusion of the audit, it is important to engage in constant observation and continuous improvement of the company's policies, procedures and practices so that the organization never ceases to keep improving. This will ensure that the company achieves and retains its competitive advantage. One way to do this is to continuously monitor HR systems to ensure that they are up-to-date and to have follow-up mechanisms built into every one of them.

It is important to keep track of the audit findings/changes made, turnover, complaints filed, hotline issues, employee survey results, etc. to identify trends in the company's employment-related issues. Identifying problematic issues, growth areas or declining problem spots can help in the decision of where to allocate time, money and preventive training resources in the future.

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## **20.6 WORK STRESS**

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Stress at work is a relatively new phenomenon of modern lifestyles. The nature of work has gone through drastic changes over the last century and it is still changing at whirlwind speed. They have touched almost all professions, starting from an artist to a surgeon, or a commercial pilot to a sales executive. With change comes stress, inevitably. Professional stress or job stress poses a threat to physical health. Work related stress in the life of organized workers, consequently, affects the health of organizations

### ***Symptoms of Job Stress***

The signs of job stress vary from person to person, depending on the particular situation, how long the individual has been subjected to the stressors, and the intensity of the stress itself. Typical symptoms of job stress can be:

- Insomnia
- Loss of mental concentration,
- Anxiety, stress
- Absenteeism
- Depression,
- Substance abuse,
- Extreme anger and frustration,
- Family conflict

Physical illnesses such as heart disease, migraine, headaches, stomach problems, and back problems.

### ***CAUSES OF JOB STRESS***

Job stress may be caused by a complex set of reasons. Some of the most visible causes of workplace stress are:

#### **Job Insecurity**

Organized workplaces are going through metamorphic changes under intense economic transformations and consequent pressures. Reorganizations, takeovers, mergers, downsizing and other changes have become major stressors for employees, as companies try to live up to the competition to survive. These reformations have put demand on everyone, from a CEO to a mere executive.

#### **High Demand for Performance**

Unrealistic expectations, especially in the time of corporate reorganizations, which, sometimes, puts unhealthy and unreasonable pressures on the employee, can be a tremendous source of stress and suffering. Increased workload, extremely long work hours and intense pressure to perform at peak levels all the time for the same pay, can actually leave employees physically and emotionally drained. Excessive travel and too much time away from family also contribute to an employee's stressors.

#### **Technology**

The expansion of technology—computers, pagers, cell phones, fax machines and the Internet—has resulted in heightened expectations for productivity, speed and efficiency, increasing pressure on the individual worker to constantly operate at peak performance levels. Workers working with heavy machinery are under constant stress to remain alert. In this case both the worker and their family members live under constant mental stress. There is also the constant pressure to keep up with technological breakthroughs and improvisations, forcing employees to learn new software all the times.

#### **Workplace Culture**

Adjusting to the workplace culture, whether in a new company or not, can be intensely stressful. Making one adapt to the various aspects of workplace culture such as communication patterns, hierarchy, dress code if any, workspace and most importantly working and behavioral patterns of the boss as well as the co-workers, can be a lesson of life. Maladjustment to workplace cultures may lead to subtle conflicts with colleagues or even with superiors. In many cases office politics or gossips can be major stress inducers.



## **Personal or Family Problems**

Employees going through personal or family problems tend to carry their worries and anxieties to the workplace. When one is in a depressed mood, his unfocused attention or lack of motivation affects his ability to carry out job responsibilities.

## **Job Stress and Women**

Women may suffer from mental and physical harassment at workplaces, apart from the common job stress. Sexual harassment in workplace has been a major source of worry for women, since long. Women may suffer from tremendous stress such as ‘hostile work environment harassment’, which is defined in legal terms as ‘offensive or intimidating behavior in the workplace’. This can consist of unwelcome verbal or physical conduct.

These can be a constant source of tension for women in job sectors. Also, subtle discriminations at workplaces, family pressure and societal demands add to these stress factors.

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## **20.7 REMEDIES FOR MANAGING STRESS**

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Because change is constant in life, stress is an integral part of it. Since we don't want to perish under it, we have to adhere to the bottom line for survival—adapt.

Following are some of the long-term tips to survive stress:

- ◆ Even if we feel secured in a habituated life, the truth remains that changing with the times makes one's position more secure. In today's business climate, you must continually be prepared for changes to avoid stress and survive in the competitive world.
- ◆ Find and protect whatever time you get to refresh, re-energize and re-motivate yourself. Spend quality time with your family. This can be an excellent source of emotional and moral support.
- ◆ Avoid giving in to alcohol, smoking and other substance abuses while under constant stress.
- ◆ Develop positive attitudes towards stressful situations in life. Give up negative mental traits such as fear, anger and revengeful attitudes, which actually germinate stress. Try to revert to holistic relaxation and personal growth techniques such as meditation, breathing and exercises, to remodel your lifestyles.
- ◆ In case of chronic stress consult a health professional.

- ◆ Reduce workplace stress by celebrating your's or your colleagues' accomplishments.
- ◆ Adapting to demands of stress also means changing your personality. Improve your line of communication, efficiency and learn from other's experiences.

Don't be complacent. Be prepared for any change physically, emotionally and financially.

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## **20.8 HUMAN RESOURCE ACCOUNTING**

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The concept of human resource accounting can be better understood if one goes through some of the important definitions given by the competent authors in the accounting field.

1. The American Accounting Society Committee on Human Resource Accounting defines it as follows: "Human Resource Accounting is the process of identifying and measuring data about human resources and communicating this information to interested parties." In simple terms, it is an extension of the accounting principles of matching costs and revenues and of organizing data to communicate relevant information in financial terms.

2. Mr. Woodruff Jr. Vice President of R. G. Batty Corporation defines it as follows: "Human Resource Accounting is an attempt to identify and report investments made in human resources of an organization that are presently not accounted for in conventional accounting practice. Basically it is an information system that tells the management what changes over time are occurring to the human resources of the business."

3. M.N. Baker defines Human Resource Accounting as follows: "Human resource accounting is the term applied by the accountancy profession to quantify the cost and value of employees to their employing organization"

4. Another management consultant Stephen Knauf has defined HRA as: "The measurement of quantification of human organization inputs such as recruitment, training, experience and commitment"

In short, human resource accounting is the art of valuing, recording and presenting systematically the worth of human resources in the books of account of an organization. This definition brings out the following important characteristic features of human resource accounting:

1. Valuation of human resources
2. Recording the valuation in the books of account
3. Disclosure of the information in the financial statements of the business.

## **IMPORTANCE OF HUMAN RESOURCE ACCOUNTING:**

Human Resource Accounting provides useful information to the management, financial analysts and employees as stated below:

1. Human Resource Accounting helps the management in the Employment, locating and utilization of human resources.
2. It helps in deciding the transfers, promotion, training and retrenchment of human resources.
3. It provides a basis for planning of physical assets vis-à-vis human resources.
4. It assists in evaluating the expenditure incurred for imparting further education and training in employees in terms of the benefits derived by the firm.
5. It helps to identify the causes of high labour turnover at various levels and taking preventive measures to contain it.
6. It helps in locating the real cause for low return on investment, like improper or under-utilization of physical assets or human resource or both.
7. It helps in understanding and assessing the inner strength of an organization and helps the management to steer the company well through most adverse and unfavourable circumstances.
8. It provides valuable information for persons interested in making long term investment in the firm.
9. It helps employees in improving their performance and bargaining power. It makes each of them to understand his contribution towards the betterment of the firm vis-a-vis the expenditure incurred by the firm on him.

## **METHODS OF HRA:**

Approaches to human resource accounting (HRA) were first developed in 1691. The next approach was developed from 1691-1960, and the third phase was post-1960. There are two approaches to HRA. Under the *cost approach*, also called the “human resource cost accounting method” or model, there is an acquisition cost model and a replacement cost model. Under the *value approach*, there is a present value of future earnings method, a discounted future wage model, and a competitive bidding model under.

## **Cost approach**

This approach is also called an acquisition cost model. This method measures the organization's investment in employees using the five [parameters](#): recruiting, acquisition, formal training and familiarization, informal training and informal familiarization, and experience and development. This model suggests that instead of charging the costs to profit and loss statement (p&l) accounting, it should be capitalized in the balance sheet. The process of giving a status of asset to the expenditure item is called capitalization. In human resource management, it is necessary to amortize the capitalized amount over a period of time. So, here one will take the age of the employee at the time of recruitment and at the time of retirement. Out of these, a few employees may leave the organization before attaining the superannuation. This method is the only method of Human Resource Accounting that is based on sound accounting principles and policies.

### ***Limitations***

- ◆ The valuation method is based on the false assumption that the dollar is stable.
- ◆ Since the assets cannot be sold there are no independent checks of valuation.
- ◆ This method measures only the costs to the organization, but ignores completely any measure of the value of the employee to the organization.
- ◆ It is too tedious to gather the related information regarding the human values.
- ◆ It may be possible that the employee is already fully trained and there is no need to employ any development, training, recruitment cost. It will create difficulty for a company to find out CTC according to acquisition model.

## **Replacement cost approach**

This approach measures the cost of replacing an employee. According to Likert (1985) replacement cost includes recruitment, selection, compensation, and training cost (including the income foregone during the training period). The data derived from this method could be useful in deciding whether to dismiss or replace the staff.

### ***Limitations***

- Substitution of replacement cost method for historical cost method does little more than update the valuation, at the expense of importing considerably more subjectivity into the measure. This method may also lead to an upwardly biased estimate because an inefficient firm may incur a greater cost to replace an employee

### **Present value of future earnings**

Lev and Schwartz (1971) proposed an economic valuation of employees based on the present value of future earnings, adjusted for the probability of employees' death/separation/retirement. This method helps in determining what an employee's future contribution is worth today.

#### ***Limitations***

- ◆ The measure is an objective one because it uses widely based statistics such as census income return and mortality tables.
- ◆ The measure assigns more weight to averages than to the value of any specific group or individual.

### **Value to the organization**

Hekimian and Jones (1967) proposed that when an organization had several divisions seeking the same employee, the employee should be allocated to the highest bidder and the bid price incorporated into that division's investment base. For example, a value of a professional athlete's service is often determined by how much money a particular team, acting in an open competitive market, is willing to pay him or her.

#### ***Limitations***

- ◆ The soundness of the valuation depends wholly on the information, judgment, and impartiality of the bidder.

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## **20.9 CASE STUDY**

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Automotive Components Limited is a major manufacturer of automatic filters mostly used in automobiles of various types. It supplies filters directly to automobile manufacturers in bulk quantity besides supplying to the market for replacement. On one day two engineers from a reputed engineering consultant came. They inspected the production facilities and workshop; they came on the next two days also. During their visit the atmosphere in the workshop was tense as the engineers made several enquiries from the foreman of the workshop. Three days after the last visit of these engineers a notice was put on the notice board asking the workers to shut off motors and lights during the lunch break.

During the following week a rumor spread that the company was not able to discharge its contractual commitments because of the technical defects in the plant. Therefore a big order was likely to be cancelled resulting into closure of the plant.

for some time. This period became quite distributed both for workers as well as for the foreman. Three workers made enquires on different occasions from the foreman. About the reasons for the visits by the outside engineers. In fact one of the workers put a question "Is there going to be layoff in the plant?" The foreman himself being ignorant in the matter had little to say. Thus rumors spread further about the likely layoff and retrenchment. The union leaders criticized the approach of the management and threatened with strike if any worker was laid off or retrenched.

On getting this news of lower productivity and threat of strike the production manager visited the plant and talked to the foreman and some of the senior workers. One of the office bearers of the union questioned angrily when some of them were to be thrown out. The production manager was taken by surprise and asked the foreman what workers were talking about. The foreman narrated the total situation right since the visits of outside engineers and notice of conserving power. He also told about the rumour of cancellation of big order and consequently retrenchment of some of the workers the production manager was taken back and could not believe what the foreman was saying. He asked the foreman "But all this is not true, did you not tell the workers?" The foreman kept quiet.

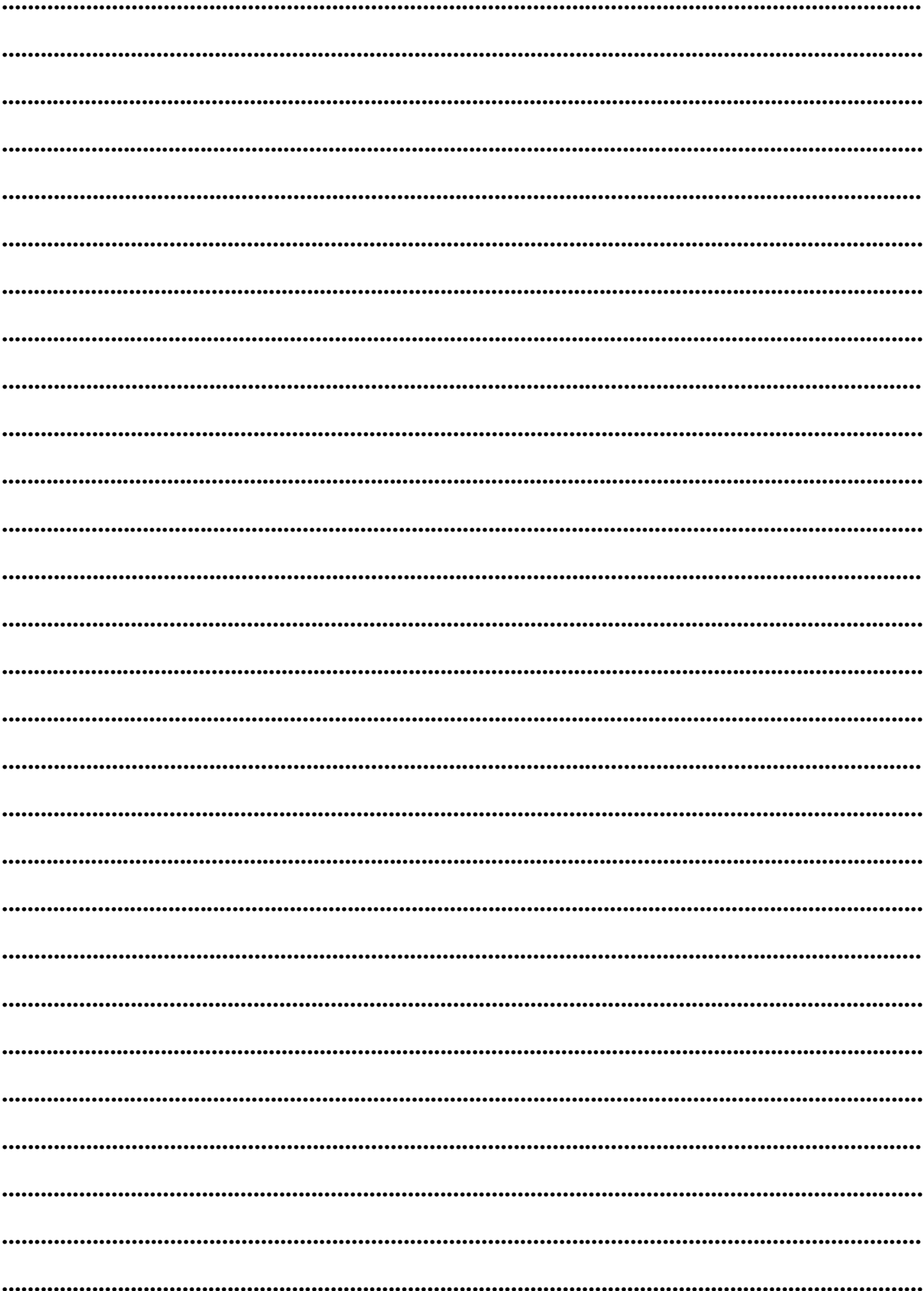
Later in the day, the production manager called a meeting of union office bearers along with some workers. He also invited the foreman to attend the meeting. In the meeting the production manager informed about the objectives of the visits of outside engineers. He told that the engineers were invited to observe the existing machine layout and to draw plan for installing new equipment.

He explained that notice for putting off motors and lights during the lunch break was meant to save power as there was shortage of power and this had nothing to do with the visits of the engineers. Regarding the cancellation of order, he agreed that one big order was likely to be cancelled because of some troubles at the buyers' plant but the company had secured a much bigger order and that instead of layoff. There would in fact be more recruitment. But all these could not convince the workers and after two days the union gave a notice to the production manager for a one day protest strike.

### **Questions**

1. Discuss the reasons for the problem that arise in the company.
2. Advise the production manager as to how he should proceed in the matter.







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## 20.11 SUMMARY

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Current changes in the macro and micro levels of the organization have necessitated the developmental practices in the organization. HRD department carries out different functions in the organization depending on the nature and strategy of the organization. HRD department set goals and measure the effectiveness. HRD audits can be used to gather comprehensive information on how well HRD activities in an organization are being performed.

Benchmarking allows an organization to compare its practices against best practices in different organizations. Organizations build their own models to attain strategic capability with respect to their human resource depending on their need. The current scenario of HRD managers have certain issues which need to be addressed.

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## 20.12 KEY WORDS

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HRD audit, stress management, Human Resource Accounting

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## 20.13 SELF ASSESSMENT QUESTIONS

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1. What are the causes of job stress? Explain its types?
2. Define the term 'Human Resource Development Audit'. Describe its objective and importance.
  2. Write short notes on:
    - ◆ HRD Research.
    - ◆ HRD Audit Process.
  3. What is the scope of HRD audit? What records need to be used for it?
  4. 'HRD audits can be used to gather comprehensive information on how well HRD activities in an organization are being performed'. Elaborate.

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