
UNIT 1: ISSUES AND POINTS OF VIEW IN HUMAN RESOURCE MANAGEMENT

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1.0 AIMS AND OBJECTIVES

This unit is intended:

- ☞ to give a “birds eye-view” of the concept of management and that of human resource management
- ☞ to prepare workers in all organization (government, private, NGO, etc) to be better managers of the most important resources (the human resource) in all organizations
- ☞ to note the important relationship between care to people and care to the work of people in an organization.

1.1 INTRODUCTION

This material is prepared for course participants who not only aspire to seek a degree in the field of management, but also for people who, having

studied this material, will venture to groom themselves to be capable managers of people at work.

Since people are the most important but the most difficult resources of any organization, the management of people at work, at any level and in all fields, is faced with complex and intricate issues.

Thus, one cannot speak of an organization and its management without people. Organizations like a police station, a factory, a grocery, a school ... all exist and operate with and through people.

Yet, the management of activities in organizations have different and specific approaches to note. This unit will make a mention of the importance of the field, some of the approaches and the challenges one would face in the making.

1.2 IMPORTANT POINTS TO NOTE

Despite that one studies the theories and principles of managing people at work, the task and the process of managing people is often imperfectly understood and executed. The different styles of management like:

- the autocratic i.e., dominating, strict, dictatorial, harsh, etc
- the democratic i.e., popular, orderly, just. and
- the laissez-fairs i.e., isolationist, policy of freedom from control are commonly practiced by managers while only the democratic approach is viable.

The natural characteristics of individuals that no two persons are identically alike, the different backgrounds through which such individuals have passed, the scope and variety of the operative functions and many others are among the factors which make the management of people at work and which we refer to human resource management, rather difficult.

The purpose of studying this course is to create awareness in course participants that the field is rather sensitive and ticklish. To this end, therefore, there is an imperative need now, than ever before, to overcome problems and to try to develop a useful and correct approach of managing people at work.

This material is broadly and generally designed to be successful and beneficial to all levels of managers and/or administrators in business, government and private entrepreneurs where people work in groups to achieve set goals.

While this material has borrowed some concepts and theoretical constructs from writers of other lands a good part of it could confidently be referred to several years of this writer's exposures to teaching, research and practical approach in management at all three levels of management, (lower level, middle level and top level). Yet, since participants of this course could possibly come from varieties of discipline and levels of education, this discussions in the different units of this treaties (study material) are as simple and practical as possible. Still though, as course participants are exposed to this text all by themselves it is suggested that either a dictionary or a thesaurus or both are expected to be by the side of the learner.

1.3 HUMAN RESOURCE MANAGEMENT (HRM): CONTEXT

In all organizations, human beings, both managers and subordinates, are considered a resource.

Managing human resource is named differently by different organizations;

- Personnel
- Personnel Management
- The management of Human Resource
- Staff management

- Labor Relations
- Industrial psychology
- The Management of manpower resource
- etc

Thus, Human Resource management is the area of management concerned with people at work.

Every organization is made up of people. Acquiring the services of these people, developing their skills, ensuring that they contribute to the organizational development is essential. Of all resources in an organization, people make the greatest difference in organizational goal achievement.

Organizations that acquire, develop, stimulate and keep successful workers are said to be triumphant (successful, victorious, in the lead, champion). Among major activities in the management of human resources are:

- recruitment and selection
- training and development
- performance appraisal
- human relations
- compensation management and
- labor relations

Human resource management, as an evolving science, is concerned with the management of people. Since the strength of any organization is judged mainly by the kind of people it has, human resource management has, as its principal objectives, the coordination, leading and even controlling the activities of people to assure a sound people who can contribute to the success of the firm.

1.4 WHY STUDY HUMAN RESOURCES MANAGEMENT?

1.4.1 Changing aspects in the Field

Despite that Human Resource Management (HRM) is used within this teaching material; the more traditional terms are still widely used in many of Ethiopia's organizations. For example, the terms Personnel Department, Personnel Director or just personnel are extensively used and respected.

Changes in terminology suggest the increased importance associated with the management of people in organizations as well as the broader aspects from which the field is currently viewed. In the past, personnel management had a strong functional focus. In the past personnel offices were primarily concerned with the administration of specific employee-related functions like hiring, training, wage-setting, and disciplinary action. A more modern view is that all personnel functions are interrelated; each function affects the others. Moreover, how well these functions are managed has a tremendous effect on an organization's ability to meet its overall objectives. As these ideas have become more and more accepted in the Western World, the view of "people management" has changed accordingly. It is now generally accepted that human resources management calls for a dynamic, organization-wide perspective that is action-oriented and based on theory from many disciplines, including the study of human behavior.

This broad-based view of human resource management has great practical value. With such a perspective, it is possible to understand the interrelationship of all human resources management activities and to appreciate how they contribute to the overall success of an organization. Within the organization, such an awareness increases the effectiveness with which human resources are used to achieve desired outcomes that benefit employees and the organizations in which they work.

1.4.2 A Process-System View

A useful way to describe human resources management is in process-systems terminology. The importance of the process-systems view is that (1) it takes into account the interdependence of all aspects of human resources management and (2) it recognizes the relationship between human resource activities and organizational goals.

A process is an identifiable flow of interrelated events moving toward some goal, consequence, or end. An example in human resources management is the staffing process, a flow of events that results in the continuous filling of positions within the organization. These events will normally include such activities as recruiting applicants, making hiring decisions, and managing career transitions such as transfers and promotions.

A system, on the other hand, is a particular set of procedures or devices designed to control a process in a predictable way. The staffing system of a given organization, for example, might include such devices and procedures as application blanks, interviews, reference checks, a six-month probationary period, a procedure for posting job openings within the organization, and procedures for applying for transfer. Thus, the term process refers to a combination of events that leads to some end result, while the term system identifies specific procedures and devices used to control those events.

According to the process-systems view, human resource management is the systematic control of a network of interrelated processes affecting and involving all members of an organization. These processes include human resource planning, job and work design, staffing, training and development. Performance appraisal and review, compensation and reward, employee protection and representation, and organization

improvement. To control and improve these processes, human resource systems are planned, developed and implemented through the combined efforts of all managers and human resources specialists in an organization.

1.4.3 Personnel/Human Resource Management

In general the task of the unit of or as is often referred to as the personnel department is a staff function. With limited authority to exercise, as mandated by policy or superior orders, (i.e. the line officers), personnel managers are to advise the line managers in the organizations.

Personnel managers, on the basis of policy guidelines or instructions of line managers may play the role of:

- recruiting and selecting
- transfer or promotion
- socialization (human relations)
- training/development
- performance appraisal
- demotions
- separations
- records and record keeping

In this regard then, the personnel process is an on going function. It is the sole agent of an organization to keep it supplied with:

- the right people
- in the right position and
- to accomplish the right tasks

As people are the most important resources of any organization, the personnel function is an essential area of the organization.

Together with its planning aspect, the personnel function includes certain basic activities.

1.4.3.1 Personnel planning: - expected to ensure that the personnel needs of the organization are fairly properly met. Accordingly the personnel office needs to analyze:

- current and/or expected skill needs.
- vacancies or over staffing
- expansion or reduction in the different sectors
- environmental factors like legislation of personnel policy (in the Negarit Gazeta), the labor market/demand and supply, employment statuses of employers, etc.

1.4.3.2 Recruitment deals with a pool of candidates ivs-a-vis the plan. Candidates may be located via:

- training institutions
- advertisements
- individual contacts
- employment agencies
- etc.

1.4.3.3 Selection refers to:

- using application forms
- filing resumes
- interviewing candidates
- administering tests
- reviewing reference letters

1.4.3.5 Orientation: related to helping the selected candidate fit (get adapt) into the organization smoothly. New comers are to be introduced to their co-workers, informed of their tasks, briefed about their organization's culture, policies, and requirements, etc.

1.4.3.6 Training/development, a supposedly continuous program of an organization, is meant to increase staff abilities to contribute to the effectiveness of the organization. The provision of training is to improve

skills of staff; development programs may be more for preparing staff for promotion.

1.4.3.7 Performance Appraisal is an approach of comparing the job performance of a staff member to the standards developed and the organizational objectives set for the position of an individual.

Here, high performance may result in an individual's merit - reward like promotion, raise, bonus, simple appreciation and/or keeping a record of it.

Low performance may result in corrective action (like advice, warning, training demotion or suspension of raises). Low performance may lead to transfer or even dismissal.

The guidelines of appraisal are set by the personnel office while the periodic appraisal of the individual worker is to be conducted by the immediate supervisor of the worker.

1.4.3.8 Promotions, transfers, demotions and separations in part demonstrate a worker's values as related to the views that judge the worker.

Here again, individual workers who are considered "high performers" may be praised, provided with raises and may contribute more.

Low (poor) performers may be trained, transferred to less important jobs, demoted, or even dismissed but in line with the regulations.

Note: any of these approaches does affect HUMAN RESOURCE PLANNING

1.4.3.9 Under normal conditions organizational members get engaged in behaviors that they perceive as rewarding.

In order to be rewarded these people do things better those tasks that the organization stands for and those that the organization emphasizes.

Hence, performance appraisal is a means of knowing whether the work of workers is in accordance to the expectations of the organization.

1.4.3.10 Performance appraisal is also a way of reinforcing the values and the culture of the organization.

There are many parts to performance management.

- a) Defining what performance is. In view of supporting organization's goals, one needs to define performance setting clear goals helps successful management of performance.
- b) Measuring performance not narrowing conceived. These ought to be multiple types. The most important one is to measure often and to use the information obtained for further action.
- c) Feedback and coaching, if appraisals are to improve their tasks, they need to be provided with feedback and some guidance to reach the next higher level.

In the "divisional" approach to departmentalization the manager assigns each subordinate, the responsibility of managing a "whole", self-contained job. Here, each subordinate is put in charge of a department (e.g. customer, market, or location).

1.5 NATURE OF PERSONNEL / HUMAN RESOURCE MANAGEMENT

"Personnel Management may include:

- planning
- organizing
- directing and
- controlling of the
 - Procurement
 - Development
 - Compensation

- Integration
- Maintenance and separation of

Human Resource to the end that:

- individual
- organizational and
- social objectives are accomplished.”

Modern personnel management dates back to the 1940's. Yet, personnel problems that need managerial attention date back to the time of the industrial revolution.

The practitioner in modern personnel management requires to be equipped with such broad fields in:

- psychology
- sociology philosophy
- economics and
- management

Taking good lectures, reading many materials in the discipline indicated above may not enable one to be a good manager. The study and readings will help, but attending to current problems, awareness of such needs are important.

As a manager, one exercises authority and leadership over other personnel. The personnel manager is one who performs the basic functions of management.

Accordingly, the field of personnel management has both the managerial and the operative functions as in the following:

- managerial functions include:
 - Planning
 - Organizing
 - Directing and
 - Controlling
- operative functions include:

- recruitment
- selection
- development
- performance Appraisal
- compensation
- integration
- separation

Others address this approach as in POSDCORB. Here it is noted that:

PLANNING is the determination in advance of personnel programs that contributes to the establishment of goals of a firm. Effective managers realize that a substantial part of their time is devoted to PLANNING.

The process of goal establishment involves the active and enlightened participation of the personnel manager together with close associates in human resources.

ORGANIZING - An organization is a means to an end - a means to realize a plan. After a course of action is determined, an organization is established to carry that out.

DIRECTING - implies getting people to go to work to expedite plans and organization, willingly and effectively.

Hence, directing entails motivating, actuating or command.

CONTROLLING is the work of the personnel manager dealing with regulating activities in line with the personnel plan, formulate on the basis of an analysis of fundamental organizational goal.

1.6 IMPORTANCE OF HUMAN RESOURCE MANAGEMENT

Background

1.6.1 It is one of the most important and most interesting courses in management.

It is important because it deals with people and people are:

- very important but very difficult to manage
- all organizations of more than one person deal with people.

It is interesting because human nature is more complex and complicated than any other resource in the organization

1.6.2 You might have taken courses in:

- introduction to general psychology (Psys 201) management
- and organization and management (Mgmt 212) or at least the second. Now, you will take this one.

You will see integrations and interrelationships among the three.

1.6.3 You might also sense some sort of duplication of one or the other of the previous ones in this one. Yet, definitely, you do not claim to be satisfied with one or two without enough knowledge of the other(s).

1.6.4 Your course in the previous one has, we hope, given you some leap forward in your academic excellence. This one will have to add some more in the making.

Note – Organizations are ubiquitous i.e. They influence almost all aspects of human life. Every aspect of one's life is, somehow, affected by organizations e.g. family, place of work, neighborhood, kiosk, restaurant, etc.

As organizations are everywhere and that they, one way or another, affect an individual's daily life, it is understood that one's life is affected by organizations.

The purpose of this course is, therefore, to look into systematic approaches to people in organizations.

The course will attempt to explain how people in organizations operate effectively and efficiently.

This course will also deal with how practicing and/or prospective managers run organizations with and/or through other people.

The term “Management”

- may mean influencing human behavior
- stands for effecting organizational change
- is a scientific application to the selection of alternatives if and when it is used in decision-making.
- when used as a means, it is concerned with what the organization ought to do i.e., input through put and output.

In the modern industrial world management is prevalent (frequently practiced) because every organization needs:

- to make decisions, to plan, etc.
- to organize and to coordinate activities
- to handle people
- to evaluate people’s performance
- to motivate
- to reward
- to train subordinates, etc.

1.7 THE CHALLENGES OF HUMAN RESOURCES MANAGEMENT: -

The personnel situation in general, i.e., the environmental situation (political, economic, social the world of business as a whole) is changing steadily but gradually. Among the factors that challenge the HR manager are:

- the changing lifestyle – more and more people interested in balanced load and pay.
- expectations about participation in problem solving or decision-making are rising.
- expectations about due process i.e., fair and orderly procedures for disclosing complaints is plentiful

- the growing proportion of female workers implying a consideration for work rescheduling of pregnant woman and mothers, to be common managerial duty.

1.8 THE TRANSFER OF PERSONNEL TO HUMAN RESOURCE MANAGEMENT

Historically, and in the western world, personnel departments were labeled as health and happiness departments. Workers in these personal departments were those who were less productive and those who could run their affairs with minimal damage to the organization. These individuals in the personnel units of the organizations were rather perceived as those responsible for running picnics, vacations and retirement parties.

As the field of management got more and more matured, emphasis was given to organizing workers for the work.

Workers got more demanding in what they wanted from the work.

These continued demands of workers led to setting and revising laws, legislations and policies. Thus, organizations were to hire the best-qualified candidate irrespective of sex, religion, etc.

The individuals so hired were required to be trained and effective working conditions were also to be productive.

Accordingly, authorities in HRM of the following period proposed that some of the following areas be covered in the field.

- Job design
- Definition and background of HRM
- Environmental considerations in HRM
- Human resources planning (HRP) including job analysis, etc
- Recruitment

- Selection
- Orientation
- The development of HR to include
 - Leadership
 - Training
 - Motivation
 - Maintenance
 - Discipline
 - Performance appraisal
 - Compensation /Benefits
 - Labor relations

As conditions changed in the managerial development, the term personnel is different from human resource in that personnel is limited to employees of an organization; while human resource includes the sum total of all of the components (like skills, and/or creative ability of all people:

- employed
- self - employed
- employers
- owners

Furthermore, human resource at the organization level includes all employees from rank and file to top management:

- board of Directors
- those working as volunteers
- persons working as line officers
- experts, etc

These are all those people who are expected to make contributions to the attainment of organizational goals as well as those who are causing bureaucratic conspiracy. Human resource does also refer to the human values, ethos, etc. belief, culture, ethics, ideology, preceding attitudes.

1.9 IMPORTANCE OF HUMAN RESOURCE MANAGEMENT

Human resource, together with material, financial and other resources, does contribute to the production of goods and services in an organization.

A good approach to the management of human resource helps to attract and retain the best people possible.

1.9.1 One skillful approach to attract competent people is possible through appropriate recruitment and selection, together with proper recruitment and selection got the identification of the best people for the jobs available and that they are placed in suitable positions.

1.9.2 Having the qualified people selected and placed, the next general managerial approach would be the training of skills, knowledge and attitudes in addition to those they currently possess. With these in mind, it is also noted that good human resource management motivates workers in the organization to perform a superior work.

Human beings, together with the financial and material resources, contribute to the production of goods and services in an organization. Yet, money and material in themselves and by themselves cannot achieve desired goals of any organization.

The combined and cooperated efforts of people, assisted by money and materials result in return of investment.

To help people in organizations to be more productive, their knowledge and skills need to be sharpened and their attitudes ought to be improved from time to time to increase the contribution of people and to meet challenges to organizational development.

Effective personnel management calls for this approach. Accordingly, good human relations,

- to attract and retain the best
- appropriate recruitment and selection
- fair and proper performance, appraisal help people to perform well.
- Thus the management of human resource is an integral part of an organization's day-to-day activities
- It is concerned with the people dimension in management.
- Since every organization is made up of people, acquiring their services
 - developing their skills
 - motivating them to their jobs well and
 - ensuring that they continue to maintain their qualitative services are essential approaches to organizational development.
- Irrespective of – the type of organization
 - the size of organization
 - the nature of organization
 - the activities of organizationgetting and keeping good people is critical to the success of every organization.
- Yet, despite that people are most important in the optimum operation of any organization human resource management is not an easy area to go into.
- The human resource management as a process consists of:
 - acquiring of the right people
 - accommodating them
 - utilizing their services
 - motivating them and
 - retaining them
- Organizations that are able to:

- acquire
- develop
- stimulate and
- retain outstanding workers are said to be effective (able to achieve their goals) and
- efficient (spending the least amount of resources necessary)
- On the other hand, organizations that are ineffective or inefficient risk the danger of stagnating or going out of business. In this connection then, organization, management in general, and human resources management are interrelated concepts. An understanding of one requires knowledge of the other two.
- One of the most important duties of the modern manager is to get things done with and through other people. Accordingly, the manager needs to bring people into contact with the kind of work to be done in such a way that the objectives of the organization and those of the individuals are achieved.
- Managers in such state of affairs must be interested in:
 - people
 - the work and
 - the achievement of assigned objectives. Note Figure 1

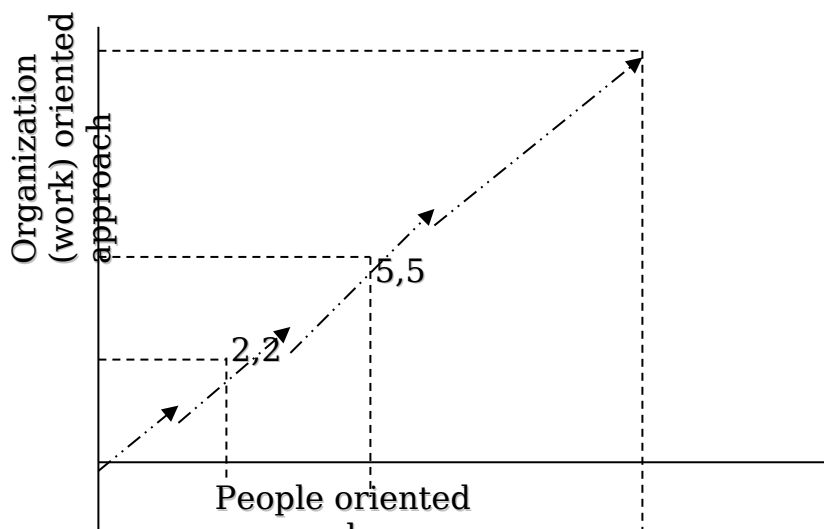


Figure 1 The GRID approach

Source: Blake and Mouton, Organizational GRID

Thus, to be effective, the manager must balance his concern for people and work.

It is in the management of people that the manager's capabilities are tested because:

- Human resources are heterogeneous. There are different individuals with
 - unique personalities and idiosyncrasies
 - different emotional responses to different stimuli and
 - different values, attitudes, motives and modes of thought.
- Modern employees are:
 - better educated
 - have greater skills
 - are more conscious and better informed
 - use more advanced and highly sophisticated technology and
 - expect more and better treatment in their places of work
- No two individuals – (past, present and future) are alike.

Thus, all human beings behave in widely different and complicated ways. Their reactions to criticism, praise, and promises are different. It is not easy to predict behavior in organizations or in groups. Human behavior is not consistent as it is not readily predictable. It is the individual who predicts what he/she contributes. Hence, it is essential that those in the managerial position of human resource recognize that it is such individual co-workers who create and maintain excellence.

1.10 SUMMARY

To be functional, all organizations ought to be inhabited by human beings. As the managerial function of these human beings is intricate and interviewed, issues and concerns to be carefully dealt with was dealt.

In addition, as the manager of people at work requires to show concern to both people and the work, models of such concern are demonstrated to help the learner get a clear idea.

1.11 CHECK YOUR PROGRESS

1. The purpose of studying the course in human resource management is to
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.....
2. Managing human resource is named differently by different organizations. Name any 5 of them.
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.....
.....
3. What do you understand by the process-system view?
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.....
.....
4. Orientation is known as:
.....
.....
.....
5. Draw a chart to demonstrate the influence of the managerial functions over the operative functions.
.....
.....
.....

1.12 ANSWERS TO CHECK YOUR PROGRESS

1. Refer to section 1.2
2. Refer to section 1.3
3. Refer to section 1.4.2
4. Refer to section 1.4.3.5
5. Refer to section 1.9.2

UNIT 2: FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

Content

- 2.0 Aims and Objectives
- 2.1 Introduction
- 2.2 The Activities of People at Work
- 2.3 Other Perspectives
- 2.4 The Management of People at Work
- 2.5 The Dual Advantage of Work for Production
- 2.6 Importance of Organizational Behavior
- 2.7 The Role of the Human Resource Management in the Twenty First Century
- 2.8 Participative Approaches
- 2.9 The Manager's Functions
- 2.10 Hierarchical Relations in Organizations
- 2.11 Summary
- 2.12 Check Your Progress
- 2.13 Answers to check Your Progress

2.0 AIMS AND OBJECTIVES

The “intermarriage” (interrelatedness) of two very important functions of human resource management will be hinted.

- In specific terms, the unit will briefly address to major managerial functions of:
 - planning
 - organizing
 - directing, leading and
 - controlling which the participant has covered in his/her introduction to management.

- The unit will also deal (and in brief) the interrelatedness of the managerial functions and its relations to real and practical approaches the operative functions (See Figure 2) like:
 - job analysis
 - human resource planning
 - recruitment
 - selection
 - etc
- The unit does also aim to invite the attention of course participants to:
 - make an observation of the importance of people at work
 - make a note of how people work well if handled fairly, properly
 - note the importance of taking due care to people at work in the modern world
 - indicate the activities of the process of managing people at work through individual and group participation
 - indicate how a skillful manager of people deals differently with different approaches

2.1 INTRODUCTION

The tens of thousands of organizations in the nation being classified into SERVICE GIVING and PRODUCTION, depend on people to operate. The general managerial functions, you have dealt with in your INTRODUCTION TO MANAGEMENT, will accomplish its real functions when interrelated with the practical activities of the OPERATIVE FUNCTIONS.

2.2 THE ACTIVITIES OF PEOPLE AT WORK

Note should be made that the activities of workers differ from organization to organization.

There are however, two broadly classified activities of the human resource management in any organization.

2.2.1 The Managerial Functions and

2.2.2 The Operative Functions

The managerial functions of the HRM (or Personnel management) are related to the major processes of management.

- Planning
- Organizing
- Directing
- Controlling

These four do influence the operative functions like in the following.

The managerial functions	The operative functions			
	Employment	Development	Compensation	Relations
Planning →	→ ↓	→ ↓	→ ↓	→ ↓
Organizing →	→ ↓	→ ↓	→ ↓	→ ↓
Directing →	→ ↓	→	→	→
Controlling →	→	→	→	→ ↓

Figure 2: Interrelatedness of the Managerial and the Operative Functions

In planning, one determines personnel programs and changes in advance in view of its contribution to the goals of the organization. This involves:

- identification of needs of resources

- recruitment
- selection
- training
- changing values and attitude through training and counseling, etc.

All these to be conducted in view of getting workers best contributions to the organization.

In organizing, an attempt is made where a cooperative group of people exerts its activities towards common objectives.

There are complex relationships among specialized units. The process of organization attempts to establish relationships among workers in order for them to attain organizational goals collectively.

Directing calls for motivating commanding, leading and stimulating (or activating)

It is through proper directing that the goodwill and cooperation of workers may be possible. It is advised therefore, that proper directing is important as it builds sound human relations. In an attempt to coordinate the work of different units. It is necessary to see the cooperation of the heads of the respective units as well as that of the personnel office and similar other departments.

Controlling deals with the verification of the performances of planning, organizing and directing.

Controlling is also concerned with comparing the actual against deviations, if any, and correcting.

Action and operation are adjusted to pre-determined standards through control.

Note these:

- auditing
- training programs
- analyzing labor turn-over

- conducting morale surveys
- etc, are among the means of controlling.

2.2.3 The Operative Functions

The operative functions deal with specific activities of the field

- employment
- development
- compensation and
- human relations

These 4 are to be performed together with managerial functions.

- Employment deals with securing and hiring workers for the organizational activities

There are included in it:

- **Job analysis** - The process of collecting data i.e. information relating to the specific qualification of people needed, the machinery to be used, and the material to be pre-prepared.

Then is **human resource planning**

This is where an adequate number of qualified persons meet the needs of the firm. It may include:

- estimation of present and future needs and supplies.
- making an assessment of the strengths and weaknesses of the current staff and introducing change to meet future requirements.

Recruitment - a search for future employees - identifying sources. It may also mean creating means to attract them to apply.

Selection - a process of asserting the qualification, skill, knowledge, experience and the like. The purpose of this process is to appraise the suitability of the candidate to the job he/she competed. Following are among the functions in selection:

- framing and developing application blanks
- creating and developing valid and reliable tests

- formulating interviewing approaches
- checking of references validity
- setting medical examination procedures
- sending out letters of appointment or rejection
- employing the selected candidate

Placement – The candidate so selected will normally be placed to the most suitable position.

This is matching worker specification with the most suitable job.

Orientation (induction) – a process by which a new employee is rehabilitated in the new post. He/she is to be introduced to:

- the place
- the practice
- the people
- the purpose, etc
- the policy

Human resource development

This is a process of changing moulding, improving and developing workers':

- knowledge
- skills
- attitudes
- creativity
- values
- commitment

etc. vis-à-vis the present and future requirements of jobs in the organization.

Included in development are:

- Performance Appraisal: systematic evaluation of workers with respect to their performance and their potential to develop:

This approach calls for:

- developing policies, procedures, methods,
- evaluating the effectiveness of workers and programs

- **Training** – a systematic process through which workers learn skills, etc.

To achieve this, managers should:

- identify training needs
 - develop programs
 - train and
 - evaluate change ... outcomes
- **Mobility** – referring to vertical and or horizontal movement of employees within an organization. This may include:
 - promotion or
 - demotion or
 - transfer

A promotion – an upward reassignment of a worker already in the organization, to occupy higher position which permits better status and/or more income. This approach may include

- formulating fair and consistent policy
- evaluating and revising (if needs arise) these policies
- executing these policies

Transfer – a parallel move of an individual worker from one specific place of work to another. eg. moving a clerk to be a cashier. There is supposed to be no change in status or income in transfer.

Transfers may take place on the need of the specific vacancy within the organization or it may take place on the application of the individual worker.

Demotion – a downward reassignment of an employee within the organization.

Compensation – a process of providing fair and equitable pay to personnel. There are supposed to be in it:

- job evaluation

- salary administration
- incentives
- bonus
- fringe benefits
- etc,
- **Job evaluation** – a process of deciding on relative worth of jobs
 - selecting suitable methods for it
 - classifying jobs into categories
 - determining the relative values of jobs in their respective categories
- **Wage and salary administration** – developing and operating a suitable program to cover
 - survey
 - wage and salary rates based on certain factors
 - administering the program
 - evaluating the effectiveness

Incentives – setting schemes for income – additional pay to the basic wage

Bonus – extra pay for extra produce.

Fringe benefits – expenditures to benefit workers over and above regular pay – e.g. housing, medically.

- **Human Relations** – a process of interaction among members of the organization

It dwells in integrating the work group in a way that motivates them to work together productively, cooperatively and with satisfaction. Among specific activities may include:

- developing leadership in each
- attending to improved communication
- attending to conflicts and grievances

- involving organization members in different social and/or intellectual activities.

2.3 OTHER PERSPECTIVES

An organization is a human grouping in which work is done to accomplish some specific goals or objectives. People in organizations make things happen. Organizations cannot achieve their objectives without human efforts. It is this human resource which is of paramount importance that contributes to the success of any organization.

Accordingly human resource management is concerned with managing people at work in an organization. Such people at work are all those:

- blue-collared employees (craftsmen, foramen, operatives and laborers) and
- white-collaped employees (professionals, managers, officials, proprietors, sales workers, etc).

Note – there are many elements or factors of development:

- economic
- political
- technological
- cultural
- etc

The human dimension (element) of development embraces all the above and it is the means and the end of all developments:

- the human element is a means or resource of development (It is one of the resources like natural resources, equipment, or technology)
- the human element is the only element which at the same time is supposed to be the final END or OBJECTIVES of development.

Therefore the human element is the most important factor of development.

2.4 THE MANAGEMENT OF PEOPLE AT WORK

Thus, the complex nature of managing people at work is seen in the problem that managers face in not being able to meet the challenges they face from the organizational hierarchy (i.e. from both superiors and subordinates)

To this end, human resource management is said to meet its objectives with the quality of service to make it possible for the organization's success. Issues like policy setting and policy interpretation, creating an atmosphere where people are not inhibited and threatened, situations where the state of negativism are reduced and significant areas of affiliation to promote positive attitudes, high morale and constructive task performance are exercised.

Providing freedom in group dynamics and interpersonal relations, enthusiastic staff participation and performance evaluation do not necessarily mean that subordinates make managerial decisions. Instead, these and similar constructive approaches provide opportunities where subordinates come with alternatives and may contribute insight to constructive decisions. Despite that one realizes that attempts to improve activities in HRM face many constraints, the problem of securing and maintaining quality people is a major one. Attempts to go for excellence in business organizations, as in elsewhere, is often an indicator of quality. Accordingly, factors like:

- knowledge
- skills
- behavior and
- positive attitudes of those engaged in HRM are to determine quality outputs. Good and viable approach to HRM as a conscious, deliberate and organized course of action is considered to develop enthusiastic participation in an effort to reduce difficulties.

A business organization without quality staff hardly becomes qualitative. As an effective management seeks to secure the support of the system and the environment, knowledge of why executives at the higher level behave the way they do is an essential ingredient.

In this approach, the management of people at work does not operate in a vacuum, nor can it be divorced from the environment in which it operates.

2.5 THE DUAL ADVANTAGE OF WORK FOR PRODUCTION

In general, work satisfaction, has influence over “life” satisfaction an important influence on daily psychological health.

Satisfaction in production is one measure of the quality of life in the real world.

On another instance job satisfaction is one part of life satisfaction.

The nature of one’s environment of work does influence one’s feelings on the job. Hence, one’s work being an important part of one’s life, getting satisfied in one’s work influences one’s general satisfaction.

In addition, individuals who get remuneration for what they work are, in the long run, likely to experience less stress than those with reward without work and vice versa.

To this end, motivating workers is one of the key concepts that managers and the organizations they run use to make the most effective rise of human resources. Yet, motivation is an elusive concept. It often means different things to different people. Experienced managers report that certain key concept to some may not mean the same to others.

2.6 IMPORTANCE OF ORGANIZATIONAL BEHAVIOR

The justification for studying organizational behavior as a discipline can be found in the following cardinal points.

- The rules of work are different from the rules of play. The uniqueness of rules and the turbulent environment of organizations compel managers to study organizational behavior.
- More specifically, organizational behavior serves three purposes: what causes behavior? Why particular antecedents cause behavior? Which antecedents of behavior can be controlled directly and which are beyond control?
- A more specific and formal course in organizational behavior helps an individual to develop a more refined, workable set of assumptions, more directly relevant to one's work interactions. It helps in demolishing "incorrect" assumptions one may hold about behavior. Employees in organizations are both individuals and members of groups. Organizational behavior helps in predicting all human action in the organizational setting by drawing a clear distinction between individual behavior and group behavior.
- Organizational behavior does not provide a fund of knowledge, which is an easy answer to all complex and various behavioral puzzles of organizations. Organizational behavior only assists in formulating an informed judgment that derived from tenable assumptions; judgment that takes into account, the important variables underlying the situation; judgment that assigns due recognition to the complexity of individual or group behavior; judgment that explicitly takes into account the manager's own goals, motives, hang-ups and blind spots.

2.7 THE ROLE OF THE HUMAN RESOURCE MANAGEMENT IN THE TWENTY FIRST CENTURY

Authorities in the human resource areas indicate and predict that there are certain critical areas for consideration. Among them are:

- ✓ improved productivity
- ✓ controlling and dealing with employee benefits
- ✓ compensation administration
- ✓ communication among workers
- ✓ the improvement of management development programs
- ✓ organizational development

The work force in the twenty first century will be more diverse in:

- ✓ areas of specialization
- ✓ sex and
- ✓ educational qualification

There will be greater competition. There is assumed condition of economic affluence implying that individual pay raise is high expectation as an incentive.

The foregoing imply and call for:

- ✓ genuine concern for people
- ✓ a positive view of employees as assets for organization's future
- ✓ good training development and advancement
- ✓ commitment and support of top management
- ✓ more and greater participation of workers in decision making

2.8 PARTICIPATIVE APPROACHES

Staff participation/directly or through representatives – voluntary or on contractual basis is a necessity for a successive organizational operation. While activities like joint planning, labor management, or a systems view for change and improvement is a positive approach...

There is also supposed to be an element of control in organizations:

- to obtain the required degree of cooperation to achieve anticipated goals
- to supervise performance and assess the success or failure of that organization.

To this end, supervision is the work of management. But, what is management of this nature?

2.9 THE MANAGER'S FUNCTIONS

While management and organization are interrelated, the former means a process and the latter, a structure. One approach of viewing management as a process is identifying the specific duties of the made-up word of POSDCORB where:

- P. stands for planning
- O. stands for organizing
- S. stands for staffing
- D. stands for staffing/directing
- Co. stands for coordinating
- R. stands for reporting and
- B. stands for budgeting

In addition to the above made-up word, management as a process identifies other aspects of a made-up word of LICDEMC which are the conceptual tools for its improvement. Here,

- L. stands for leadership
- I. stands for integrating
- and
- C. stands for controlling
- communicating
- D. stands for decision making
- E. stands for evaluating
- M. stands for motivating
- C. stands for

Many of these functions are interrelated. Often times, many of these functions are considered and practiced jointly; for example, planning managerial efficiency refers to the minimization of the amount of real resources needed to run the organization in providing the same level of services or producing the same caliber of expertise with less cost.

It is only when the volume of goods and services absorbed in running a particular organization exceeds the one that requires the same amount of expenditure that an organization is said to be efficient.

Management is also a process of arranging inputs in order, and getting things done.

Management, when dealing with coworkers, peers or subordinates may be taken as influencing human behavior, or effecting organizational behavior.

The task of management, in any organization, is to ensure that some particular activities are performed with or through other persons to achieve organizational goals.

In this manner, the role of the manager is to think and think ahead and decide on issues, plans, methods, programs, standards and targets that may lead to the initiation and integration of activities.

Accordingly, the manager of people at work, to be worthy of the name, is he/she who is expected to:

- understand the organizational milieu in which the personnel operate.
- understand the nature and significance of how the personnel react to their work.
- use this knowledge to practice effective personnel management.

It is to be noted also that good management is a process of good decision making which combines leadership, motivating, communicating and the like.

He/she who cannot make good decisions can hardly be a good communicator, a good motivator and/or a good leader.

Thus, management as decision-making is a process of selecting the best alternatives.

On another angle and broadly speaking, managers are those individuals who set and implement policy.

Hence, management is the work of those groups and individuals concerned with how a particular task, a course of action e.g., hiring, developing, promoting or even building, buying, storing, paying, deciding, etc in a particular organization decided by a basic policy making unit is to be carried out.

Often times, managers at higher level of the hierarchy are engaged with policy decisions. Managers at the bottom (lower level) of the hierarchy, like technicians, are said to be concentrating on policy application, interpretation and implementation. In this manner then, management is a process of working with and through people to accomplish a task and to get results.

2.10 HIERARCHICAL RELATIONS IN ORGANIZATIONS

As is indicated earlier, all organizations are hierarchical. There are superiors in all organizations except the highest and there are subordinates in all except the lowest.

Span of control refers to how many persons a single manager can control or supervise. It is concerned with the optimum number of subordinates that are directly under one superior in the hierarchy.

Note: - The larger the number of persons directly under one superior or one executive, the more difficult it is for him/her to supervise and coordinate them effectively.

The most important, but at the same time difficult and complex element in management is the ability to deal with people. The success of any one in management at any level is measured by the effectiveness with which he/she works with others.

Good will and the ability to deal with others cooperatively calls for GOOD HUMAN RELATIONS. But who and what are the people whom the manager deals with?

But the personnel function, i.e., the handling of people, is as old as organized life.

While the aforementioned areas of psychology, economics, education, sociology and similar others do help to facilitate the work of managers in an organization, knowledge of good policy decision and policy application and interpretation is said to be important in organizational operations of developing countries like Ethiopia.

But, what is decision-making and what is policy and how do they operate in one's organization? The next unit discusses this and similar other policy issues in Human Resource Management.

2.11 SUMMARY

A clear understanding and perception of the managerial functions (from your introduction to management) has a great influence on the practical aspects of the operative functions: employment, development, compensation and human relations each of which is important of human resource management. Besides, knowledge of other outlook like the economic, political, cultural, technological issues together with modern views of the field is believed to enhance an individual manager's role in the field.

2.12 CHECK YOUR PROGRESS

1. The two broadly classified activities of human resource activities are:

i) _____

ii) _____

2. There are activities included in job analysis. List any 2:

3. What is placement?

4. As one of the prominent positions/proposals of senior scholars of management "job satisfaction is one part of life satisfaction." Elaborate briefly.

5. Authorities of the twenty first century predict areas that one ought to be aware of. List any three of these.

i) _____

ii) _____

iii) _____

2.13 ANSWERS TO CHECK YOUR PROGRESS

1. Refer to section 2.3
2. Refer to section 2.3.2
3. Refer to section 2.3.2
4. Refer to section 2.6
5. Refer to section 2.8

UNIT 3: DECISION MAKING AND POLICY PRACTICES IN HUMAN RESOURCE MANAGEMENT

Content

- 3.0 Aims and Objectives
- 3.1 Introduction
- 3.2 The Decision Process
- 3.3 Personnel Policy
- 3.4 Criteria for Evaluating Personnel Policies
- 3.5 Personnel Procedures
- 3.6 Advantages of Personnel Policies
- 3.7 Policy Applications and Managerial Approaches to Employment
- 3.8 Policy Areas Related to Staff Personnel in Ethiopia
- 3.9 The Manager's Role in Applying Personnel Policy
- 3.10 Characteristics of a Good Policy
- 3.11 Summary
- 3.12 Check Your Progress
- 3.13 Answers to Check Your Progress

3.0 AIMS AND OBJECTIVES

- to see what is meant by individual and group decision making
- to explain what is meant by:
 - policy and
 - personnel policy
- to make a note of the criteria of evaluating personnel policies
- to make an assessment of the relatedness of individual and organizational objectives in designing policy
- to clarify the issue of policy application in the management of people at work
- to invite the attention of all good managers to take care of the need of awareness in noting:

- the manager's role in applying policy and personnel policy
- policy areas related to human resource management in Ethiopia
- criteria for measuring good policies.

3.1 INTRODUCTION

Different organizational activities concerning people and other resources require different types and levels of decision making. Routine/minor issues may be handled by a set of procedures. Other decisions need to be dealt with through a programmed type of decision e.g. policy.

While decision making is a process of identifying and selecting a course of action to deal with a problem, measures of deciding on major or minor topic is an important decision function of a manager's job. Personnel policies and their application in an acceptable and practical manner call for a skillful approach of the manager.

3.2 THE DECISION PROCESS

Each and every individual makes decisions that affect their own actions. But the decisions of managers and policy makers are those that concern their own actions and the actions of others – the people they manage – their subordinates.

In whatever manner, there are four points to note in the decision process.

- a decision involves a choice
- a decision involves a conscious mental process
- a decision is purposive and that
- well informed individuals reach at balanced decision (s).

Individuals, managers or subordinates make decisions individually or in groups. There are advantages or disadvantages in making decisions individually or in groups. Good decisions are, however, conscious of the

right problem, look for the right alternative and good decisions are those accepted by those concerned members of the organization. Such being the case, groups are often better in reaching at good choices of decisions than individuals.

Thus, there are groups, in all organizations, large or small, formed to make decisions. These groups may be called by different names:

- committees
- task forces
- staff meetings
- boards or
- conferences
- etc

A policy is a decision or a series of decisions reached by one or more of the above groups of decision makers. It is such a decision of groups on which many other decisions depend.

Policy connects the different units of work (Roles) of individuals to form bigger units. This is like the work of the accountant and that of the cashier – i.e., who is to do what, with whom, how and why.

Policy is a guide – it tells people in an organization what to do and what not to do.

e.g • report to office for work Mondays through Fridays.

- do not come to your place of work late or do not leave your place of work early.
- each civil servant is allowed to be absent from work for limited number of days every year.
- some individuals get more pay than others
- each and every individual is not only supposed to have sufficient knowledge of his/her job but also does it satisfactorily.

One defines policies (or guides) which chart the course of an organization and govern its activities toward the achievement of the purposes for which it was set up.

Policies are characterized as rules of action or guides to thinking and action; yet, they are not the action.

Policies refer to a continuing decision to a recurring question. Policies are formulated to achieve personnel and organizational objectives. e.g., The objectives of promotion from within are formulated with the objective of individual development.

Here, providing the opportunity of advancement and development to individuals in the organization is the objectives, and the policy of promotion to individuals from within attempts to carry out this objective by establishing a guide.

Policies are positive declarations and they are commands to the organization. They help subordinates to make decisions without having to wait for consultation with the superior or for his her concurrence.

Following are examples of a few personnel policies commonly found in organizations.

Personnel policies – some examples

- Recruitment policy
- Employment policy
- Promotions policy
- Transfer policy
- Wage and salary policy
- Separation policy

3.3 PERSONNEL POLICY

It is a procedure, a method or an approach in performing organizational tasks.

- Policy is an expression of the broad goals or purposes of an organization. As a decision by a legally constituted body, policy is an action in advance
- A policy statement may be taken as a *working agreement* which is supposed to clarify *what action* to take and what *procedure to follow*.

Many factors precipitate policy:

- Social and/or environmental factors
- Economic factors
- Political factors
- Negative / weak practices of individuals in an organization
- The establishment of a new organization necessitates the laying out of a new policy.

Policies are general statements, that guide the thinking and action in decision making. Personnel policies furnish general standards on which decisions are based. Accordingly, policies are to be based on the:

- values
 - principles
 - philosophy
- etc. of the organization.

In this manner policies deal with areas of HRM like:

- employment
- salary scale
- staff development
- organizational expectations
- etc.

Policies do not entertain detailed statements. Instead, policies are implemented by procedures.

3.4 CRITERIA FOR EVALUATING PERSONNEL POLICIES: -

- Personnel policies are supposed to be based on pre-determined objectives of the organization
- Such policy is supposed to provide the operational framework for the organization
- Policy statements must be internally consistent.
- Policy statements ought to be formulated to encourage carrier development
- Policy should be designed in such a way that it observes a total staff concept in the firm
- As conditions change rapidly, it is essential that policies are made relevant to the present and future environmental factors
- This implies that, policy is not supposed to work retroactive.

3.5 PERSONNEL PROCEDURES

Procedures are specific applications. A procedure prescribes specific approach to doing a job. And, procedures are referred to as action guidelines. They originate from policies. Thus, procedures show a sequence of activities within a specified area.

Procedures dwell on

- chronological
- step-by-step sequence or required actions.

e.g., an organization believes in paying the prevailing and /or attractive scale of salary of comparable organization →policy

Filing the salary of professionals according to their qualifications, years of experience and positions they hold →procedure.

Furthermore, rules and programs help implement procedures into action.

3.5.1 Need for Personnel Policies

An organization is expected to have personnel policies in view of accomplishing the objectives of the organization and that of the individual employees.

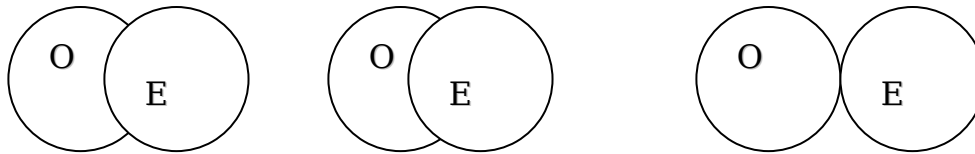


Fig. 3 Inter Marriage of Individual and Organizational Objectives

O = Organization

E = Employee

Personnel policies are meant to:

- intermarry - organization needs and
- Employee needs
- have standards of performance. Here, actual performance is to be compared against the expectation
- Set the basic needs of the organization and that of the employee
- Create and develop staff enthusiasm and loyalty.

3.6 ADVANTAGES OF PERSONNEL POLICIES

There are several advantages of policies in an organization. Among them are:

- **Uniformity** - They intend to make the actions of all workers as consistent as possible.
- **Control** - Personnel policies attempt to specify relationship among
 - management and
 - employees in the organization

Accordingly, they allow workers to perform their tasks towards the achievement of organizational objectives and that of employees with relatively less friction, less conflict and paving the way for better control.

- **Delegation** – They help managers at various levels to act and to decide without often consulting with superiors.
- **Confidence** – Policies make employees to be aware of where they stand in the organization. They create confidence in them while confronting routine and recurring problems. Such policies reduce chances of:
 - misinterpretation
 - misrepresentation and
 - friction
- **Speedy decision** – Policies can speed decision making for they give a covering framework within which (personnel) decisions could be made.
- **Standards of Efficiency** – Policies can serve as standards in the execution of work.
- **Coordination** – Personnel policies help in achieving coordination. If and when organizational members are guided by policies they can predict more accurately the action and decisions of others.
They protect from unwarranted deviations.

Policy from a different angle is seen as a decision by a legally set body. It is an expression of the broad goals of an organization. Accordingly, it classifies and specifies what action to take or what direction to follow.

eg. * Any individual to be employed is to do certain tasks of the organization.

- * Individuals not able to perform tasks for which they are employed will, one way or another, be withdrawn from the position.
- * All things being equal, individuals who get high pay than others are those who are expected to perform better because of their

educational qualification or their experiences or both or that those who do well, those who could contribute more to the successful operation of the organization must be rewarded (get more benefits) than those whose contribution is minimal.

- * To improve the performance of those working in an organization, in service training of non-formal type and of short duration like in:
 - seminars
 - workshops or
 - conferences must be conducted.

It is also important to note that:

- * a policy to be established by those at the lower level of an organization should not contradict the policy so set by the higher body.
- * a policy should not contradict within itself.
- * a newly set policy contradicting the previously set one, must make a reference to the formerly set one and must state that the former one is replaced by the new one.
 - e.g. • an employees annual leave days limited to 20 working days are not to be raised to 25 days nor should they be reduced to 15 days by those at the lower level of management.
 - when the first 120 birr income tax that exempted all Ethiopians employed in any organization was set, reference was made to the one that exempted such employees by the first 50 birr of salary.

Policies that are laid out without considering the human factor and difficult to implement or that they are simply ignored by those who are supposed to practice them e.g. at about the downfall of the Derg Regim, the then authorities of the Ministry of Education announced that all schools in Addis Ababa start classes at 7:30 a.m. while all other government offices were to start work only at 8:00 a.m. It was both

teachers and students who ignored this policy and kept on reporting to school at 8:00 a.m. as they used to do.

In the developing countries like Ethiopia, management is, more often than not, the interpretation of policy.

- Therefore, the first responsibility of any person engaged in any type of managerial tasks, for example:
 - Personnel management or
 - Property management or
 - Financial management ought to be getting a copy of and understand the policy of his/her particular branch or unit of work.
 - Management as an interpretation of policy is an effective coordination or best use of people as organizational resources. Therefore, a good policy is that which:
 - increases efficiency and
 - motivates people to work more and better

A good policy is aware of the fact that threat and punishment do not always guarantee obedience and effectiveness because commitment in task performance is, sometimes, a result of good will and an understanding of goals.

Decision makers, while drafting policy, should recognize that an individual's responsibility should be equated to his/her authority.

A policy decision tends to be good if and when all concerned are involved and considered in its formal introduction.

Good policies are:

- a) flexible, yet consistent
- b) stated clearly to be understood by all involved
- c) related to desired objectives of the organization for which it is set.

- d) not designed to propagate negative feelings in the minds of those involved and concerned.

Good policies do, in principle, entertain delegation of authority which means sharing, part of, not all, authority to subordinates.

In delegation, there are certain provisions to be made vis-à-vis the performance of the task so be delegated.

- The superior apportions part of his/her duties to the subordinates.
- The subordinate so delegated is allowed to or is charged with:
 - making commitments
 - utilize resources
 - decide to take action necessary for the performance of tasks
 - accountability to report to the superior who confirmed the delegation.
- The superior who bestowed the delegation does not get rid from the overall responsibility. The subordinate ought to report to the superior or that:
 - official and/or external communication is done by the superior's signature.
 - The superior is knowledgeable of what is going on in the delegated unit.
- Authority granted to an individual subordinate must be equal to the responsibility he/she is shouldering. In other words, one may not be charged responsible for the outcome of a task he/she was not allowed to perform.
- The delegated task should, under normal condition, be clarified and specified with certain standards of performance expected.

Such working relations among superiors and subordinates in an organization motivates personnel in them.

But, what is motivation?

Motivation (will be discussed in detail in the future):

- is stimulation to action which results in individuals to reach a goal.
- is an inner drive conscious or sub-conscious
- is willingness to use energy to motion
- is something that kindles a feeling into enthusiasm

Note: - (Almost) all behavior (action, work) is motivated.

There are wants and needs behind the behavior one is to be engaged in and those which one observes in others.

An individual who has an ability to do a task but not the motivation, may hardly get the task done.

A motivated person, who is a positive thinker is likely to be a greater motivator. This implies that individuals engaged in any kind of management and at any level need to be positive thinkers and develop leadership qualities. But, what is leadership?

Leadership is a quality of transaction the characteristics of an individual which demands of him/her beyond the normal call of duty.

Leadership occurs if and when one induces (convinces, persuades) others to work towards the goals and objectives of an organization.

High qualifications and positions may not necessarily guarantee an individual to be an able leader.

Yet, the functional leader, as opposed to the status leader, must develop attitudes and acquire some skills on leadership to elicit such behavior. Or that the functional leader achieves roles on personal merits. Following are some general characteristics of the personal merits of a leader.

- Leaders have work motivation
- Leaders are brighter than the average worker.

- Leaders are self confident
- Leaders are relatively dominant
- Leaders are hard working
- Leaders are better off in interpreting information
- Leaders are better informed
- Leaders have good relations with:
 - superiors
 - peers
 - subordinates
- Leaders are organized and aspire to achieve a goal
- Leaders follow the POSDCORB and other managerial skills.

Among these managerial skills which a leader ought to possess is the ability to make good decision.

Making a good decision with or through colleagues is the gateway to good management.

3.7 POLICY APPLICATIONS AND MANAGERIAL APPROACHES TO EMPLOYMENT

3.7.1 Employment

Most people seek employment for living. Only very few get engaged in work for job satisfaction. Yet, even these second group are interested in working because they are after their satisfaction from their work or for those religious groups, it is the return they expect after this world that attracts them to work.

In principle, the employment of any payable individual is processed after the job (difficulty and complexity) and the merit (qualification, specialty, experience etc.) of the individual are evaluated to see the job and the individual fit.

In the process of employment, policies and principles require that availability of vacancies together with budget security for the post must be guaranteed before advertising for a post.

Formal and permanent employment requires an approval of duly authorized personnel. Accordingly, the more difficult and complex the job and the higher the status of the candidate, the higher the position of decision-making and the greater the purity of the policy in employment.

The employment of informal and contractual employees (e.g., daily laborers) could be processed by persons at a relatively low level.

There are three types of employment in Ethiopia:

- Permanent
- Temporary
- Contract

While advertising the vacancy, the following need to be specified:

- nature of employment i.e., permanent, contract, etc.
- place of work
- rank/classification
- type of job
- salary (to be specified or to be stated “negotiable”)
- place and period for registration
- educational qualification and experience of candidates
- sex of candidates (for some jobs)
- etc.

At the time of registration a photo copy of the transcript (credential) of all applicants, checked against the original, is collected by the person in charge and attached to the applicant’s file.

Applicants may take any one or more of the following exams:

- written
- practical

- oral (interview)

Note: - The nature of work determines as to whether candidates take practical exams (e.g. computer, driving) or not.

Under normal conditions, a selection committee including the following screens and recommends the individual(s) to be employed.

- head of the office for which the applicants are recruited.
- one person better qualified in the field
- Three other persons of the organization selected on their own merits of integrity, competence, etc.

After the exam(s) names of (individual) applicants in order of priority (top down) of results will be posted.

The number required for the post will be employed from among those who passed the exam(s).

If, having passed an exam, certain individuals are not employed, then, their names may be kept on “reserve” for some period (e.g., 6 months or a year)

Those to be employed must present a health certificate. Some organizations do require that such prospective candidates present fingerprint from the police to prove innocence from guilt.

If such new employees are on permanent employment, they are on a trial basis for the first six (6) months - to be extended to three (3) more months in case of doubt.

In general, temporary employees are employed for a maximum of six (6) months. If the work is to continue at this status, employees are subject to renew their contract every six (6) months or even every lesser period of time.

Contract employees are employed to accomplish a specified task.

Promotions:

- are due to an employee who acquires some skills without formal training.
- have the potential to motivate staff in the lower echelon.

- are to be approved by persons duly authorized to endorse such decisions.

Promotions are to be approved if and when:

- a vacancy exists
- there is budget for the post
- individuals are proved to be competent and able to do the job.

Promotions are to be executed by moving those from lower to higher posts, or by advertising a post.

- Delegation of authority for promotions. Different levels of the managerial echelon do have hierarchical mandates to make decisions.

In principle, results of promotions committees need be reported to a higher body to be specified by policy together with:

- a) minutes of their proceedings.
 - b) the curriculum vitae and the certificate of the level of education of candidate (s).
- A person for promotion is expected to earn an average of at least 3.5 rating results out of a maximum of 5 during any two or three consecutive ratings.

3.8 POLICY AREAS RELATED TO STAFF PERSONNEL IN ETHIOPIA

The nature of any personnel policy may differ from organization to organization depending on the objectives of the organization.

Justifications for change of policy come into effect in view of improving the behavior for the performance and to match worker caliber.

Personnel policy in Ethiopia involves many specific areas as explained here under.

As per the regulations, positions are to be filled on the following criteria

- job difficulty and complexity.

- candidates' educational level, experience, potential competence to contributed more and better

The power to employ rests with the chief executive officer or employment must be confirmed by a letter to be handed to the employee within few weeks.

A new employee is supposed to be on probation for 6 months or even less such employee on probation may be terminated (or dismissed) on few weeks notice in case of inefficiency.

In case of doubt, an employee's probation may be extended to three additional months. As per the policy, an employee on probation is not entitled for promotion.

3.8.1 Salary

Any new employee is paid according to:

- scale
- position classification and
- budget

Note: - Salary pay scales have, normally the tendency of following job description and job evaluation.

Government and employing organizations' policies and regulations are created to regulate the homogeneity of these scales.

3.9 THE MANAGER'S ROLE IN APPLYING PERSONNEL POLICY

Policy may be defined as an authoritative allocation of social values, economic resources and political or administrative power. Policy is an authoritative answer to who does what, when, how and why and under what conditions. Policy initiatives in administration have to be in the context of a mandate, but originating at the supra-system, to assure success in the administrative processes.

Furthermore, it may be said that policy is an expression of the broad goals or purposes of an organization. It is a working agreement which, once understood and accepted, is supposed to clarify the conditions under which those who implement it relate their actions towards fulfilling such anticipated objectives. Policy is to an organization what law is to a society.

Policy guides the course of an organization and governs its activities toward the achievement of the purposes for which it was set. Policy is characterized as “rules” of action or guides to thinking and action, but it is not the action. Policy is a positive declaration to command organizational behavior. It helps subordinates to make decisions without having to wait for consultation with superiors for their concurrence. To some policy is a verbal, written, or implied over-all guide setting up boundaries that supply the general limits and direction in which managerial actions will take place.

Again, a policy is a judgment derived from some values and an assessment of situations which operate as a general plan for guiding decisions regarding the means of attaining desired objectives. In this context, a policy statement: a) tends to be binding on the actions of those designated by the statement b) is enforceable and enforced by those who formulate it c) is formulated and adopted through a process which acknowledges the reality and legitimacy of conflicting interests and desires among its participants.

There are many versions of the causes of any policy in a system. Some hold that policy evolves from the practices and procedures of an organization. Values, resources and power are important ingredients in the processes of policy formulation and implementation.

Rapid changes and/or diversity in the social, economic and political situations precede or cause new policy. In general:

- policy in a system is affected by the total environmental situations and the national ideology: social, economic, political and technological issues.
- both national and international forces provoke policy.
- seminars, conferences and research findings often culminate in the development of policy.
- negative practices of employees may cause the development of a correcting policy.
- the establishment of a new organization requires the laying out of a new policy.

Policy as an expression of the broad goals of system and a decision by a legally constituted body means to classify what action to take or what direction to follow.

In lower systems (sub-systems) of managerial hierarchy policy may be defined as a regular pattern of rules, guides, constraints and procedures. Such rules provide members of the system with a regularity of relationships and basis on which to predict the consequences of their actions.

A statements of policy is used as guide to the decisions to be made and the measures to be taken in meeting the problems of personnel management in an organization. However, unforeseen difficulties and unique facets to specific problems of personnel administration may demand that deviation from policy may be made when necessary. Policy is subject to change with the change of situations and circumstances. Since policy introduces a general consistency in the system, it is a regular process of behavior.*

* * Behavior in this text is understood as an efficient method of task performance in an organization.

In each of the foregoing instances, direction to policy formulation may well have been provided by others than the actual formulating or approving body or agent. Practicing managers are cautioned here that policies are either revised or changed only by the body or authority that originated them or authorized their origination. The bodies which are responsible for the implementation of policies cannot be legally competent to change or modify the policies other than revealing their shortcomings through the proper channel.

Procedures as different approaches to policies are detailed ways or methods of carrying out a policy for attaining a goal. Procedures can be sub-systems of broader policies and steps so set forth in a process that are less complex.

Rules are statements about the kind of specific behavior which is required of employees. Both procedures and rules are reflections of broad policy, whether stated or implicit. Such rules may also be written or otherwise. The significant points are that rules:

- restrict subordinate undesirable behavior and
- are supposed to be enforced, in one way or another, by the management. Though many people dislike rules as impediments, rules are essential if a system is to operate effectively.

Naturally, the greater the area of freedom given to subordinates, the greater the feeling of autonomy they have. Unfortunately, through, the subordinates cannot be given authority to do everything they want. Rules are said to made it possible for them to exercise freedom within these limits. Sometimes, of course, these rules are implicit and may not be spelled out in detail.

Where there is room for doubt, the superior should state the rules clearly, sometimes even in writing. In large organizations, in particular, rules serve to make the behavior of the parts consistent with the needs of the

whole. They reduce the possibility that personal feelings, rather than institutional objectives, will predominate in decision making.

Rules are supposed to be impersonal and, in effect, reduce the power of the superior and the subordinate. This makes it easier for the subordinate to obey and for the superior to exercise authority. Rules also protect the subordinate from arbitrary actions on the part of the superior. They are useful in defining employees' duties and responsibilities.

Rules require the administration to initiate orders only once - when he/she lays a rule down. But once rules are established for a man should do his job, then the job can be reduced to a routine.

In principle, unnecessary rules are difficult to enforce, and inadequately enforced rules may lead to a general breakdown of discipline and breakdown of set rules.

Excessively rigid rules discourage individual discretion and initiative. They make it difficult for an institution to adapt to changing conditions.

In summary, intelligently devised rules are said to grant the individual considerable freedom to make decisions on his/her own. To insure that his decisions are not completely restrained, however, one actions need to conform to the goals of the entire system.

3.10 CHARACTERISTICS OF A GOOD POLICY

The managerial system in all organizations is affected by the total social, economic, political and technological forces. The aspiration of a society for better management practices, the economic sources it could share, the commitment of the government in facilitating good policy processes the availability of the need facilities like roads, materials for buildings, electricity, water supply and the like contribute to the development and practice of available policy.

In recent years, the staff function of personnel has moved into the front office of many nonprofit sectors of most developed countries. Yet, much remains to be done for incumbent managers and students in management to make the best of available opportunities to re-examine their practices and assumptions in managing and developing people at work.

Human resource management, especially when seen in carrying out a policy, may be taken as a hierarchical relationship ranging from the person at the highest level of any organization down through the intermediate managers and staff specialists to the lowest level.

Management as an appropriate interpretation of policy, is organizational leadership, which has as part of its central tasks as effective coordination and development of available human resources in view of achieving organizational objectives. These objectives include the improvement of efficiency of the organization to expand or increase the services to be rendered with and through people as stipulated by policy.

People as an important part of resources must be secured and coordinated. It is through the combined efforts of people that nonhuman resources are best utilized for the purposes of achieving organizational objectives. Organizing, stimulating, directing or controlling human efforts, as implied in any good policy, are essential components of management at any level. In this manner a policy directive aimed to achieving such goals is said to be qualitative.

The effectiveness of any organization is determined, by and large, on how strongly these managed in it are committed to its objectives. This is influenced by the personnel concept in the making. Subordinates' behavior is in turn determined by the manager's approaches to people.

Every policy is then expected to have some understanding about the way people behave in the organization. At times, managers show to their

subordinates the notion of effective services by demonstration. When such practice prevails, it would, under normal condition, improve the organizational climate.

Management through centralized direction and control of policy is one of the common practices. In this approach, the line of authority or chain of command goes from top down through the various echelons with good policy and guidance. There is normally some delegation of authority but full accountability must be submitted up the line. At every level of the centralized approach of management people are told how to carry out the ideas, plans and proposals of higher authorities through good policy.

Authority ... (in personnel administration) is their right to command performance of others. It implies the right to give orders to others and to expect obedience from those to whom the order are given...

If an executive in the organization structure has authority, he/she also has responsibilities, sometimes it seems the burdens of responsibilities out weight the rights of authority...

Thus, while active and enthusiastic participation of subordinates is desired and should be encouraged for organizational development, mere participation is not a panacea, or a manipulative device. A good policy aspires to combat such misconceptions.

In general, though, functional policies pertaining to personnel may be classified into two:

- Policies of managerial functions which are established in such a manner that they guide the performance of planning, organizing, directing motivating and controlling employees fairly objectively and uniformly. Despite such legitimate approaches, recurring problems are encountered in connection with an efficient management of

people at work. Some such problems arise from at different levels while others are due to failures of managers, policy executors or interpreters.

- Policies of operations functions are established in view of guiding in the performance of specialized functions or activities. Such policy directives are specific guidelines which organizations spell out their expectations to each and every individual employee.

3.11 SUMMARY

A policy as a general guideline or decision making sets up boundaries around decisions. It tells practicing managers as to which decision has to be made and what action to take or not.

In this manner, many policies are followed by detailed procedures. Good organizations set and develop policies, rules and procedures to help them implement their plans and strategies

All such decisions and policy approaches do attend to all areas of human resource management.

3.12 CHECK YOUR PROGRESS

Write T if the answer is true and F if it is false.

- _____ 1. All individuals including managers make decisions for their sake and for others.
- _____ 2. All decisions are made either in groups or individually.
- _____ 3. A policy may be a series of decisions reached by one or more organizational members.
- _____ 4. Organizations set policies not procedures to entertain details.
- _____ 5. Good policies are not flexible.

- _____ 6. Personnel policies in Ethiopia consider homogeneity of scales.
- _____ 7. Every policy is expected to have some understanding about the way all people behave in organizations.
- _____ 8. A policy decision tends to be good if and when all concerned are involved.
- _____ 9. Authority granted to an individual subordinate must in principle be less than the responsibility he/she shoulders.
- _____ 10. Personnel policy in Ethiopia fails to involve such specific areas like job difficulty and complexity.

3.13 ANSWERS TO CHECK YOUR PROGRESS

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

UNIT 4: HUMAN RESOURCE PLANNING

Content

- 4.0 Aims and Objectives
- 4.1 Introduction
- 4.2 Basic Terminologies
- 4.3 Human Resource Planning
- 4.4 Areas of HRP (Human Resource Planning)
- 4.5 Summary
- 4.6 Check Your Progress
- 4.7 Answers to Check Your Progress

4.0 AIMS AND OBJECTIVES

To create consciousness in and warerness of the need of mastering the meaning of such important concepts of:

- job analysis
- job description
- job design
- job specification
- job evaluation
- To design the – means
 - importance
 - problems
 - control and review the concept of human resource planning

4.1 INTRODUCTION

In any organizational activity, planning calls for setting goals, choosing the means and carrying out those goals for implementation. Having a clear idea of job analysis and the subsequent picture of the organization's

needs and requirements, the ensuing practice is to note and operate the total and specific outcomes.

4.2 BASIC TERMINOLOGIES

4.2.1 Job Analysis: - Job analysis serves as the corner stone of the HR functions. As was referred to earlier, job analysis is the process of determining and reporting relevant information relating to the nature of a specific job.

Job analysis is the determination of the tasks which include the job and

- the skills
- abilities
- knowledge and
- responsibilities required of the (job) holder for successful job performance.

Job analysis is the process of deciding→through observation and study, the appropriate information to the nature of a specific job.

Note: - jobs must be analyzed before other human resource functions.

Importance of Job Analysis:

- provides realistic information on what a job will be like.
- helps to identify groups of jobs for which a single (cognitive) ability test might serve as a predictor for future performance.
- provides information needed to develop jobs relevant for training programs.
- helps superiors and workers to clarify conflicts and ambiguities in workers roles.
- is used to determine the similarities of jobs, and thus, the feasibility of transfer between jobs.

Jobs that are essential for analysis include:

- jobs that are difficult to learn and perform.

- jobs for which the organization is constantly having to hire new employees
- when new technology or other circumstances occur
- when jobs that are new are added.

Methods of Job Analysis

A job analyst is to decide on:

- The types of data to be collected
- The source of information from which data is to be obtained
- The specific procedure of job analysis to be implemented.

4.2.2 Job Description: (Sometimes called Position Description)

Job description is a systematic, organized and written statement of:

Who does what

- when
- where and
- why

Job description is thus written summary job description is an outcome of job analysis.

It describes

- the job to be performed
- the duties and responsibilities involved
- conditions under which the work is done
- the relationship of one job with other similar jobs and
- the skill, knowledge, etc. required

Job description is useful for:

- recruitment
- selection and
- job evaluation

Job description as a formal written document includes some of the following:

- job status (full time, part time, including pay)
- job title
- supervision expected (who is accountable to whom)
- required education, experience
- materials, tools, etc. to be used.

Many elements are incorporated in preparing a job description; but the following are more relevant.

- **job identification** – e.g. job title, code, department, etc.
- **job summary** – a brief explanation of the job.
- **duties to be performed** – a listing of the duties, with the importance of each – volume of time devoted for.
- **supervision** – the number of people to be supervised along with their job titles and the degree of supervision.
- **working conditions** – the environment in which the job holder must work.

Importance of job descriptions

- reduce confusion and misunderstandings
- If they give a clear picture of duties and responsibilities, they give greater job satisfaction (because the worker knows what is expected of her/him)
- Good job descriptions are used in:
 - recruitment and selection
 - training and
 - placement
- They reduce unfair discriminations and assist in objective performance appraisal.

4.2.3 Job Design: - Job design is the process of structuring work and designing the specific (work) activities of an individual or group of individuals to achieve some organizational objectives.

Job design refers as to how a certain job is to be done:

- as to who to do it and
- where it is supposed to be done

(Note should be taken that) job analysis and job design are related to one another. i.e., Following a recent job analysis, a job may be redesigned.

Such approach could happen if and when a job analysis reveals that the current approach may not be efficient.

Thus, designing a job may involve deciding on:

- who does the job
- what - the task to be done
- where - geographic location
- why - rationale (reason)
- when - time of doing the job
- how - methodology or approach

Thus, job design is the complex flow of events assigning the responsibilities to each member of the organization. Job content - i.e., set of activities to be done and organizational responsibility attached to the job e.g. comparing with the rules and work schedules are two major components of job design.

4.2.4 Job Specification: As is seen in the chart, a job description and a job specification are two products of the job analysis. While the job description is a written statement describing the activities and responsibilities of the task to be performed, together with the important features of the job like working conditions and safety hazards, for example, the job specification depicts a summary of the personal qualities, traits, skills, and background required for having the job done. The job specification may be set either on the same document or on separate sheet as the job description.

To this end, the job specification states minimum acceptable specifications that the individual worker should have to do the job successfully. Thus, the job specification is an important tool in the

selection process. The job specification guides the selector's attention on the list of qualifications required for the candidate to perform the job.

DeCenzo and Robbins (1988:107) have the following concrete example for a record clerk.

Job title - Record Clerk

Education - Minimum number of years of formal schooling of ____ years with emphasis on business... with some background in accounting, office procedures, etc.

Physical and health - good health and emotionally stable.

Appearance - Neat and clean.

Mental abilities - good in figures (calculation).

Special abilities - ability to work with others.

Work experience - minimum ... year(s).

Special skills - skilled in filing, checking records, compiling data ... writing reports.

Maturity -capable in carrying responsibility in ... years.

Other(s) - that the candidate will be ready for promotion in some years is to be expected.

4.2.5 Job Evaluation: - Job evaluation is a systematic decision of the value of each job in relation to other jobs e.g. a guard's, an accountant's, a secretary's, ...

The process of job evaluation is used to design pay scale. It is not used for appraising the performance of workers in the job.

The general idea is to enumerate the requirements of the jobs and the contributions of such jobs to the organization - and then to classify it according to the importance of such jobs.

Jobs to be evaluated must have the necessary information.

Such job information is supposed to be obtained form job description. If no job description, then such jobs are supposed to be analyzed and described.

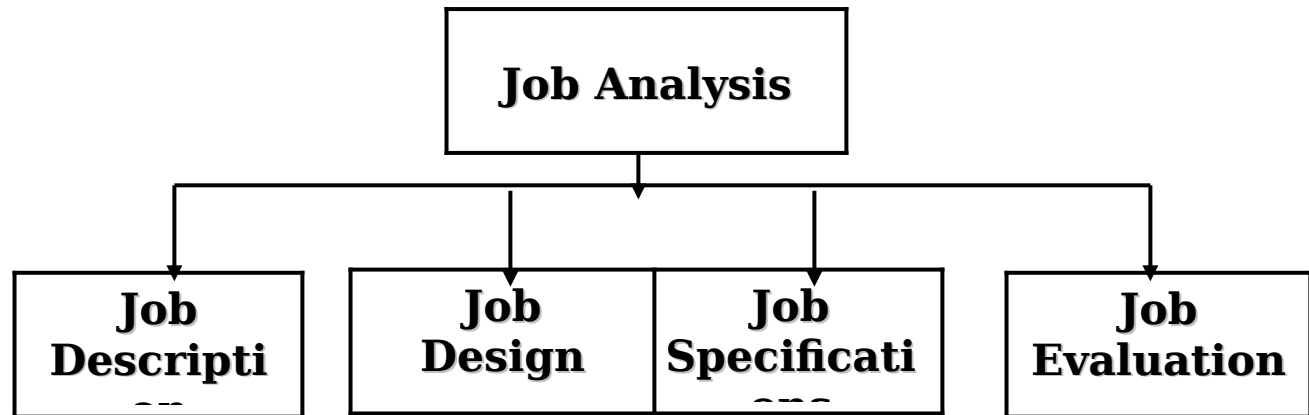


Figure 4: The Setting of Job Analysis

4.3 HUMAN RESOURCE PLANNING

By definition, human resource planning is a process by which an organization moves from its current manpower position to its desired position. It is through such planning that the organization's management tries to have the right number and the right kind of workers for the right place of work and at the right time. It is to be noted here that planning for human resource is as desired and essential just as general planning is important for the efficient and effective operation of the general organizational activities. The success of an organization much depends on its having the right ability of people continuously.

The efficient utilization of resources of any organization

- human
- material
- financial or
- technological is accomplished with continual estimation (deciding in advance) of future needs.

4.3.1 Objectives of HR Planning

Following are the major objectives of HRP.

- To recruit, select and retain the right number and quality of workers.
- To foresee turnovers of workers and make the necessary arrangements to fill the gap.
- To meet the needs of expansion and/or diversification.
- To improve standards vis-à-vis changing environmental demands.
- To introduce means of improving skills, knowledge, ability attitudes, etc.
- To measure and estimate surplus or shortage.
- To make the best use of workers and
- To estimate cost (budget).
- etc.

4.3.2 Importance (Benefits) of Human Resource Planning (HRP)

Major advantages are the following.

It helps to check the overall plan of the organization.

If and when management realizes that the required personnel are not available, then HRP suggests modification of the plan.

HRP reduces uncertainty.

HRP is supposed to enable the system to have – the right people

- at the right time and
- in the right position

HRP is supposed to help managers:

- to improve caliber of workers through training and development
- to attend to individual needs of deserving workers to be:
 - promoted
 - demoted

- transferred and/or better placed
- to check imbalance of load of workers and to better utilize them
- to check - on values
 - attitudes
 - aptitudes in view of using such workers to the maximum
- to plan for physical facilities and work environment
- to plan for - recruitment
 - designing tests
 - setting interviews
 - arranging for selection on the basis of - ability
 - skills
 - qualification
 - etc
- to improve workers' contributions
 - in productivity
 - sales
 - etc
- Last, but not least, it is supposed to help managers to control
 - functions/operations
 - contributions
 - cost and of course to come to the real work on human resource auditing

4.3.3 Problems in HRP

- One serious problem is resistance of workers to go in line with the plan. Especially if the workers are organized in "UNIONS", they resist manager's plans for change and improvement.
- Uncertainties - because of inaccurate calculation in the volume of work
 - in the capacity of workers
 - shortage of other resources
 - e.g., secretaries employed but without typewriters or computers, in hand, etc.

- Inadequate information on the real need of how many workers for which job.
- Environmental problems
 - competitors absorbing workers with better facilities
 - the economic state of the environment e.g. inflation
 - place and nature of the particular organization i.e., rural or urban.

4.3.4 Areas of HRP

Human resources planning consists of the following areas:

- Analyzing the total organizational plan.
- Forecasting demands - i.e., what number, size, etc. of human resources are required
- Forecasting supplies - i.e., information about the present and predicating the future requirements vis-à-vis the present
- Then estimating net requirements

4.3.5 Control and Review

After the action plan is implemented on redeployment (promotion, transfer, demotion, etc), recruitment, selection, training, development, retention, etc, then structuring the system is applied.

In general organizations regard the following as useful steps

- Consider needs to add or to redeploy.
- Inform high level management of the existing state and changes introduced
- Exercise control through the budget
- Audit human resource by measuring human resource by relating net man-hour used in work to the standards planned to be utilized in operation
- Measure efficiency of workers periodically through

- productivity
 - investment rated against worker production
 - turnover ratio against those retained
 - workers employment costs against profit ratio
- Survey – job satisfaction
 - workers attitudes, etc.

4.3.6 Organizing HRP

Every line manager is supposed to plan his/her manpower department. The personnel office is supposed to supply the relevant information to such line managers with regard to:

- transfers within
 - promotions
 - demotions, etc.
- Furthermore, the personnel department prepares plans supposed to coordinate and control activities. Top management may appoint a committee different representing units and to advise steps to be taken in deviations and to execute corrections.

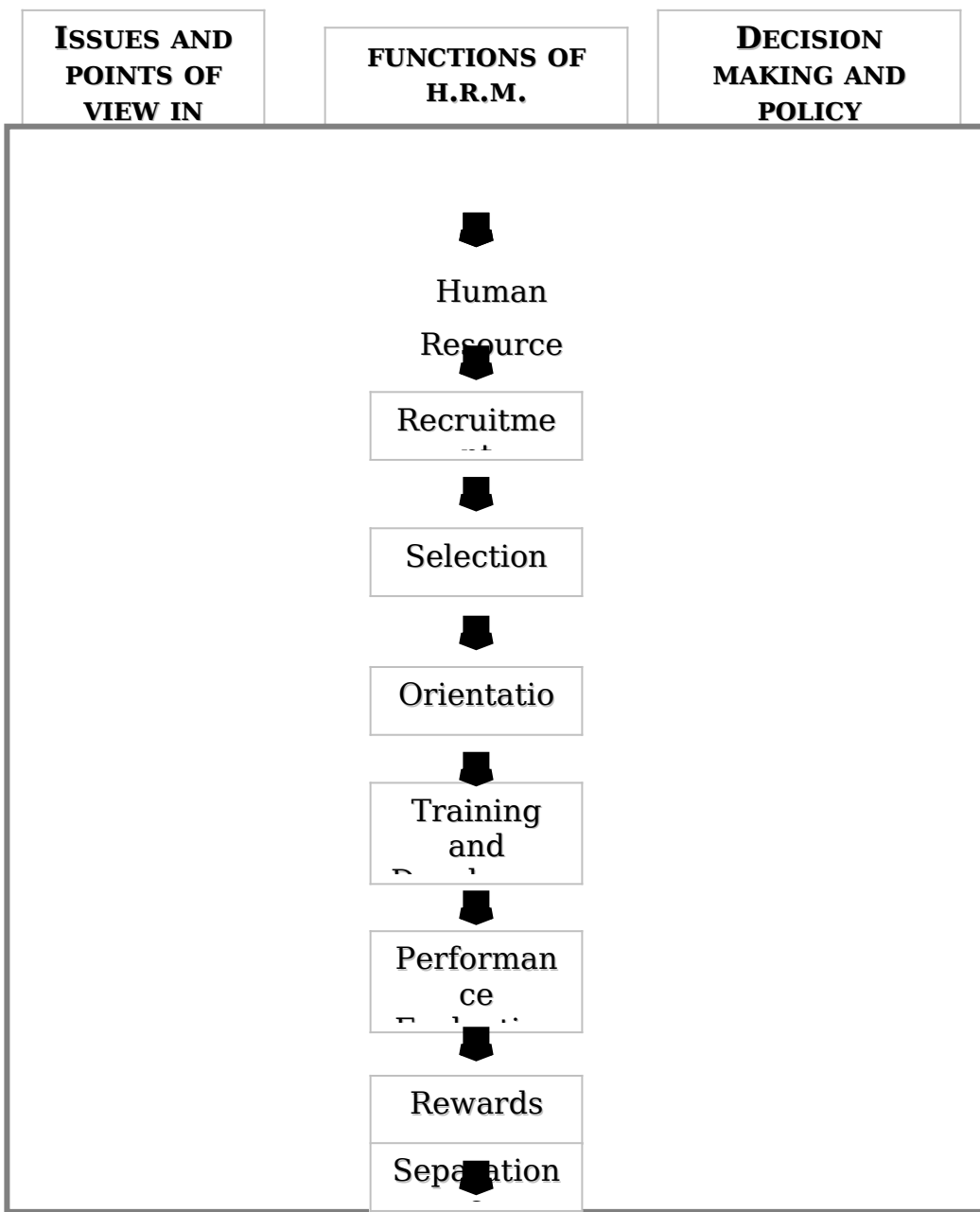


Figure 5: Steps in Human Resource Management in

4.5 SUMMARY

In setting goals and choosing alternative strategies, good management calls for analyzing the task to be done, designing it and setting specific requirements for take-off.

Thus, the assessment of the organization's current human resource situation is based on the listing the available and the required human resources. Human resource planning is therefore supposed to go with where we are and where we would like to go. To reach to a sound and accurate prediction of human resource needs the organization should forecast.

4.6 CHECK YOUR PROGRESS

Choose the correct answer and insert the letter of your answer in the space provided.

- _____ 1. A job analysis tries to help decide on:
- A. types of data to be collected
 - B. the specific procedures of job evaluation
 - C. job specification
 - D. all of the above

- E. none of the above
- _____ 2. The objectives of human resource planning include:
- A. to foresee turnovers of workers
 - B. to make the best use of workers
 - C. to introduce means of improving ability
 - D. all of the above
 - E. only a and b
- _____ 3. Despite managerial effectiveness, human resource planning is faced with problems. Among them the following are indicated:
- A. resistance of applicants that have not yet joined the organization
 - B. environmental and physical conditions of the environment
 - C. lack of calculation on the part of the manager
 - D. only a and c
 - E. none
- _____ 4. Job evaluation is a systematic decision of the value of:
- A. each individual employee
 - B. each job
 - C. all senior staff
 - D. work requirements
 - E. organizational activity
- _____ 5. Job specification states:
- A. maximum acceptable requirements
 - B. minimum acceptable specifications that an individual worker is supposed to do
 - C. to select only major jobs
 - D. all of the above
 - E. only b and c

4.7 ANSWERS TO CHECK YOUR PROGRESS

1. A

4. B

- 2. D
- 3. E

- 5. B

UNIT 5: RECRUITMENT AND SELECTION

Content

- 5.0 Aims and Objectives
- 5.1 Introduction
- 5.2 Recruitment
- 5.3 Complexity of Recruitment
- 5.4 Recruitment Policy
- 5.5 Advantages of Internal Recruitment
- 5.6 Advantages of External Recruitment
- 5.7 Recruitment Techniques
- 5.8 Factors Affecting Recruitment
- 5.9 Targeting the Right Candidates
- 5.10 Recruitment Budget
- 5.11 Publicity or Advertisements
- 5.12 Types of Recruitment
- 5.13 Selection
- 5.14 General Considerations
- 5.15 Steps in Selecting
- 5.16 The Purpose of the Interview
- 5.17 Types of Interviews
- 5.18 Preparing for the Interview
- 5.19 Importance of Interview Questions
- 5.20 Types of Questions
- 5.21 Identification of Pressures and Opportunities
- 5.22 Steps to be Considered during Hiring
- 5.23 The Cost of Hiring
- 5.24 The Benefits of Hiring
- 5.25 Summary
- 5.26 Check Your Progress

5.0 AIMS AND OBJECTIVES

- To define and explain the term recruitment
- To identify – issues
 - complexities
 - steps and techniques
- To designate – factors affecting recruitment
 - budgetary implications
- To set steps in selection
- To categorize – essential steps in interviewing
 - To note reasons for interviewing and
 - Types of interviews
- To show - the what, the how and the importance of hiring

5.1 INTRODUCTION

This is the beginning of the end. The first four units of this text dealt with what all managers of human resource are supposed to be conscious on the principles, the theories, strategies, etc. With this unit all managers and/or their representatives in their respective organizations start to contact and deal with current and future employees of the organizations.

5.2 RECRUITMENT

In the selection process, recruitment comes in the third state whereas job analysis including description and specification etc. come first and human resource planning comes second. Recruitment is the stage where potential applicants are identified for anticipated vacancies. In this manner, recruitment is a process of locating sources of manpower to meet an organization's job requirements and job specifications.

Since without the right type of people identified and hired for the successful operation and organization of the best plans, superior organization charts and control systems would not do much good, recruitment is considered one of the essential components of human resource management.

Recruitment is a set of activity which an organization uses to attract job candidates possessing appropriate characteristics to help the organization meet objectives.

As per (Byars and Rue) authorities, recruitment is not only seeking but also attracting a pool of people from which qualified candidates for vacancies can be chosen.

There are four sub systems in recruitment:

- a) Finding out and developing sources
- b) Developing techniques to attract candidates
- c) Employing the techniques to attract candidates
- d) Stimulating as many candidates and making them to apply for the job.

Recruitment is said to be positive in that it increases the number of applicants while selection is said to be negative because it rejects the unqualified ones.

5.3 COMPLEXITY OF RECRUITMENT

The recruitment process is complex. The searching activity is based on many factors. Among these factors include:

- a. organizational policy
- b. informants through friends and /or relatives
- c. government regulations
- d. nepotism on the part of decision makers

There are also other factors internal to the organization. These include:

- a. promotional opportunities for those in the organization
- b. complexity of the work
- c. educational qualification of candidates within the organization
- d. work exposure of those to be considered vis-à-vis the vacancy
- e. years of service of such candidates within and/or outside the organization to have gathered enough experience.

5.4 RECRUITMENT POLICY

The following factors may be considered: -

- government policy
- personnel policy of the organization
- vacancies in the organization
- policies of other completing organizations on recruitment
- recruitment sources
- selection criteria

Recruitment policies, drawn from general personnel policies, consider some of the following:

- must try to integrate organizational policy and needs of individual
- is expected to treat all employees fairly equally
- classifies to candidate that there is job security
- that the organization treats and manages its employees in line with government regulations
- that employees will have opportunities to apply knowledge, skill talent, etc.

5.5 ADVANTAGES OF INTERNAL RECRUITMENT

- it motivates existing staff
- internal candidates may be judged more better on their suitability to fill the gap
- loyalty and integrity of staff will be enhanced

- cost of selection is reduced
- stability of employment may be ensured.

5.6 ADVANTAGES OF EXTERNAL RECRUITMENT

- As new comers may be placed at a low pay rate, cost of employees may be reduced.
- There will be a balanced human resources mix, heterogeneity
- New expertise, “new blood”, for excellence may be borrowed and applied into the organization
- Since qualitative expertise with innovative and up to date skills and knowledge are brought in, the new comers are assumed to add dynamism to the organization

5.7 RECRUITMENT TECHNIQUES

Recruitment techniques are those procedures through which employers contact and inform candidates to provide information on the organization in order for them to apply for employment.

There are many approaches but only few are applied in the Ethiopian situation.

- **Promotion** - This approach does not require stimulation in many of Ethiopia’s organizations. If and when individuals get benefits (financial and status), many like to aspire for it.
- **Transfer** - If the organization so wishes, the individual is rarely consulted.
- **Advertising** is a rather more practical approach to attract prospective employees from outside.

Following are necessary information to be maintained and/or communicated in recruitment:

- a. analyze job requirements e.g., type of work, level of work
- b. state details to candidates e.g., qualification /experience required
- c. state sex of employee needed (if necessary)
- d. specify deadline to apply
- e. provide conditions of payment i.e., specific /negotiable/ fringes etc.
- f. state place of work

5.8 FACTORS AFFECTING RECRUITMENT

While all organizations are engaged in the recruitment activities, it is noted that all of them are not participating in the same manner.

Factors that influence this state of affairs include the following:

- size of the organization
- location of the organization
- previous experience of the organization to have identified quality people
- the organization's working conditions e.g. salary, load, working hours, etc.
- the level of growth and expansion of the organization
- cultural, economic and political factors.

Briefly then, recruitment stipulates the following

Three preliminary steps to recruitment.

- identify organizational objectives and needs
- workout job analysis and job description
- decide on the feasibility of hiring.

Several points need be considered before one indulges into recruitment.

Among these are:

- identification of the pressure areas and opportunities

- clarification of organizational (or branch of) objectives and opportunities, and

Conducting job analysis and writing a job description.

- review current workforce
- identify gaps in skills and /or knowledge
- write down job description
- set a reasonable salary

Determining feasibility of hiring

- consider costs of
- consider benefits in
- consider the consequences of hiring or not hiring

5.9 TARGETING THE RIGHT CANDIDATES

Having ascertained the need of additional staff for the organization, the next step is to look for candidates. Some organizations advertise in the newspapers. Of course this is one of the many approaches. To target the right candidates, one needs to:

- know what one is looking for
- where to look for and
- how to go about

If advertisement goes in the newspapers, one has to specifically list his/her needs like:

- the level of education expected from the candidate
- specific area of training
- years of experience in the area
- nature or place of work and
- name of the organization.

Although the ultimate goal of recruiting is to match an applicant to a job, attracting more competent candidates and discouraging the less qualified ones should be kept in mind.

In targeting the right candidates, there are steps to be followed.

- Decide on the status of the position:
 - full-time
 - part-time
 - temporary
 - contact
 - some combination
- Define the type of position and work, for example:
 - managerial
 - clerical
 - production
 - sales
 - janitor
 - secretary etc

Specific working conditions/requirements like overtime or shift-work requirements need be indicated.

- Deciding on the time needed.
 - How much time should one spend on recruiting?
 - Who are those in the organization who may share part of recruiting processes?
 - Are there individuals from areas of recruitment who may be dependable to assist to identify competent candidates?

5.10 RECRUITMENT BUDGET

Many organizations in Ethiopia do not have such a budget for recruitment. In situations where budget has not been allocated, training institutions like universities and/or colleges may be approached. Another approach may be considering individuals that may have to work part time with their other part time work in other organizations.

Where to look for candidates. There are many ways.

- One source could be inside the organization itself. Junior staff who have demonstrated the necessary skills and potential may fill the vacancy. Care must be taken here though that other junior employees with similar posts or better should be considered in the process of promotion.
- When looking for employees to a new post (in a private organization), not considering family members reduces the risk of surprises later on. Yet, as other employees may feel that the family member is getting a preferential treatment, the employer may be faced with difficulty.
- Employee's friends and/or families. This is one of the good ways for several reasons.

Employees within the organization know what the post requires and they let prospective candidates what it is like to work in this organization.

Good employees tend to refer to candidates who have the same work ethic they do.

Some employees with skills hard-to-find may be identified by those from within the organization. There is some worry here though. Employees from within tend to recommend some incompetent and/or delinquent individuals whom they like get the post because of their blood relations, ethnicity, etc just to help the new comer.

- Networking where the manager may call personal business contacts to inquire for possible candidate they know of. (This approach is again useful for those in private firms).

News papers like "Atrif", "Addis Zemen", etc are a popular method of searching for candidates in Ethiopia.

Colleges and Universities are useful to find candidates with skills or managerial type of employment.

Advertising the job as a fourth step may follow after the employer has:

- idea about what he/she wants
- how much he/she is willing to spend and
- where he/she wants to go to find candidates

If to advertise or to employ, it is essential that one is mindful of labor law of Ethiopia. In this regard, it is essential to note that an employer cannot discriminate against an applicant on the grounds that are listed in the legislation; nor can an employer refuse to continue to employ a person on any of the grounds prohibited by law.

Hence, job criteria should relate to the applicant's ability to do the job (rather than unrelated factors).

5.11 PUBLICITY OR ADVERTISEMENTS

One important factor in securing competent applicants is the effectiveness of publicity concerning vacancies. In doing so, adequate time should be allowed between the announcement of the vacancy and the closing date on applications.

Paid advertisements over radio, TV and/or newspapers do contribute to successful recruitment. Advertisements must be dramatic and have to have interest in humanity.

5.12 TYPES OF RECRUITMENT

There are Several Types of Recruitment

Anticipatory recruitment - a long-range approach - should be of a continuous process. The intention is to make the organization attractive. It means to draw interested candidates at some future date.

Direct recruitment - to attract qualified candidates for an examination definitely scheduled for a date in the immediate future (or for a recurrent exam).

Selective recruitment - publicity activities to be concentrated on particular sources of supply for the type of ability sought. There are a number of possibilities to be approached.

- Classified mailing - depends on the nature of the position like medicine, engineering or law. It is good to use personalized form letter.
- Elective advertising - in professional journals
- Direct contract with school or colleges. Professional associations and or trade unions - Get with training institutions
- Contact government and/or other offices of related areas
 - notice board poster to be sent to places
 - have a dynamic approach
 - use color contrast when possible in publicity
 - apply large, readable type character(s).

5.13 SELECTION

A successful targeting (recruitment) of the right candidates leads to a good number of responses from qualified applicants. This follows the need to develop the process of screening and selecting.

Furthermore, the more systematic one is about screening, the more efficient and successful he/she would be in finding the most appropriate candidate(s).

A systematic approach helps one reduce the risk of personal bias in influencing the decision making process.

5.14 GENERAL CONSIDERATIONS

There are step-by-step approaches to selecting candidates for employment. This goes from receipt of resumes to the eventual hiring.

It is important to keep in mind the following points as one moves through individual steps.

Keep the time of recruitment at a minimum – i.e., contact would be qualified candidates right after their resumes are received. This approach reduces the chance of these candidates joining other organization.

Keep all potential candidates informed throughout the process. If these candidates are not informed of where such employers are in the process, these candidates may feel that they are no longer being considered and may sign with other organization.

Keep all resumes and notes in file and orderly. Keep all records like correspondence (if any), interview results, referrals, test results, etc. together.

Be customer (service) – oriented in the process – i.e. be pleasant to all applicants. If such candidates are impressed with how they are treated during this time, they may keep the good name of the organization or refer other good candidates to this organization.

Keep confidentiality of candidates and their documents all through the process i.e. applications, resumes and employment inquiries should always be kept confidentially.

Avoid unjust discrimination.

5.15 STEPS IN SELECTING

There are steps to follow:

- Review resume
- Screen
- Interview
- Conduct reference and background checks
- Rank candidate to be selected.
- Extend an offer of employment.

Reviewing Resumes Brief account s of candidates previous careers

The objective here is to review them as quickly as possible. Each applicant must be fairly assessed recording to the same standard. Select those qualified for interviews and give reasons why some of them were not given considerations: Four steps are to be considered here:

- Developing a resume-screening form
- Reviewing and ranking resumes
- Making use of application forms
- Evaluating resumes and selecting those to pursue.

Before looking through resumes, one needs to have a fairly clear idea about what one is looking for in a candidate. These are facts that relate to the candidate's potentials to succeed in the particular position.

At this juncture, it is necessary to review to the job description to help pick up the essential criteria for the job. This leads to the preparation of a RESUME SCREENING FORM in view of using it for all resumes.

If one requires to have at least a BA degree, one should not be looking at those applicants without a B.A. degree. The clearer one is about what he/she is looking for, the less time he/she spends at screening.

5.16 THE PURPOSE OF THE INTERVIEW

Despite that only few people have some notion on the purposes of an interview, there are many agents (individuals or committee members) who lose sight of why they are interviewing candidates.

Good interviewers recognize that the goal is to select a candidate who will make superior contribution to the success of the organization. Even among the knowledgeable, some are better at extracting more valuable information than others.

Following are some purposes that must be kept in mind during an interview.

- To decide whether the candidate will be competent and have the potential to excel in the job.
- To assess whether the candidate is interested in the job and the organization and is motivated to excel.

To reconcile the resume with the real person:

- to decide whether the candidate will fit with the organization's motto, culture and work environment and will stay with what at least the organization expects.
- to extract information not clear in or even obtained from the resume (e.g. , career plans or salary expectations)
- to provide information to the candidate about the organization.
- to gain a feeling about what the applicant would like to work with.
- to uncover more in-depth information about the applicant (e.g., like personal) qualities and characteristics.
- to give the applicant more information about the job, the business (objectives) of the organization and what it expects from the individual.

5.17 TYPES OF INTERVIEWS

There are different types:

- series
- pyramid
- panel/groups
- presentation

Series is most common here, each candidate is first screened and is then interviewed by one or more members of the organization. Those who participate in the interviewing process need to decide the merits of each candidate.

Pyramid involves junior-level members of the staff to conduct the initial screening. Next, successful candidates will be interviewed by more senior level person(s).

If the pyramid approach is chosen, it is important that individuals involved in the interview are given prior training. This method is useful for higher-level positions.

Panel/group is a method where a group of people meet the candidate at one interview. In this approach, each participant is expected to ask prearranged questions. Furthermore, the panel is expected to review each candidate's credentials to review each of the interview and decide as a group on the final candidate. The panel/group method is most popularly used in Ethiopia.

In this approach again, it is a good way to ensure that the interview keeps on track and all key job components are reflected in the questions.

This type of interview gives an example of how well some one does under pressure.

Presentation is a type of an interview where candidates are asked to come in to present a particular topic to a group. The topic might be selected either by the candidate or a member of the committee for the interview. This position is effective in selecting people for training or sales posts where an individual is required to demonstrate presentation skills.

Whatever method is chosen, it is important that the interview works well for the organization.

Having decided on the type of the interview one schedules the interviews according to the applicants' and participants' schedules.

5.18 PREPARING FOR THE INTERVIEW

Before the candidate comes in:

- Decide on the type of interview and its ultimate purpose.
- Decide who will be interviewed in the interviewing process.
- develop a time frame and interview format
- Arrange a location which is private, quiet and comfortable where there is no interruption.
- Review the job description and other information (e.g. resume, letters of recommendation).
- Note any gaps and discrepancies in the information given by the candidate.
- Write out specific questions intended to be raised (asked) and set priority questions.
- Do not expose confidential questions or information on the desk.

5.18.1 “Warming-up” the interview: - As the candidate enters the interviewing room, he/she may not be at ease. It is essential that he/she put at ease before starting to answer questions.

Following are some “Warming up” approaches.

- Greet with shake hands/or smiles. If and when possible, offer candidate with some drinks
- Begin the interview with some “easy to go” talks (e.g. “sorry for keeping you waiting, for coming later,...) stay away from any discussions vis-à-vis personal lives of interviewees.
- Explain the purpose of the interview;
 - the format of the interview
 - how long it will take
- Explain to the candidate that notes will be taken during the interview
- Keep the “Warming up” period relatively short
- Then, one can ask questions.

5.18.2 Providing an overview of the job

After a “Warming up”, the interviewer may start to describe the job in brief. The position may be mentioned in general terms.

Having given an overview of the job, one may begin with specific questions.

It helps to write out these questions before hand, to keep oneself on track and to ensure that priority questions are asked. It helps to be objective in one’s evaluation if same questions are asked.

Each question should have a specific purpose and so the interviewee should know why these questions are asked i.e., what the interviewer tries to know about candidate(s).

5.18.3 Closing the Interview

Whether the candidate is or is not suitable, it is ethical and professional to:

- ask candidate if he/she has any questions or if he/she has to ask questions.
- ask candidate if there is any thing else he/she might add that was not covered.
- tell privilege that might be by joining the organization (e.g., benefits, overtime pay, annual leave.
- in a way of telling the candidate that he/she has been listened, tell him/her summary of the interview. If interviewers are comfortable, it is also proper to indicate the concerns of the organization.
- tell candidate what will be done next (i.e., when and how he/she will be contacted.
- End the interview on friendly but formal way.

5.19 IMPORTANCE OF INTERVIEW QUESTIONS

Note – “It’s not what you ask but how you ask it. (i.e., questions one asks in an interview are as important as show one asks them.

5.20 TYPES OF QUESTIONS

Close-ended questions are those that require the applicant to answer either yes or no. They control or limit a candidate's response. These are only used for confirming basic information in a speedy manner (or just to pin the candidate down on a point)

Open-ended questions allow a candidate to openly answer or explain his or her thoughts or feelings.

Such questions might be used at the beginning of an interview because they enable candidates to focus on their particular interests without intimidation. These do also allow candidates to disclose to the interviewers which they want the interviewee to know. Such question starts with words like:

- "Please explain"
- "Describe"
- "Tell me about"
- "How do you feel about"
- etc.

Situational questions (further actions) - (Hypothetical question) ask candidates to imagine themselves in a situation and describe what they might do. They are effective in uncovering the way applicants think:

- the factors they would likely consider and
- how quickly they can come to a reasoned solution

Such questions are best used when trying to assess a candidate's ability to deal with something that is likely to happen in a job.

Behavioral questions (Past Actions) are those that ask candidates to use past experiences to demonstrate a particular skill, attitude or approach. These questions are often difficult as they rely on their memory. Yet, they

are good tools at finding out how a candidate might act also to provide evidence about his/her actions in reflecting a particular attitude.

Note: - Planning for a new employee ought to be tied up with the overall planning of the organization.

As one needs to expand or diversify, one ought to predict the assistance one will need to meet the objectives of the organization.

Here are some opportunities in determining the objectives and need of any organization.

- identify pressures and then opportunities
- clarify strategies and directions
- set (specify) areas (aspects) of the organization that need help.

5.21 IDENTIFICATION OF PRESSURES AND OPPORTUNITIES

There are many pressures which all business owners (especially those owners of small businesses) face. There are also opportunities for them to expand their enterprises. Identifying a reason for growth is a good justification to move forward. Every organization must continually be aware of and deal with, pressures from inside and outside the organization. Beginning and small organizations in particular should be aware of threats that pressure them and of opportunities that might enable them to grow.

Following are more possible opportunities (both from inside and outside) that might necessitate the hiring of new staff.

- Competition - As the organization feels the pressure to expand it needs to employ more new workers to remain competitive in the particular business.

- Increases in customer demand. A more and greater demand for more and better services by customers may necessitate more personnel that may help produce or deliver more and better services.
- Workforce changes – some of the existing staff may resign, they may take leave of absences, change in their employment status or they may even get sick, or they may be found incompetent and get termination.
- Setting an appropriate salary – after the job description is finalized, it is appropriate to establish a salary for the post. At this stage, a general range is adopted to help one determine:
 - where to look for candidates
 - what one needs to budget and
 - whether potential candidates are within the range

To gather data for establishing a general salary range, it is essential to attend to the following:

- Complete a job evaluation – There are different approaches to job evaluation: evaluating jobs against certain factors to come up with a salary range, a single ranking system, etc.
- Look at other internal positions i.e., if there are workers within the organization that have similar pay scales to weigh their skills and knowledge of each one of them and to rank the new position on their scale accordingly.
- Look to the external market to see at similar position in other organizations.

Thus, after the current workforce is reviewed, the skills and knowledge gap is identified, job description is written down and the salary range is decided.

Note that the most obvious costs related to hiring a new employee are the cost of salary and benefits. Benefits may be (such fringe benefits as):

- insurance/health...

- pension or organizations share in provident funds, ...
- housing
- transportation
- income tax coverage

5.22 STEPS TO BE CONSIDERED DURING HIRING

Deciding to hire requires an analysis of such factors as: - costs, benefits, and the Ethiopian labor law in particular and implications and the risks that are associated with them.

There are also factors that are considered during hiring:

- whether there is sufficient working space
- whether there is sufficient work to occupy the candidate
- whether, there are facilities - including time to properly orient and/or train the new employee.

A primary consideration is, of course, the fact that whether the new employee's salary is less than the additional (revenue) income he/she may generate in cash or kind.

5.23 THE COST OF HIRING

In calculating the (full) cost of hiring an employee: the labor costs of salary and benefits (if any) the recruiting costs like advertising and the resources to be spent in orienting and training the new comer must be considered.

5.23.1 Work Place Requirements: It is also important to note that office employees in the most part need to have fair and attractive working area like.

- common or individual room
- desk, chairs, shelters, rug, board, telephone, key to enter the building or the office, stapler, pencil sharpener, stationeries, etc.

Depending on the position and the type of work, some individuals may require vehicles to get them to and from work sites.

5.23.2 Orientation and Training

These costs include:

- specialists to train
- the time of the employee spent on orientation and training
- other costs on orientation and training (like transportation, per diem, training fee (in cash or in kind), etc.

When evaluating the indirect costs of new employees, the following are among areas of consideration.

- on the objectives and strategy of the firm
- developing and briefing the job description
- referring and checking on references
- following up on the new comer's progress, etc.

5.24 THE BENEFITS OF HIRING

Despite the costs, the employment of an additional staff may be to value of the organization. Some potential benefits include:

- improved morale of other employees if a departing employee was a problem or former employees were over-worked before
- improved morale of existing staff if the inclusion of the new member means an opportunity for them to learn new concepts,...
- improved productivity in situations where an outgoing member was not productive
- increased income (profit) because the new comer's more and better contributions
- increased client satisfaction.

5.25 SUMMARY

Recruitment is the process of identifying the sources of potential candidates and both inform such candidates to apply and/or to motivate them to apply. There are many sources in which to look for candidates: internal/external, training institutions, employing agencies, and/or advertisement over the media, etc.

Having potential candidates to apply follows the process of selection, which if followed properly does not only reduce cost of replacement and training but also results in getting the best to employ. The selection process does also consider the provision of information about the organization in general and the particular place of work of the selected individuals. Carefully and intelligently approached selection process will include completion of application form, viably set interview, health examination, approval by duly authorized manager and finally employment.

5.26 CHECK YOUR PROGRESS

Choose the correct answer from column B and insert the letter of your correct choice in the space provided under column A.

Column A	Column B
_____ 1. Recruitment enhanced	A. loyalty and integrity of staff will be
_____ 2. Advantages of internal recruitment policy	B. to match an applicant to job
_____ 3. The ultimate goal of recruitment attract needed candidate	C. drawn from general personnel candidates
_____ 4. Before a candidate comes in for an interview	D. a set of activities used to
	E. warming-up the interview
	F. describe the job in brief

_____ 5. Greet the candidate with shake G. used for higher level positions

hands or smiles H. one needs to decide on the type of interview

_____ 6. Used to consider cost of hiring and its purpose
a new employee I. consider whether there is sufficient working

space
J. the objectives and strategy of the firm

K. increased client satisfaction

5.27 ANSWERS TO CHECK YOUR PROGRESS

- | | |
|------|------|
| 1. D | 4. H |
| 2. A | 5. E |
| 3. B | 6. J |

UNIT 6: TRAINING AND CAREER DEVELOPMENT

Content

- 6.0 Aims and Objectives
- 6.1 Introduction
- 6.2 Training
- 6.3 Training and Development
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- 6.5 Deciding on Training Needs
- 6.6 Career and Career Development
- 6.7 How to Improve an Individual Career?
- 6.8 Career Transition
- 6.9 Summary
- 6.10 Check Your Progress
- 6.11 Answers to Check Your Progress

6.0 AIMS AND OBJECTIVES

- To define/ to explain the meaning of training
- To pin-point the need of training for development
- To define career and career development
- To show steps in career planning
- To locate approaches in individual's career development.

6.1 INTRODUCTION

Having recruited, selected and placed in their appropriate areas of work, the next stage will be training, retraining and career development through various approaches. To this end, training and career development will have to show concern for both capacity (i.e., the work) and capability (i.e., the worker).

Training involves giving present or new employees the basic knowledge and skills they need to perform their tasks. It is meant to help workers to improve their future job in the organization. If and when there is a reshuffle of personnel, individuals assuming the new post(s) require some kind of training (or orientation).

Changes in the organizational policy, changes in the organizational environment (economic, political, legal or competitors approaches) may require training of personnel.

Two main techniques for determining training requirements are:

- task analysis and
- performance analysis

Task analysis refers to the analysis of a job or jobs.

Performance analysis involves appraising the performance of present employees to see if training is to improve performance.

In this connection, training costs are to be evaluated in light of the contribution of transmitting efficient performance of workers.

Training processes - Note the four steps.

- **Assessment** - to determine performance deficiencies that may be rectified through training.
- **Objectives** -
- **Training** is operation - there are several techniques to this approach:
 - On the job training
 - Job orientation - orientation to the new job
 - Partnerships
 - Classroom training
- **Evaluation** - comparing trainees pre - and post-training performances.

6.2 TRAINING

A learning experience. It attempts to bring about a relatively permanent change in an individual in improving his/her ability for better performance when done properly. Training in this manner is supposed to improve one's skills, knowledge, attitude and/or his/her social behavior.

Following are some needs of training: -

- To increase productivity level of performance. Increases performance results in increased operational productivity and consequently, increased organizational productivity.
- To improve quality - better informed (trained or educated) workers are less likely to make mistakes.
- To prevent obsolescence-trained workers demonstrate adapt to technological changes.
- Personal growth of individuals.

A well trained worker is capable of

- coping with additional productivity of goods and services
- maintaining the validity of his/her work

Thus, since training makes workers more effective/productive it is said to be the corner stone of management. It is supposed to be a problem-solving device.

An organization's top management, the personnel office, low level managers (supervisors and the employees themselves are important elements concerned in an organization training program.

Training ought not be a one shot affair. An effective training program is judged by its contribution to performances.

It is to be noted that P (Performance) is a function of A (Ability), M (Motivation and O (Opportunity to perform). Successful organizations widely use methods of training on the job.

6.3 TRAINING AND DEVELOPMENT

Training is a learning experience. It is likely to produce a relatively permanent change in an individual in view of improving the individual's ability to perform better on the job. Hence, training is to involve change in:

- knowledge
- skills
- attitudes
- and/or social behavior

Training, though easy to see and/or check on its results in the practical or production areas (e.g. swimming, typing, manufacturing etc), it is also necessary that it results in the service giving (e.g. managerial, professional, bankers) areas.

Organizational and/or national development is possible if and when organizations are staffed with competent trained personnel.

Schools both primary and secondary teach broad knowledge and skills to enable people to cope with their environment.

Training organizations provide instruct, enlighten, rear, lead, mould, bring up, nurture or prune for more concrete and productive disciplines.

Training Institutions tend to orient new employees or to train them how to perform in their new posts. They oversee the current performance of those who may not be working as effectively as desired and they mean to prepare workers for future promotion.

In this manner then, training is an organized process through which people learn knowledge and /or skills for a definite goal/mission.

The objective of training is to achieve a change in the behavior of those trained. Such a change of behavior and acquisition of knowledge and

skills implies also that such trained individuals apply their knowledge and skills in a manner that the task they are engaged in is better performed.

Training of this nature is distinguished from (general) education in that it is supposed to be geared/oriented to develop a vocation/profession.

6.4 IMPORTANCE OF TRAINING

Training is a necessary process in all organizations. Training needs and requirements must be determined before the training exercise. The following points need be realized before training is conducted:

- identify and analyze organization goals
- enlist tasks to be accomplished to achieve the identified goals
- pin point the behavior to be engaged by job incumbents to complete the assigned tasks
- see what deficiencies the incumbents have to perform the required tasks.

There are several types of training to be provided to workers of any organization. Among them are those areas which those of you take in HRM.

- Planning
- Marketing
- Leadership
- Human relations
- Motivation
- Communication
- Decision-making
- Team building
- Creativity
- Computer/programming
- etc.

6.5 DECIDING ON TRAINING NEEDS

In all modern and progressive organizations, the human resource in the different units are not only to be trained but also that trained individuals perform better than controlled or sheer experienced ones.

Organizations that plan for training (or further training) their personnel should, therefore, consider the following areas.

- the organization's (or the unit's) goals
- tasks to be completed to achieve the goods
- the necessary behavior of early job holder to complete his/her job.
- short comings or lack of skills, knowledge or attitudes to do the necessary tasks
- in addition, in the production areas of organizations in particular, a drop of productivity or inadequate job performance is a signal of training needs.

Furthermore,

- a high reject rate and/or
- a risk in the number of accidents are indicators of needs of training.
- At times, changes that are imposed on some workers, due to job redesign or because of technological break-through call for more training.

Contrary to what has been said, since training is judged on the basis that PERFORMANCE is a function of:

- Skills / abilities
- Motivation and
- Opportunity to perform, managers need to compare results of performance that is to be obtained by training and also the cost incurred in training.

In other words, inadequate performance may result, not necessarily because of lack of skills and knowledge, but also because of demotivation.

Thus, since training incurs costs:

- Good training should justify costs while improper training adds costs on the firms
- Training that is not of sufficient quality is of no value both to the organization and the trainee.
- Over training is expensive to the organization and boredom to the trainee.

While training in Ethiopia goes, more often than not, without such consideration, it is advised that managers and officials of HRM are alerted that performance oriented training and the change of behavior is of paramount importance.

6.6 CAREER AND CAREER DEVELOPMENT

By definition, a career is a **sequence of jobs** that an individual has held throughout his/her working life.

Some of the significant transitions that may take place in one's working lives and that have major implications for organizations, include:

- taking up new employment
- transfer to another job
- being promoted or demoted
- etc.

Whether or not many employees share these experiences or not, it is essential that those in the managerial posts recognize what they mean to workers and to manage as constructively as possible.

6.6.1 Career Development

There are many relevant reasons for having career development of employees. Among them include:

- **Avoiding obsolescence**

i.e. Acquiring new skills

- rapid changes in technology
- ups and downs in the economy
- changes in consumer demand.

- **Competition for productivity:** production of high quality personnel

Some individuals like to join and stay in organizations that (do) support their desires for further training and improvement.

- **Improved handling of staff:**

More often than not; people are kept in jobs which they have out-grown in which they see no improvement.

- **Retention of personnel** – By initiating career development programs, turn-over of ambitious employees may be reduced.

In practice then, one's career development is the planning of one's career and the implementation of that plan by means of:

- education/training
- job search and acquisition and
- work experiences

Looking at the process more from the organization side, career development is a process of guiding

- the placement
- movement and
- growth of workers through
 - assessment
 - planned training and
 - planned job assignment

Thus career development is the process through which the action plans are implemented. One might engage in classroom training in-house or at universities, or opt for special job or task force assignments or, especially early in the career, job rotation. Lateral moves and promotions are more difficult to use for developmental purposes.

Career development is where individual career plans encounter organizational realities. Sometimes there is congruence, and sometimes not. In the latter case, the individual has three alternatives: to stay on and attempt to show those making the assessments and developmental assignments that they are wrong, to reassess career plans, or to seek opportunities elsewhere. Realizing that the third alternative is sometimes best for the employer as well as the employee, some organizations routinely adopt as part of career development, the possibility of a mutual parting of the ways, greased perhaps by separation pay and outplacement assistance.

Career development is essential to implement career plan. Career development consists of personal improvements undertaken by the individual employee, training, developmental and educational programs provided by the organization and various institutes. The most important aspect of career development is that every employee must accept his/her responsibility for development. Various career development actions such as job performance, exposures, resignations, change of job and career guidance provide useful if an employee is committed to career development.

Career development is essential to be fully integrated with internal staffing activities because it deals with current employees. Internal recruitment locations, job candidates and activities not only choose the best-qualified candidates, but also affect rejected candidates who remain employed. The internal selection process affects their future attitudes,

motivations, and work behaviors in contrast to external selection where rejected applications have little direct effect on organizational outcomes. Thus, in career development, organizations simultaneously consider both the organization's and the individual's goals in making decisions. A number of observers have documented the negative effects that can occur when employees who have been told of their bright prospects and treated to extensive developmental activities are regularly passed over for advancement. This most typically happens when the assessors (e.g., supervisors) are too low in the hierarchy to influence promotion decisions, and no well-placed individual or group is overseeing both processes.

All employees of an organization need some attention to their career development. In addition, there are employees in certain non supervisory positions such as in engineering, accounting, and legal work that perhaps warrant a wider range of developmental opportunities.

Career development for most non supervisory employees may involve only such activities as a standard introduction or orientation, on going coaching, and periodic meetings at which executives explain new challenges and opportunities facing the organization. These aspects of career development can be extremely valuable to the organization because of their desirable influence on performance and their potential for creating loyalty and identification with the organization.

6.6.2 Stages in (Value/Importance of) Career Planning

Career planning is a systematic process by which an individual selects career goals and the path to these goals. From the organization's point of view, career planning means helping the employees to plan their career in terms of their capacities within the context of the organization's requirement. Career planning involves formulating an organizational system of career movement and growth opportunities for employees from

the time of their appointment in the organization to their retirement time. Individual employee who can fill planned future positions will be identified and prepared for taking up these positions. A career plan is a blueprint in which the entire career of employees is mapped out from their entry into the organization to the time of their retirement. From this blueprint, the employees of the organization come to know about the career path they have to follow and the training and development facilities available to them for preparing them for higher positions. Career planning is a managerial technique which requires discovery, development, planned employment and reemployment of talented persons. Career planning is mostly done only for supervisory and managerial positions.

The benefits of career planning are the following:

- the process of career planning helps the individual to have the knowledge of various career opportunities, his/her priorities etc.
- this knowledge helps him/her select the career which is suitable to his/her life styles, preferences, family environment, scope for self-development, etc.
- it helps the organization identify employees who can be promoted.
- internal promotions, up gradation and transfers motivate the employees, boost up their morals and also result in increased job satisfaction.
- increased job satisfaction enhances employee commitment and creates a sense of belongingness and loyalty to the organization.
- employee will await his/her turn of promotion rather than change to another organization. This lowers employee turnover.
- It improves employees performance on the job by tapping their potential abilities and further employee growth.
- It satisfies employee esteem needs.

6.6.3 Steps in career planning

The career planning process generally involves the following steps:

- **Identifying individual needs and aspirations:** The first step involved in the career planning process is to take up an objective analysis of the hopes and aspirations of different categories of employees. It becomes necessary to identify and communicate the career goals, aspirations, paths and opportunities available to each employee because most of the employees are unaware about them. For this purpose, a personal inventory of the organization and employee potential will have to be ascertained. Personal inventory shows the age, qualifications, skills, knowledge, experience, aptitudes, etc. of the present employees. Then appraisal of employees' performance is carried out to find out which employees are having the necessary potential to climb up the ladder and who are willing to be promoted and take up higher responsibilities. Such appraisal reveals three categories of employees:
 - employees who are willing and fit to climb up ladder and to take up their responsibilities.
 - employees who are willing and able to take up higher responsibilities but who need extra training and experience.
 - employees who are able to take up higher responsibilities but who have no interest or desire to take up higher responsibilities.
- **Analyzing Career Opportunities:** The second step is to analyze the organizational setup, future plans and career system of the employees in order to identify the career opportunities available to them within the organization, and to determine the career paths for each job. Then specific jobs are related to different career opportunities, and then long-term and short-term career goals are formulated. At a particular level in the organizations, there may be both, young and energetic, direct recruits and experienced persons who have been promoted to

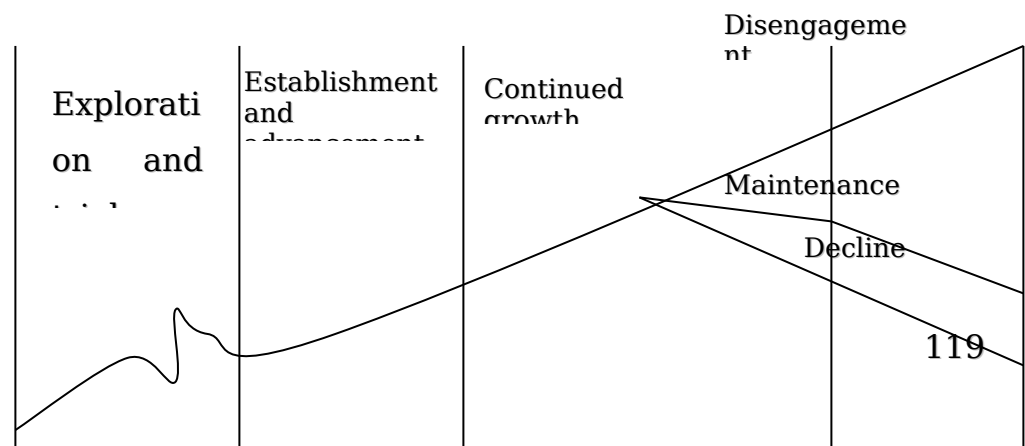
higher jobs. While the young recruits usually aspire for quick promotion because of their better qualifications, training and the old and experienced persons cannot be expected to climb up still higher positions because of their limited qualifications. Therefore, direct recruitment and promotions of the old and experienced employees should be planned in such a way that this policy would ensure a fair and reasonable share to each group. This is known as age-balance in career paths.

- ***Identifying Match and Mismatch:*** The third step is to identify and compare specific areas of match and mismatch for different categories of employees by developing a mechanism to compare and assimilate individual employee's aspirations and organizational career system. For this purpose, specific jobs are related to different career opportunities. This will help in establishing realistic career goals both long term and short term programs.
- ***Formulating and Implementing Career Strategies:*** The fourth step in the career planning process is to formulate alternative strategies covering areas of change and adjustment and prepare and implement action plans including acquiring resources for achieving goals. Some of the strategies are given below:
 - changing the career system by creating new career paths and by providing opportunities for moving upwards.
 - changing employees' needs and aspirations by helping them to give up their unrealistic goals and aspirations and by creating new goals and aspirations in them.
 - selecting a new basis of integration through negotiations, compromises, etc.
 - formulating and implementing training and development plans to meet the needs of the individual employees and the organization.
- ***Periodic Review of Career Plans:*** The final step in the career planning process is to undertake periodical review of the career

development plans for the purpose of finding out whether the development plans are contributing to effective utilization of finding out of manpower by catching employee-objectives to job-needs. Such a review will indicate in which direction the organization is moving, what changes are likely to take place and what skills are required to adapt to the changing requirements of the organization.

6.6.4 Career Stages

As individuals accumulate work experience, their maturation can be considered within a biological model of growth and decay. Career stage models relate maturation stages to the needs of the employee. For example, a person in an early career stage may be less concerned with pension and voting rights, and more concerned with upward mobility than a person in a later career stage.



Stages/ Issues	Emerging	Developin g	Maturing	Declinin g
Central activity	- Helping - Learning - Following	-Being one's own person	-Trainer and developer -Resource allocator -Shaping	Withdraw al
Relationships	Apprentice	Independen t	organization direction	Function ary
Issues	Dependenc e	contributor Colleague	Mentor/Sponsor	advisory
		Independen ce	Assume responsibility for others Exercising power	Diminish ed power/ role importan ce

Figure 6. Career Stages

6.6.5 Exploration

The young adult in the exploration stage is trying to fit into the world of work. Exploration activities include trying to clarify and identify one's interests and skills, building those skills through education or training programs, dealing with constraints such as finances and parental pressure, and making initial decisions on jobs and organizations of interests. Exploration is influenced by school, family, and friends. Jobs (and roles) may be tried and rejected, false starts may occur; but throughout all these "searching" activities, and young adult is gaining knowledge and developing a self image in terms of possible career goals

and directions. Then the young adult seeks permanent employment that uses skills and meets personal needs. This leads to the second stage, establishment.

6.6.6 Establishment

The establishment stage includes successful negotiation through the recruiting process, acceptance of a job, and orientation into the chosen organization. During this early socialization into an organization, an individual develops a sense of the likely future within that organization.

Following socialization is a process of “mutual acceptance.” The individual, coworkers, and supervisors must all learn the capabilities and constraints of the others. Open exchanges of information and feedback on performance and necessary for this acceptance to occur. Such feedback provides opportunities to demonstrate capabilities on both sides. In addition to fostering mutual acceptance, an individual in the establishment sets establishes a balance between responding to directives and initiating activities.

6.6.7 Maintenance

Here, the individual has become an important member of the organization; work assignments are of a more vital nature. The organization draws on the individual’s accumulated wisdom and perspective. This person is expected to serve as role model and mentor for younger employees.

The maintenance stage may also be a time of midcareer crisis, which can be stimulated by these events outside the work life:

- Family changes – children leaving home, divorce, illness, or death of parents.

- Changed financial obligation, which resulting ability to consider options (for example, self-employment) that were previously unrealistic because of their financial risk.
- Recognition of limits, including morality, which may spur a reassessment of one's accomplishments and a change in goals.

Many people in midcareer, with varying degrees of apprehension and success, cycle back to the exploration stage, and make major changes in their lives at this time.

6.6.8 Decline

Some writers characterize a year of a career as a time of decline. Preparation for retirement may involve a psychological withdrawal from the organization long before physical separation occurs. A reduced role with less responsibility may be assigned: personal work relationships may be adjusted according to their value to the individual and the amount of effort the individual is working.

Sociologists and psychologists may make narrower distinctions to add more stages, or integrate life and career stages; some emphasize the critical nature of the transition from one stage to the next. Others postulate a "career lock," which affects the speed movement among stages. Still another postulates a concept of "career unrest," which may stem from life unrest, career self-unrest (dissatisfaction with one's personal effectiveness in one's chosen career), career content unrest (dissatisfaction with the work environment).

6.6.9 Effective Career Development

The following measures will have to be taken to make career development effective and successful.

- **Management co-operation:** Co-operation and full support of the top management is quite essential if career development is to be effective. The top management must encourage executives to develop

themselves to be fit for promotion to higher positions and provide all facilities to them for this purpose.

- ***Large and growing organization:*** Career development is feasible only if the organization is large enough and growing continuously, because only such organizations can provide ample opportunities for vertical movement of the workers.
- ***Clear goals:*** The organization must have clear corporate goals for a sufficiently long period. On the basis of such plans, it has to determine what changes it has to effect in its activities, technology, materials, procedures, labor policy, manpower planning, etc. Otherwise, the organization cannot develop its human resources.
- ***Right selection:*** If career development is to be effective, the organization must select right persons for right jobs and encourage these persons to develop themselves for higher positions.
- ***Balanced age:*** If career development is to be effective, there should be proper age-balance in career paths, and harmony between the growth requirements of the organization and aspirations of executives.
- ***Efficient and hardworking executives:*** Career development will be effective if the employees are willing to make use of the available opportunities and resources. For this purpose, they must be efficient and hardworking and they must also be motivated to learn, put in best efforts and strive for future development.
- ***Career stress management program:*** Stress at work is harmful to both the organization and its employees. Such stress arises because of blockage of career or lack of control over career. However such stress can be moved by the organization through career stress management programs and also through career guidance and career counseling.
- ***Internal publicity:*** Career development should be given wide-publicity within the organization if it is to be effective. Through such internal policy, the employees of the organization will come to know their career paths to be followed by them, training and development

programs which they have to attend for their career growth and development and prepare themselves fit for promotion.

- **Ongoing Process:** Career development should be an ongoing process if it is to be effective. In other words, it should be carried out on a continuous basis by the management so as to convince the employees that it has been taking care of the changing needs of both the individual employees and the organization.

6.7 HOW TO IMPROVE AN INDIVIDUAL CAREER?

Individual career development focuses on assisting individuals to identify their major goals and to determine what they need to do to achieve these goals. While organizational career development looks at individuals filling the needs of the organization, individual career development addresses each individual's personal work career and other lifestyle issues. For instance, an excellent employee, when assisted in better understanding his or her needs and aspirations through interest inventories, life planning analysis, and counseling, may even decide to leave the organization if it becomes apparent that career aspirations can be best achieved outside the employing organization. Employee expectations today are different from employee expectations a generation ago.

Career development looks at the long-term career effectiveness and success of organizational personnel. By contrast, the kind of development (i.e., employee training and development and individual career management) focused on work effectiveness or performance in the immediate time frame. These two concepts are closely linked; employee training and development should be compatible with an individual's career development in the organization. But a successful career program, in attempting to match individual abilities and aspirations with needs of the organization, should develop people for the long-term needs of the

organization and address the dynamic changes that will take place over time.

Employees desire to advance, develop and grow in their careers.

Most of the people develop in their early life and idea or a mental image of what career they would like to pursue. A person with teaching potential may join a college not for the job but for a career. In case the organization does not meet the desires and aspirations of its employees, it cannot make optimum use of its human resources. But organizations generally have their needs and constraints which come in their way to meet the innate aspirations, expectations of the employees and the inability of the organization to meet these expectations and desires. If this conflict is not solved properly, the organization cannot achieve higher levels of efficiency and effective functioning. This conflict can be solved by using a technique known as individual career plan.

Organizations offer assistance in the form of planning guides or workbooks, interactive computer programs, conferences with supervisors or trained P/HR professionals, and career-planning seminars.

A typical individual career-planning process usually involves four major steps.

- A self-assessment of one's values, long-term concerns, interests, strengths, and weaknesses. Also included may be ratings of one's current performance and longer-term career potentials as assessed by the organizations.
- Information gathering about career opportunities both inside the organization and out (available from family members, friends, business associates, and written sources).

- Establishing career goals, at least for the foreseeable future. It is at this point that one must genuinely face the facts generated in the preceding steps.
- Developing action plans to achieve career goals within established timeframes.

In general, to be effective, an employee can identify what skills are needed in the future. Therefore, employees can take responsibility for and plan their own career development.

6.8 CAREER TRANSITION

Effective management of a career transition is important both to the individuals involved and to the organization. How internal staffing changes and employee separations are planned and managed has significant consequences for organizational effectiveness, employee morale and development. Group orientation methods and attention to individual needs and concerns show promise of reducing turnover and enhancing performance.

A strong trend since the mid - 1980s has been called restructuring, downsizing, or more euphemistically, rightsizing. Organizations are cutting their labor costs by reducing the size of their permanent full-time staff. These cuts have affected middle managers as well as blue-collar workers. Organizations have abolished entire levels of management to become “flatter,” quicker to respond, and closer to the customer. To meet varying labor needs, the new right sized firms hire temporary workers or contract out work to smaller firms and consultants. There has also been a substantial rise in part-time employment, both because part-timers are less expensive and receiver fewer fringe benefits and because they provide greater flexibility in scheduling employees for peak demand periods.

Organizations are trying to maintain the motivation and creativity of career plateau employees by developing alternatives to the traditional hierarchical career path. Some temporary employees enter the organization, then leave fairly soon, representing employees who move from organization to organization. Others follow a spiral career path involving a number of lateral moves between functional areas. This combines broadening experience and the continuous challenge of new tasks with slower hierarchical progress. Professional career ladders, which reward growing expertise in a single technical specialty without the need to move into management, are also becoming more common.

Organizational pay and job structures are changing to accommodate these new forms of career movement. Broad banding is the increasingly common practice of combining many previously discrete job titles, ranks, and pay grades into much wider categories. This system encourages lateral job movement by de-emphasizing progress through a myriad of job grades and by rewarding both performance excellence and in-brand job changes.

Spiral or cross-organizational career paths may offer another attraction to today's employees: the possibility of staying in one location much longer. With increasing number of dual career couples, individuals may prefer to remain in the same community for a longer period, moving between different types of jobs within the same establishment or moving within the same specialty across local employers.

6.9 SUMMARY

The whole purpose of training and retraining is to enable the trainee to apply the theories, principles, techniques, etc to the place of work. Training in this manner, calls for a permanent change in the individuals in order for them to be able more and better than in the situation before.

Good learning programs in the work environment evaluates the goal of the organization. Effective carrier development, for a sequence of positions develops necessary talent and helps improve the ability of the organization to retain high quality personnel.

6.10 CHECK YOUR PROGRESS

Choose the right answer from the following and insert the letter of your answer in the space provided.

- _____ 1. Training is:
- A. an assessment of individual's ability
 - B. a learning experience
 - C. supposed to improve one's ability
 - D. A and b
 - E. B and C
- _____ 2. Training institutions/organizations
- A. Lead
 - B. Mould
 - C. Rear
 - D. nurture
 - E. attempt to do all
- _____ 3. Among the many types of training areas are:
- A. motivation
 - B. human relations
 - C. leadership
 - D. all
 - E. only B and C
- _____ 4. Among several reasons for having career development are:
- A. avoiding obsolescence
 - B. capacity but not capability building
 - C. turnover of personnel
 - D. only a and b
 - E. only b and c
- _____ 5. Career planning:
- A. goes before career development
 - B. tries to avoid a blue print of one's career

C. is a process by which an individual may select career goals and their path

D. all of the above

E. none of the above

_____ 6. Steps in career opportunities:

A. may include analyzing career opportunities

B. do entertain recruitment

C. consider low level workers more

D. all of the above

E. none of the above

_____ 7. Formulating and implementing career strategies:

A. is the final stage in career planning

B. entertains changing the career system by creating new career paths

C. means considering workers' performance

D. indicates in which direction the organization will move

E. none of the above

_____ 8. Career stages:

A. argue for retention of personnel

B. are related to one's work experience

C. consider only decay and not upward move

D. mean management cooperation

E. all of the above

6.11 ANSWERS TO CHECK YOUR PROGRESS

1. E

5. C

2. E

6. A

3. D

7. B

4. D

8. B

UNIT 7: PERFORMANCE APPRAISAL

Content

- 7.0 Aims and Objectives
- 7.1 Introduction
- 7.2 Definition and Explanation
- 7.3 Basic Assumptions
- 7.4 Importance of Performance Appraisal
- 7.5 Performance Appraisal Systems
- 7.6 Functions of Performance Appraisal
- 7.7 The Performance Appraisal Process
- 7.8 Problems in Performance
- 7.9 Performance Appraisal Methods
- 7.10 Summary
- 7.11 Check Your Progress
- 7.12 Answers to Check Your Progress

7.0 AIMS AND OBJECTIVES

- To define and explain the concept of “performance appraisal”
- To indicate relationships and differences between views of individual employees and those of management
- To raise issues or problems to which managers take care.
- To propose approaches to successful performance appraisal

7.1 INTRODUCTION

The individuals so trained are supposedly to be evaluated to judge their caliber. This approach will help the organization and its management to consider further training, to decide for promotion or demotion or even dismissal.

Appraising the performance of individual workers, that of the organizations and/or some units of such organizations is formally or informally practiced in our daily practice.

Despite that performance appraisal is done in a haphazard and often unsystematic manner, in the formal programs of organizations, both human resources and the organizations they inhabit are normally evaluated in a planned and systematic way.

7.2 DEFINITION AND EXPLANATION

By definition, performance appraisal is a method of evaluating the behavior of workers of both quantitative and qualitative nature.

Thus, performance is meant the degree of accomplishment of tasks that make up an organization's mission or the tasks of individuals there.

To this end, performance is said to be measured in connection to the results.

In performance appraisal, one is not supposed to evaluate only the performance of the evaluatee but also his/her potential to contribute.

Performance appraisal may also be defined as a structured formal interaction between a subordinate and a supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development.

In many organizations – but not all- appraisal results are used, either directly or indirectly, to help determine reward outcomes. That is, the appraisal results are used to identify the better performing employees who should get the majority of available merit pay increases, bonuses, and promotions.

By the same token, appraisal results are used to identify the poorer performers who may require some form of counseling, or in extreme cases, demotion, dismissal or decreases in pay. Organizations need to be aware of laws in the country that might restrict their capacity to dismisses employees or decrease pay.

At the other extreme, there are many strong advocates of performance appraisal. Some view it as potentially "... the most crucial aspect of organizational life"

Between these two extremes lie various schools of belief. While all endorse the use of performance appraisal, there are many different opinions on how and when to apply it.

There are those, for instance, who believe that performance appraisal has many important employee development uses, but scorn any attempt to link the process to reward outcomes-such as pay raises and promotions.

This group believes that the linkage to reward outcomes reduces or eliminates the developmental value of appraisals. Rather than an opportunity for constructive review and encouragement, the reward-linked process is perceived as judgmental or punitive.

For example, how many people would gladly admit their work problems if, at the same time, they knew that their next pay raise or a much-wanted promotion was riding on an appraisal result? Very likely, in that situation, many people would deny or downplay their weaknesses.

Nor is the desire to distort or deny the truth confined to the person being appraised. Many appraisers feel uncomfortable with the combined role of judge and executioner.

Such reluctance is not difficult to understand. Appraisers often know their appraisees well, and are typically in a direct subordinate-superior relationship. They work together on a daily basis and may, at times, mix

socially. Suggesting that a subordinate needs to brush up on certain work skills is one thing; giving an appraisal result that has the direct effect of negating a promotion is another.

The result can be resentment and serious morale damage, leading to workplace disruption, soured relationships and productivity declines.

On the other hand, there is a strong rival argument which claims that performance appraisal must unequivocally be linked to reward outcomes.

The advocates of this approach say that organizations must have a process by which rewards are not an unlimited resource- may be openly and fairly distributed to those most deserving on the basis of merit, effort and results.

There is a critical need for remunerative justice in organizations. Performance appraisal-whatever its practical flaws-is the only process available to help achieve fair, decent and consistent reward outcomes.

It has also been claimed that appraisees themselves are inclined to believe that appraisal results should be linked directly to reward outcomes - and are suspicious and disappointed when told this is not the case. Rather than feeling relieved, appraisees may suspect that they are not being told the whole truth, or that the appraisal process is a sham and waste of time.

Appraisees seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards such findings that are a serious challenge to those who feel that appraisal results and reward outcomes must be strictly isolated from each other.

There is also a group who argues that the evaluation of employees for reward purposes, and frank communication with them about their performance, are part of the basic responsibilities of management. The

practice of not discussing reward issues while appraising performance is, say critics, based on inconsistent and muddled ideas of motivation.

In many organizations, this inconsistency is aggravated by the practice of having separate wage and salary reviews, in which merit raises and bonuses are decided arbitrarily, and often secretly, by supervisors and managers.

7.3 BASIC ASSUMPTIONS

Effective performance appraisal systems contain two basic assumptions operating in conjunction: an *evaluation system* and a *feedback system*.

The main aim of the evaluation system is to identify the performance gap (if any). This gap is the shortfall that occurs when performance does not meet the standard set by the organization as acceptable.

The main aim of the feedback system is to inform the employee about the quality of his or her performance. However, the information flow is not exclusively one way. The appraiser also receives feedback from the employee about job problems, etc.

One of the best ways to appreciate the purposes of performance appraisal is to look at it from the different viewpoints of the main stakeholders: the employee and the organization.

7.3.1 Employee viewpoint

From the employee viewpoint, the purpose of performance appraisal is in principle, four-fold:

- Tell me what you want me to do
- Tell me how well I have done it
- Help me improve my performance
- Reward me for doing well

7.3.2 Organizational viewpoint

From the organization's viewpoint, one of the most important reasons for having a system of performance appraisal is to establish and uphold the principle of accountability.

For decades it has been known to researchers that of the chief causes of organizational failure is "non-alignment of responsibility and accountability." None-alignment occurs where employees are given responsibilities and duties, but are not held accountable for the way in which those responsibilities and duties are performed. What typically happens is that several individuals or work units appear to have overlapping roles.

The overlap allows each individual or business unit to "pass the buck" to the others. Ultimately, in the severely non-aligned system, no one is accountable for anything. In this event, the principle of accountability breaks down completely. Organizational failure is the only possible custom.

In cases where the non-alignment is not so severe, the organization may continue to function. Like a poorly made or badly turned engine, the non-aligned organization may run, but it will be sluggish, costly and unreliable. One of the principal aims of performance appraisal is to make people accountable. The objective is the aligned responsibility and accountability at every organizational level.

7.4 IMPORTANCE OF PERFORMANCE APPRAISAL

Following are some needs of:

- provide information about the performance ranks for fixing/raise salary, promotion ...
- feedback information about the level of success and attitudes of an employee
- information to help counsel the worker, etc.

7.5 PERFORMANCE APPRAISAL SYSTEMS

There are many kinds of appraisal systems in measuring the excellence of the performance of subordinates. While there is not one particular system considered as “ideal”, many of the same systems used in measuring the value (worth) of the job may be used for measuring the worth of an individual on the job.

There are several performance appraisal systems. Among them are:

- ranking
- grading
- check lists

7.6 FUNCTIONS OF PERFORMANCE APPRAISAL

There are several purposes divided into four major categories for which formal performance appraisals can be used; these multiple uses are described below. Developmental uses of appraisal focus on improving employees future performance and career advancement, whereas administrative uses include decision making about merit raises and promotions. Appraisal information is also used to contribute to organizational well-being and for documentation each of which applications of performance appraisal information is explored in this section. Performance Appraisal is then the periodic evaluation of an employee’s job performance measured against the job’s stated or presumed requirements.

7.7 THE PERFORMANCE APPRAISAL PROCESS

Performance appraisal is the process by which an employee’s contribution to the organization during a specified period of time is assessed. Performance feedback then lets employees know how well they have performed in comparison with the standards of the organization.

Performance appraisal and feedback can be an emotionally laden process that dramatically affects employees' attitude toward the organization and themselves. If used effectively, performance appraisal can improve employee motivation and performance. If used inappropriately, the appraisal process can have disastrous effects.

7.8 PROBLEMS IN PERFORMANCE

- **Halo effect:** It can result in an evaluator assigning the same rating to each factor being evaluated for an employee based on the overall impression of the employee.
- **Standards of evaluation:** This also relates to communication difficulties based on perceptual differences in the meanings of evaluative words such as excellent, above average, and poor. An A to one teacher is a B or C to another. There is also a tendency to rate people higher if negative evaluations must be explained to employees.
- **Central tendency:** This is the tendency of evaluators to rate all personnel within a very narrow and tending to the middle range regardless of their actual performance.
- **Present behavior bias:** Timing is a critical factor in performance evaluation. Evaluators tend to forget more about past behavior than current output; thus, many people are evaluated more on performance in the last several weeks than on an entire year or six months.
- **Personal biases:** Numerous studies indicate that the personal biases of evaluators substantially influence their employee evaluations. Sexual, religious, and other biases result in unfair considerations for promotions and pay.

7.9 PERFORMANCE APPRAISAL METHODS

- **Graphic Rating Scales (GRS):** GRS appraisals are among the easiest evaluation instruments to construct, and they are relatively economical to administer. Typically, the rater checks off a block or somehow marks the rating of an employee on a particular dimension say, "adaptability." The rater's choices may be numbers such as 1 through 5 or other qualifiers such as "outstanding," "above average", "good", "needs improvement", and "poor".
- **Forced choice ratings:** This technique focuses on past performance. Using this method, the evaluator must select the statement most descriptive of the employee from among several. The statements are designed to identify the most effective employee. The statements for each category are summed and developed into an effectiveness index.
- **Ranking:** Ranking is a comparative rating technique. Rather than appraising the subordinate against an absolute standard with "outstanding", "good", and "below average", ranking requires the rater to compare one employee with others in several variations of technique. It is a relatively simple appraisal tool to use, although its validity is questioned.
- **Written Review:** Written reviews take two forms. Essays are free-style written statements by the evaluator much like a letter of recommendation, although areas of achievement and those that need improvement should be discussed. A critical incidents form is a variation of the essay in which the evaluator is required to record brief statements of effective and ineffective performance and behavior as observed of subordinates throughout the evaluation period.
- **Management by Objectives** is one of the most popular appraisal techniques. The central focus is on the accomplishment of individual goals, which are first established at the beginning of the appraisal period and then evaluated at its end.

Behaviorally Anchored Rating Scales (BARS) is a relatively new evaluation technique in which the manager constructs sets of behavioral statements depicting good and bad performance, such as interpersonal relationships, planning and organizing, adaptability, and reliability. Usually BARS is developed from critical incidents statements solicited from both supervisors and the employee who actually perform the job.

The Ultimate Purpose of performance appraisal is to maximize organizational output, but it also is a means of:

- motivating managers and subordinates by clarifying expectations and improving communications and mutual understanding of organizational problems;
- providing a basis for salary increases, bonuses, promotion, and extrinsic or intrinsic rewards (or punishment); and
- coaching and developing employees based on their strengths, weaknesses, and needs.

The validity of performance appraisal is the extent to which appraisal procedures measure real differences in performance. Logic suggests that the more the supervisor uses data on actual performance, the more valid the ratings become. Thus, the most valid rating are those in which actual performance corresponds to rated performance.

7.10 SUMMARY

Performance appraisal, the effective and efficient method of assessing the practical and the potential capability of workers, tries to measure not only the effort but also the outcome of the work of individuals.

There are different approaches to the appraisals of individuals practiced by organizations: ranking, grading and check lists. There are also problems in measuring the performance of individuals by managers: the halo effect, central tendency, behavior bias, etc.

7.11 CHECK YOUR PROGRESS

Answer the following as briefly and concisely as possible.

1. Performance appraisal is defined as
.....
.....
2. "Performance appraisal must be linked to reward outcomes". Briefly explain what you understand by this statement.
.....
.....
3. What is the relationship and the difference between organizations views and employees' view points on the concept of performance appraisal?
.....
.....
4. Why performance appraisal in organizations?
.....
.....
5. List any three practical problems in performance appraisal which managers face and briefly explain one of them.
.....
.....
6. There are many different methods of performance appraisal. Which one is more practical for Ethiopia? Why?
.....
.....

7.12 ANSWERS TO CHECK YOUR PROGRESS

1. Refer to section 7.2
2. Refer to section 7.2
3. Refer to section 7.3.1 to 7.3.1
4. Refer to section 7.4
5. Refer to section 7.8
6. Refer to section 7.9

UNIT 8: MOTIVATION

Content

- 8.0 Aims and Objectives
- 8.1 Introduction
- 8.2 Concept and Definition
- 8.3 Principles Governing Motivation
- 8.4 Attempt to Understand People at Work
- 8.5 Motivation at Work
- 8.6 The Organization and Motivation of Group Tasks
- 8.7 Competition as a Motivator
- 8.8 Incentives as External Motivators
- 8.9 Pay as a Motivator
- 8.10 Summary
- 8.11 Check Your Progress
- 8.12 Answers to Check Your Progress

8.0 AIMS AND OBJECTIVES

- To demonstrate:
 - the concepts and definition of motivation
 - the state of affairs which one, as a manager, applies to motivate subordinates
- To raise some important concepts and theories of the term motivation
- To prescribe the impact of one's motivation on one's work performance
- To distinguish the internal and external factors of motivation.

8.1 INTRODUCTION

Motivation as a factor to cause an individual or group of individuals to do something willingly is seen in terms of some outward behavior. It will be noted that to motivate individuals or groups one needs to create tension

in them. It will also be noted that motivational function of human resource management is concerned with activating subordinates by reflecting the needs of such subordinates. Some important theories, principles, approaches and arguments will also be mentioned in this unit.

8.2 CONCEPT AND DEFINITION

Motivation is the stimulation to action which results in individuals to reach a goal. It is an activation of an inner drive, conscious or subconscious willingness of individuals or groups to expend energy to achieve a goal; it is a force that activates dormant energies to set actions of workers into motion. It is something that kindles a feeling of workers in an organization into enthusiastic move.

Almost all behavior is motivated. There are needs and wants behind the behavior one engages in and those which one observable, but we infer internal states of other based on observation of their behaviors.

Motivation produces within the individual the sensation of physiological, psychological and sociological needs which may have been latent but are now awakened and desired fulfillment. The techniques for motivating, or stimulating to an awakening to the sense of need vary with individuals involved. If an individual has the ability to do a task, but not the motivation, the task will hardly get done.

8.3 PRINCIPLES GOVERNING MOTIVATION

If motivation is regarded as something internal to the individual, then it follows that what a manager may do toward motivating someone else is to create and arrange conditions and circumstances to bring about an awakening of those inner factors that do motivate one to action. It is further agreed that motivational forces are result of needs which have to be satisfied. Thus, a state of tension is said to occur that stimulates action to obtain satisfaction.

The satisfaction of need may stimulate a desire to satisfy further needs. Failure to satisfy needs may lead to redirection or reduction of the motivational force. Thus, the motivational forces of individuals depend upon how such individuals perceive the value of the goal, the energy required to achieve the goal and the probability that the goal would be achieved.

According to Pinder, the following include practical points on motivation: Internal needs (some hereditary and some learned) are determinants for inducing and directing behavior.

Needs are varied; they operate in different degrees for different individuals as they do for a particular individual at different times and circumstances.

Some needs are more powerful in influencing behavior than others.

Satisfied needs do no more motivate.

Most behavior is determined by more than one need.

Often times, people who like to be treated fairly do treat others the same way.

Any organization is established to fulfill certain predetermined objectives through the use of resources. People are important resources with the through which the objectives of an organization are actualized. Because people are valuable resources, effective management of people is fundamental of the success of the organization. Because of the importance of people in organizational effectiveness, the study of Human Resource Management, the work of people in an organization, has been and still is a subject for continued investigation.

Yet, the problem of motivating people at work has been one of the basic problems of all organizations. When the “why” and “how” of motivation is

realized, it would be less difficult to arouse the interest of people to the fulfillment of organizational goals.

The effect to which an individual strives to accomplish some kind of work is determined by the satisfaction of that need. Failure to achieve this need tends to lower what one feels he/she can succeed. An individual who, at several times, repeats failure in an attempt to reach a goal will resort to lowering his insights or else changes his/her methods of work or he/she experiences frustration and alienation.

8.4 ATTEMPT TO UNDERSTAND PEOPLE AT WORK

One of the important functions of a manager is the creation of wholesome tone for the organization. Some organizations have enjoyable situation, others have dull environments. In the latter, both the manager and the managed view each other negatively and affect organizational and personal goals adversely.

People differ from one another in many respects, they differ in terms of basic mental abilities, personality, interests, level of aspiration, available energy, education, training and experience. Human Resource Managers make decisions about selections, utilization and development of people based on the above conditions.

After a lengthy discussion on work motivation, Pinder concludes that behavior is highly affected by perception and cognition of these generalized factors. The following are, accordingly said to be useful administrative tools:

- individuals have the capacity to perceive their environment and to process information gathered from that environment.
- the improvement of one's perception to secure good will is an essential administrative strategy to improve beliefs, attitudes and intentions.

- strong feelings on unfair treatment result in withdrawal (alienation or removal).
- accordingly, the staff of any organization as a whole should be treated to improve their perception in order to secure good relationships and feelings.
- satisfaction in work – related outcomes motivates staff to work more and better.
- a strong connection between work outcomes and performance result is high motivation to work better and more.
- individual's perception of the value of evaluation outcomes and his/her beliefs of the importance of such evaluation highly affect his intention to work more and better.

According to Maslow, human basic needs are in specific order; and according to his treatise, one level of need must be satisfied before the next. The five sets of these basic needs may be sketched in the following triangular diagram. (See Figure 7)

Advanced needs

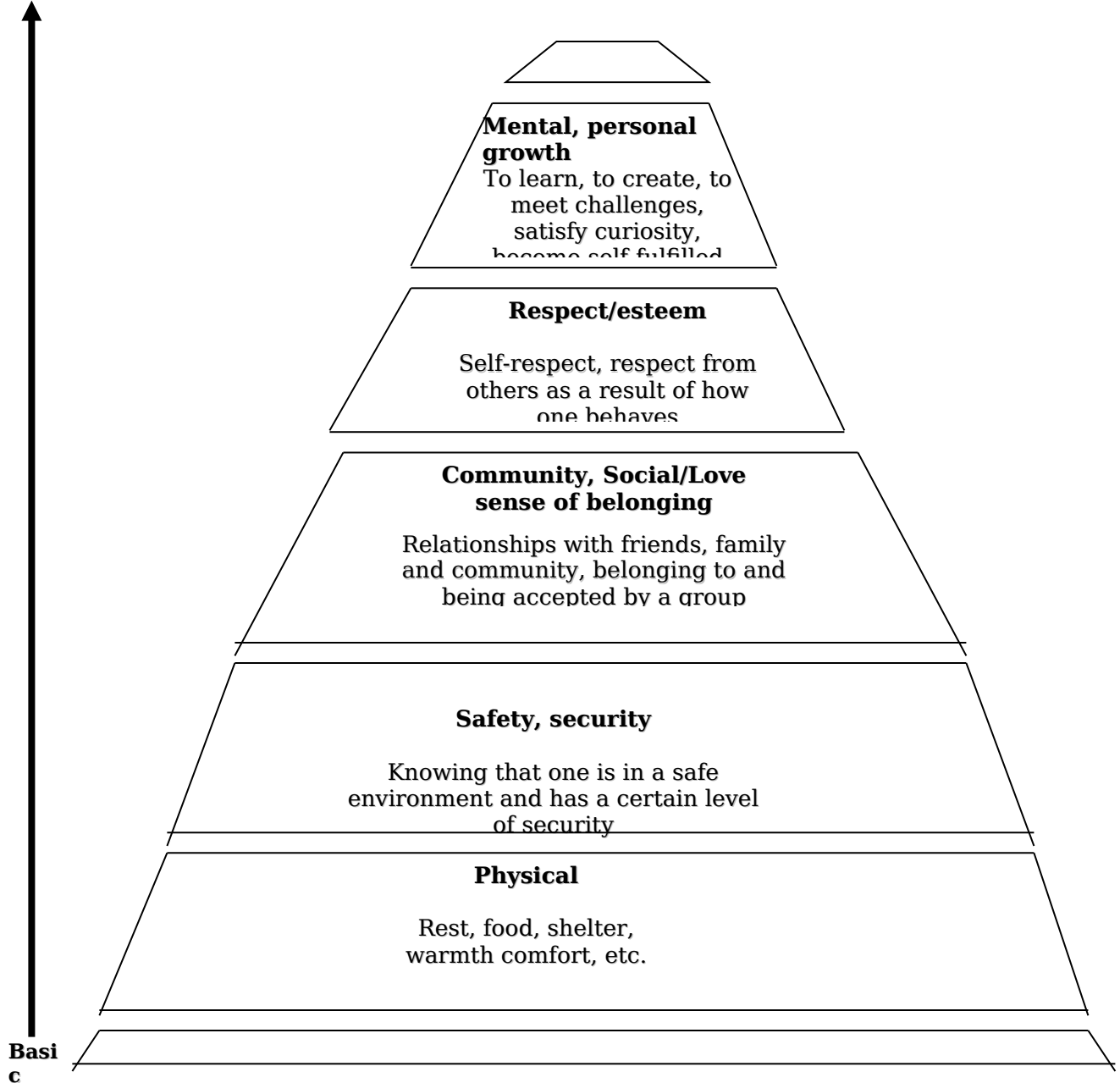


Figure 7. Maslow's Theory of Hierarchy of Needs

A human being is a wanting organism; after one need is satisfied, another emerges to take its place. A satisfied need is not a motivator of behavior. A human being is never fully satisfied and so he/she is acting or behaving

in order to satisfy some need or combination of needs that are yet to be satisfied.

Needs are arranged in a hierarchy of prepotency; the emergence of a new need depends on the satisfaction of more prepotent – more basic-needs. Maslow arranged human needs in the following hierarchy:

Physiological needs – These are drives such as the need for water, food, sleep, sex and muscular activity. The expression or satisfaction of many of these needs is socially determined or socially modified.

Safety needs – Once the physiological needs are relatively well satisfied, safety needs dominate one's behavior. These needs include avoidance of harm from the physical environment. These are needs for shelter, protective clothing, warmth, and ways of defending oneself.

Belonging and Affection needs – The next level of needs that become apparent, after physiological and safety needs are fairly well satisfied, are needs for love, affection and companionship of others.

Esteem needs – These are concerned with respect and esteem of self and respect and esteem from others. Included in this group are needs for achievement, mastery and competence, self-confidence, independence and freedom, reputation, recognition and appreciation. There are two sub-classes within this level. The first relates to needs for self respect and esteem of self and the second to needs for the respect and approval of others.

Self actualization needs – At the top of the hierarchy is human need for self fulfillment, the desire to become more and what one is of becoming. It is the full use of an individual's talents, capacities and potentialities.

The need for esteem comprises the need for recognition and acclamation, attention, appreciation, prestige and status. Of particular importance to an individual in the school is the esteem of his reference groups, the group which he considers himself a part of or to which he aspires. These needs overlap with the need for belonging and affection.

Of the several motives studied by Atkinson and McLelland, three have particular relevance to organizations: (1) the need for achievement, (2) the need for affiliation and (3) the need for power. It is noted here that people with a high need to achieve tend to:

- seek and assume a degree of personal responsibility
- take risks,
- set challenging but realistic goals for themselves,
- develop plans to help them achieve their goals,
- seek and use measurable feedback of the results of their actions,
- seek out opportunities where their desire to achieve will not be prevented.

It is required of a manager of people therefore, that he/she creates the right kind of climate that will have an impact upon the motives of people at work.

Frankl believes that "... people have basic needs to do meaningful things and thus when put into an environment that does not allow for meanings, people develop neurotic behavior."

According to Frankl, an individual can discover the meaning of life by:

- doing a deed; this is in line with Frederick Engels' theory of "labor created man himself"
- experiencing a value such as love
- suffering;

Herzberg presents two factors in his motivation theory. These factors are described as conditions on the job which relate to staff dissatisfaction and satisfaction.

Maintenance of hygiene factors, if not present in job situation, lead to employee dissatisfaction. If present, they may not lead to satisfaction. Some of these factors include: salary, working conditions, interpersonal

relations with supervisors, peers and subordinates, job security and organizational policy.

The other sets are those job conditions that, when present, lead to job satisfaction and high levels of motivation. The following are examples of these motivational factors:

- achievement
- recognition
- the possibility of growth
- advancement
- responsibility
- the kind of work itself

Skinner believes that an individual's behavior is shaped by his/her environment:

Several theories explain the motivation of a person's behavior. No one theory is more true over another.

Every person has a unique behavioral output even though processes may be similar.

- Administrators in this manner should make their own analysis and interpretation of specific motivational situations.
- Administrators must learn to deal with the most likely approach to motivation and understanding of behavior.

Many motivation theories may help one's self analysis.

- Knowing one's own motive helps understand the possible motives of others.
- Knowing the processes of motivation while dealing with others may help a manager understand one's own reaction in one's work.
- What one finds to be true about himself through self-examination may not be true when applied to others.

The most productive area of success in motivation is through non-personal techniques.

- System interventions attempting to motivate behavior, often cover many people; individual interpretation will have peer support.
- Individuals in-groups respond better to motivation attempts.

An organization's climate could usually be under the control and influence of the manager.

In line with the foregoing, McGregor's Theory makes the following assumptions:

- The expenditure of physical and mental effort in work is as natural as play or rest.
- External control and the threat of punishment are not the only means for bringing about effort toward organizational objectives.
- Under normal conditions the average human being learns not only to accept but also to seek responsibility.
- Human capacity of imagination, originality and creativity is widely distributed among individuals.
- In modern organizations, the intellectual potentialities of the average human being are only partially utilized.

5.8 MOTIVATION AT WORK

Motivation and performance are not perfectly related, because other factors like ability and temperament contribute to outcomes of performance. Job performance is a function of a combined influence of ability and motivation.

Job Motivation and Job Design: There are some characteristics of jobs that satisfy higher needs. Nonetheless, they are poorly defined and they lack an underlying theory by which they are related to such dependent variables as performance and satisfaction. There are four conceptually distinct job dimensions: variety, discretion, contributions and goal characteristics.

Variety refers to the amount of physical differentiation in the job and its immediate surroundings: work place, physical location of work, work operations and number of people for interaction in the work area. People working in limited variety are reportedly bored and experience dissatisfaction. The need to introduce relatively more variation from external sources leads to reduced performance. More variety makes the job tolerable but may not necessarily make it attractive. More varied work leads to greater contribution. Highly repetitive jobs are said to be most disliked. This is seen in situations where a grade nine teacher teaches the same subject to many different sections daily.

Discretion is freedom to exercise choice. There are two forms to it:

- choice in organizing the means and tools of individual's tasks;
- choice of relevant knowledge in solving problems.

The former, Copper labels it as "means discretion" and the latter as "skill discretion". Means discretion refers to deciding the speed of work and methods to be used. It may imply accepting or rejecting quality of incoming raw materials and obtaining external services. Such discretion is referred to as autonomy or responsibility.

The motivational value of such discretion rests upon the understanding that one is responsible for his/her job and the feeling of being free from external pressure. Such perception of one's status is likely to intensify job commitment and satisfaction.

Skill discretion is characterized by skill work. When faced with a problem, the individual supposedly refers to his appropriate knowledge to select a set of responses which leads to a solution. A high degree of skill discretion in one's job is likely to produce successful enthusiastic sense of challenge which, after successful accomplishment, leads to senses of achievement.

If and when one is given discretion for one's work, one is likely to check for quality of work rather than quantity especially when a goal setting mechanism is in the making. Level of performance is subject to an individual's response to the job. Hence, perceived pressure for quality work is significantly and positively related to performance.

Goal Characteristics: An individual pursues a goal because there is a value in the content of the goal: food, money, prestige and the like. Such motivation as goal setting is referred to as external. If one enjoys working at a task for its own sake, the content could be referred to as internal motivation. Furthermore, the clarity of a goal and the level of its difficulty affects task behavior.

Goal Clarity: A description of the degree of clarity and specificity of goal is said to affect performance. For example, if one simply asks a student to write a term paper, the student would not know how long the paper would be and when he is due to submit it unless the assignment is clarified.

Goal Difficulty: A goal which is of medium difficulty is motivating while that which is *too easy* or *too difficult* is less motivating. On the other hand, the attainment of a difficult goal is internally satisfying. It is assumed that absenteeism and tardiness of staff is negatively related to the attainment of difficult goals as perceived by those concerned.

Contribution: If a task positively contributes to a product or service, then, it is said to result in constructive change in the attitude and behavior of the incumbent. The greater the contribution of a task for effecting change, the greater the power to motivate the incumbent. Furthermore, the more contributions are perceived by the incumbent as efficacious, the greater their motivational value. Contributions are, consequently, viewed in terms of their effectiveness to the total task or in terms of perceived effectiveness.

Whole task, as opposed to part tasks, is more motivating and more satisfying to perform. All things being equal, however, the significance of contribution within the overall structure of the product or service is more important than the wholeness.

Job Characteristics Combined: It is suggested that combined jobs motivate employees. Job characteristics like control over means and job difficulty have an influence on job behavior. This implies that increase in one job characteristics may result in the increase of employee motivation even when other characteristics may result in the increase of employee motivation even when other characteristics remain the same.

Variety benefits performance and satisfaction for it reduces the inhibiting factor of boredom. Skill discretion is the characteristic most likely to produce achievement feelings, while the influence of means discretion is especially marked in job commitment. Goal clarity and difficulty are the characteristics most directly related to performance. Contribution adds meaning to one's job activities and thereby widens feelings of worthwhile accomplishment.

Maximum motivation is said to be secured when all four of the above: Skill discretion, means discretion, goal clarity and contribution are amply represented in the job.

8.6 THE ORGANIZATION AND MOTIVATION OF GROUP TASKS

It is possible and a usual practice in organizations like that of education to assign tasks to groups. This is often done when the task is too complex for one individual – a manager, for example. In this manner, the complex task is broken down into smaller parts to be shared among individuals. Such group task is supposed to be interdependent with a common goal within the group, for example, a group of students writing on different aspects of a topic.

In highly complex tasks, interdependence is likely to be reciprocal; members contribute to each other's activity, and coordination is possible by mutual adjustments. In less complex tasks, interdependence seems to be sequential; coordination is often done by plan having rules to govern members' interdependence actions.

In highly complex tasks, moreover, members should be capable of carrying out a variety of tasks. It is important that these organizational requirements are satisfied while one thinks of group tasks are said to be more motivating than individual-based tasks.

Discretion is relatively suitable to group tasks where most task is expressed in terms of group authority or responsibility as means discretion. The group influences the formulation of goals both of quality and quantity.

Behavior, as has been referred to earlier, is causal. Individual's optimal performance results from developing a body of practical and theoretical bodies of knowledge about people at work. People direct their efforts conscientiously towards the goals they value. Behavior is manifested either in terms of the energy expended in goal seeking or in relation to factors, both internal and external, to help initiate and maintain the interest of people at work in organizational goal achievement.

Organizational effectiveness results from the interaction of resources translated into productivity when the human element is introduced. Staff productivity increases and improves where there is, among other things, a motivated attitude in the work group. Motivation has, as its purpose, to create conditions in people to work, vigor, zeal, interest and enthusiasm.

There are, then, many factors that motivate people to work; money; good work environment, result seen in one's labor, challenging work (not extreme) and responsibility. Personal accomplishments, praise or

recognition for growth and advancement include other interest inducing factors to work.

Techniques in Motivation

Before one attempts to motivate others, one must get interested in one's work. **WHOSEVER WOULD LIKE TO KINDLE OTHERS MUST FIRST HIMSELF GLOW.**

Further, as was proposed by Maslow, it is generally held that a satisfied need is no more a motivator. It does not induce people to action. When the need is satisfied, the gap is closed. Action is the result of a gap between need and goal. It stops when this gap is closed.

Hence, people direct their efforts towards the goals they value. Yet, the existence of a valued goal is not sufficient enough to condition people for action. In addition, people act towards a goal when they have a reasonable expectation that their action would lead them to desired goals. As Cooper put it:

Motivation (M) is a function of the expectancy (E) of attaining a certain outcome in performing a certain act multiplied by the value (V) of the outcome for the performance.

Hence, some people value work for the possibilities it offers for realizing external goals such as financial remuneration or prestige while others value work for its self actualization possibilities.

Personality characteristics related to work include intelligence, achievement and self-esteem. In this instance, it could be maintained that more intelligent individuals get more dissatisfied with and more inclined to restart jobs having little variety and satisfaction for the outcomes.

In such situations, the reduction of anxiety and conflict helps reduce undesired tension. Following are some possible strategies for any good manager in motivating workers:

- Make the job more interesting with a view of urging them to develop self-motivation.
- Be as constructive and rational as possible in proposing criticism:
- Make the best possible use of one's strong points; don't dwell and capitalize on weaknesses.
- Motivate ourselves in the kind of task to be performed before trying to motivate others.
- Identify salient drives and apply varieties of motivational factors and techniques to individuals in different circumstances and situations over a period of time. People are by nature selfish. When a subordinate realizes that his own interests are best served through attaining organizational goals, he is likely to be motivated.
- Establish goals which are reasonably attainable. When such established goals are attained, employees motivation is said to be achieved.
- Motivating devices ought to be applied in proportion to the efforts made.
- Apply motivation techniques to groups as well as individuals, but when group interests dominate individual drives, apply the former in order to achieve the systems approach or the holistic model.

It is palatable to note here that form of motivation varies with the type of organization and the type of work. Some form of motivation may not necessarily appeal to individual workers engaged on the same job.

In principle, people are induced to work more and better when they feel that:

- they associate their own goals with the goals of the organization
- they do tasks that they have set for themselves
- they are sure and confident of what they are doing
- their job is important and that they are doing something useful
- they are not unduly worried or threatened in what they do.

With regard to the positive and negative motivations, the former is a process of influencing employees to do the will of the organization through possible gains or rewards. Due recognition and praise for work well done leads to good team spirit in an organization setting.

Negative motivation, on the other hand, is based on force or fear. As opposed to positive motivation, this is a push or pressure mechanism. The imposition of punishment often results in frustration among those punished; thus, leading to the development of maladaptive behavior. Negative motivation, while necessary to apply occasionally, is said to low level of task performance.

There are also intrinsic and extrinsic motivational factors, Intrinsic motivation is concerned with a feeling of accomplishing something worthwhile. For example, the satisfaction one gets after accomplishing one's job well. Extrinsic motivation is concerned with an external motivational factor which workers enjoy.

8.7 COMPETITION AS A MOTIVATOR

There are two approaches to competition:

- There may be competition in rivalry which invites animosity among the competitors. This kind of competition is used merely for personal gains and benefits.
- Competition in cooperation is facilitated through interdependence and benefiting the organization. In this type of competition, every one tries to his utmost to produce more and better.

8.8 INCENTIVES AS EXTERNAL MOTIVATORS

Incentives as the product of an externally applied stimulus provide the promise of some rewards which is regarded by the individual as having value for him. Incentives generally fall into categories of financial versus non financial or of positive versus negative motivation.

In every instance, the needs, interests and desires of individuals decide whether the incentive provided will be effective and to what extent. Having ascertained the needs, interests and desires of workers, the administrator may select from a long list of tried incentives those which may be expected to be most effective under the circumstances.

Positive incentives tend to fulfill the desires of the worker. They cut across the lines of financial and non-financial classifications. They operate in terms of rewards which may be monetary, status with peers or superiors, or personal sense of achievement or justice. These are regarded as positive and also constructive.

Ordinarily, an incentive playing upon fears would be considered negative. However, there is one possible exception; the constructive incentive of a fear of the consequences of wrong-doing, a fear which reinforces other positive incentives to do what is defined as right, may be considered positive.

Negative Incentives operate on the basis of fear and destructive in as much as they prey upon the worker, causing him so anxious, fearful and worried that his/her efficiency on the job is decreased.

Financial Incentives: The pay received for work is a common financial incentive. In addition to this are awards for outstanding achievements.

Non-financial incentives – Among possible non-financial incentives, the following are given as examples:

Acceptance – by fellow workers, superiors, society

Affection – the liking of self and of others

Contests – a form of competition

In-group spirit – often spoken of as a belonging, identifying with the organization in its objectives and operations.

Job satisfaction – finding in the work itself the incentive for doing one's best

Placement – assignment to work in terms of competence

Praise – commendation given when deserved

Recognition – having notice taken of oneself and one's achievements

Security – absence of destructive fears

Status – among one's fellow workers, superiors, and in the community.

8.9 PAY AS A MOTIVATOR

It goes without saying that pay is one of the motivators to work. Yet, it may not in itself be an important determinant of the volume of work to be done. In relation to the importance, however, there is evidence on how pay operates as an incentive. The entire world predominantly uses pay as a reward in order to increase employee effort. Satisfaction does not necessarily mean pride in one's job, a feeling of having accomplished something, it also refers to money. Because factors other than money influence an individual's task performance in his organization.

Despite Maslow's theory of Hierarchy of needs to imply that pay satisfies mainly lower order needs, some studies indicate that pay is an incentive that could satisfy both lower order (Physiological) as well as higher order (esteem) needs.

In brief, pay is important in most instances to be a significant motivator of behavior. Yet, the staff must see a positive correlation between pay and the attempt to perform well. If either of these two is lacking or wrongly perceived, then pay will not be an effective incentive in motivating behavior.

One may fairly conclude then that people need to be motivated so that they are willing to work with enthusiasm and interest and with a sense of responsibility, loyalty discipline and with pride and confidence in view of achieving the goals of the organization.

As was indicated earlier, while motivation is an individual matter, what motivates an individual is a combination of an infinite variety of personal and organizational factors.

In sum, motivation is stimulation to action. Almost all behavior is motivated. Motivational forces are results of needs. Individuals strive to achieve some task in order to get satisfaction from their work. If one fails to achieve such desires one is not said to be motivated.

The techniques of motivation vary from individual to individual and from time to time. Capable administrators use different techniques to create a wholesome tone of workers. Motivation and ability are two essential ingredients that determine an individual's task performance.

There are four job dimensions: variety, discretion, contribution and goal characteristics. In view of the above, individuals value work for either its external rewards or for internal satisfaction. In general people are induced to work if they:

- associate their goals with that of the organization
- set their own tasks
- are confident of what they do and
- feel they do for results

Incentives are externally applied stimulus. There are positive (those fulfilling the wishes of workers) and negative (those working on fear incentives).

Morale is the ability of groups of workers to pull together consistently in an attempt to reach a common goal. Factors affecting morale relate to the satisfaction which groups get at their work.

Pay is an externally applied motivator. All those who get high pay do not necessarily produce high quality of work. Yet, people are normally motivated to work better when a fair and balanced pay scheme is due to them.

8.10 SUMMARY

Motivation, someone's willingness to do something and to satisfy some need has different theories. There are many authorities. Among them: Pinder, Maslow, McGregor, McClelland and Herzberg are the well known ones. Further more there are different motivation approaches: competition, goal clarity, goal characteristics.

Incentives as external motivators have both negative (e.g., punishment) and positive (e.g., pay) factors.

8.11 CHECK YOUR PROGRESS

1. Motivation is

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2. Human needs are said to be varied because

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.....

3. According to Maslow, "human basic needs are in specific order" means

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.....

4. Draw a chart of Maslow's theory of "Hierarchy of Needs" and insert the needs at the different levels.

5. What do you understand by “job clarity”? Give example

.....
.....

6. Incentives are said to work as external motivators. Discuss

.....
.....

8.12 ANSWERS TO CHECK YOUR PROGRESS

1. Refer to section 8.2
2. Refer to section 8.3
3. Refer to section 8.4
4. Refer to section 8.4
5. Refer to section 8.5
6. Refer to section 8.8

UNIT 9: COMPENSATION

Content

- 9.0 Aims and Objectives
- 9.1 Introduction
- 9.2 Concepts or Points of View
- 9.3 Factors Affecting Compensation
- 9.4 Pay Expectancy
- 9.5 Pay Secrecy
- 9.6 Wage and Salary Administration
- 9.7 The elements of Wage and Salary System
- 9.8 Factors Affecting Salary Levels
- 9.9 Wage and Salary Administration Mechanisms
- 9.10 Principles of Wage and Salary Administration
- 9.11 The Wage and Salary Survey Approach
- 9.12 Job Evaluation for Wage and Salary Administration
- 9.13 Summary
- 9.14 Check Your Progress
- 9.15 Answers to Check Your Progress

9.0 AIMS AND OBJECTIVES

- To explain what compensation includes
- To highlight the impact of job analysis and motivation on task performance
- To raise and elaborate the factors and elements of wage and salary systems
- To hint to course participants the approaches to wage and salary survey.
- To show the importance of the survey for proper pay.

9.1 INTRODUCTION

On the basis of job evaluation, wage/salary surveys, compensation administration, which is a vital part of every organization, different approaches and strategies will be raised.

9.2 CONCEPTS AND POINTS OF VIEW

Compensation includes salary, wages, stipend, bonuses, reward, any pay, remuneration or return for service(s).

One of the difficult functions in HRM is that of determining rates of monetary compensation.

Compensation is not only one of the complex duties but, it is also one of the essential factor both to the organization and the people working in it.

An organization's concern with regard to compensation is related to three areas:

- to *attract capable* individuals to the organization
- to *motivate* those already in the organization in order for them to perform their tasks to the maximum
- to *retain* them in the organization for an extended period of time.

9.3 FACTORS AFFECTING COMPENSATION

Among factors that determine compensation base-pay is the issue of determining with the systems of job evaluation

The other factory is survey of the rates paid by competing firms. Then is the determination of pay policy to meet the desired objectives of attracting, motivating and retaining sufficiently qualified and competent works.

Then is the issue of supply and demand of the skills of some employees. The organization's ability to pay is another.

Government policy is skill another.

Note. The pay one receives is a measure of one's worth to the firm. This term includes merit pay, bonus, incentives, etc.

9.4 PAY EXPECTANCY

An employee's level of work motivation depends on the attractiveness of the rewards received for job completion.

The work motivation of workers gets high when they have high expectations and when they receive the rewards.

9.5 PAY SECRECY

Many (if not all) organizations are very secretive about:

- their compensation policy
- how salaries for employees are determined and
- what individuals earn

Yet, pay secrecy does not contribute to organization's trust and its effectiveness, and thereby, lowering employee motivation.

Still, pay secrecy serves to hide inequities of compensation programs.

9.6 WAGE AND SALARY ADMINISTRATION

9.6.1 Definition

The term wage and salary administration usually refers to the monetary rewards given to employees. Base wages and salaries are the hourly, weekly, or monthly pay that workers receive in exchange for their work.

9.6.2 Need for Sound Salary Administration

Management has to formulate and the administer the salary policies on sound lines as:

Most of the employees' satisfaction and work performance are based on pay.

Internal inequalities in payment are more serious of certain employees.

Employees compare their pay with that of others.

Employees react to gross external inequalities.

Employees compare the pay of different employees with their skill, knowledge, performance, etc...

9.6.3 Objective of Wage and Salary Administration

The objectives of wage and salary administration are numerous. The important ones among them are:

9.6.3.1 To acquire qualified and competent personnel

Candidates decide upon their career in a particular organization mostly on the basis of the amount of remuneration the organization offers. Qualified and competent people join the best-paid organizations. As such, the organizations should aim at payment of salaries at that level, where they can attract competent and qualified people.

9.6.3.2 To retain the present employees

If the salary level doesn't compare favorably with that of other similar organizations, employees quit the present one and join other organizations. The organization must keep the wage at the competitive level in order to prevent such quits.

9.6.3.3 To secure internal and external equity

Internal equity does mean payment of similar wages for similar jobs within the organization. External equity implies that payment of similar wages to similar jobs in comparable organizations.'

9.6.3.4 To ensure desired behavior

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

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

To project in public the workers as progressive employers and to comply with the wage legislation.

Pay according the content and difficulty of the job and in tune with the effort and merit of the employee:

to facilitate pay roll administration of budgeting and wage and salary control.

to simplify collective bargaining procedures and negotiations.

to promote organization feasibility.

9.7 THE ELEMENTS OF WAGE AND SALARY SYSTEM

Wage and salary system should have relationships with the performance, satisfaction and attainment of goals of an individual. The elements of wage and salary are listed as follows:

Identifying the available salary opportunities, their costs, estimating the worth of its members of these salary opportunities and communicating them to employees:

relating salary to needs and goals.

developing quality, quantity and time standards relating to work and goals.

determining the effort necessary to achieve standards.

measuring the actual performance.

comparing the performance with the salary received.

measuring the job satisfaction gained by the employees.

evaluating the unsatisfied wants and unachieved goals of the employees.

finding out the dissatisfaction arising from unfulfilled needs and unattained goals.

adjusting the salary levels according with a view to enabling the employees to reach unattained goals and fulfill the unfulfilled needs.

And this will certainly motivate the worker to effectively perform his/her duty.

9.8 FACTORS AFFECTING SALARY LEVELS

Generally a large number of factors influence the salary levels in an organization. Among them are the following:

- *Remuneration in comparable industries:* This is an important factor in determining salary levels. An organization, must pay at least equal to the going rate for similar jobs in similar organizations. Also, the salary for similar jobs in firms located in the same region influence the wage rate in an organization. The organization has to pay the wages equal to the ones paid for similar jobs in order to secure and retain the competent employees and to satisfy the employee need.
- *Cost of Living:* The employees expect that their purchasing power be maintained at least at the same level, if not increased by adjusting wages to changes of cost living. A good company should be able to increases salary relating to the raise of the cost of living.
- *Government legislations:* Government legislation affects wage fixation by: ensuring proper payment of wages and avoiding all malpractices like non-payment, under payment, delayed and irregular payment and payment in under measurement of work.

9.9 WAGE AND SALARY ADMINISTRATION MECHANISMS

The previously listed objectives of wage and salary administration are affected by this administration's mechanisms. These are wage and salary administration principles, approaches, and job evaluation for wage/salary administration and wage survey.

9.10 PRINCIPLES OF WAGE AND SALARY ADMINISTRATION

The most important principles of wage and salary plans, policies and practices are:

- Wage and salary plans and policies should be sufficiently flexible.

That is to say, the wage and salary plans and policies should be capable of being influenced or being capable of changing in response to new conditions.

- Job evaluation must be done scientifically. All jobs should be evaluated or analyzed and graded scientifically by testing them through scientific methods in order to establish the pattern of internal relationship.
- Wage and salary administration plans must always be consistent with overall organizational plans and programs.

The plans of wage and salary administration and the overall organizational plan must always be marked by harmonious regularity or steady continuity, which means they must be free from irregularity, variation or contradiction.

- Wages and salary administrations plans and the social and economic objective of the country must correspondence in form. Wage and salary administration plans and programs should be in conformity with the social and economic objectives of the country like attainment of equality in income distribution and controlling inflationary trends.
- Wages and salary administration plans and programs should be responsive to the changing local and national conditions.

Wages and salary administration must be able to react for some changes that can occur in the local and national conditions.

- Wages and salary plans should simplify and expedite other administrative process. These plans must be made simple and must facilitate other administrative processes.

The generally accepted principles governing the fixation of wages and salary are:

There should be a definite plan to ensure that differences in pay for jobs based upon variation in requirements.

This is to say, skill, effort, responsibility of job or working conditions, and mental and physical requirements must be the requirements for differences in pay for jobs.

The general level of wages and salaries should be reasonably in line with that prevailing in the labor market.

The plan should carefully distinguish between jobs and employees. A job is the work that carries a certain wage rate whereas employee is the person assigned to fill it at that rate.

Equal pay for equal work means, if two jobs have equal difficulty requirements, the pay should be the same, regardless of who fills them.

An equitable practice should be adopted for the recognition of individual differences in ability and contribution. In fixation of wages and salary individual differences in ability and contribution must be recognized and taken into account.

There should be a clearly established procedure for hearing and adjusting wage complaints. There should be a procedure for wage grievances and complaints.

The employees and the trade union should be informed about the procedure used to establish wage rates. Employees must be informed of their own position and of the wage and salary structure.

The wage should be sufficient to ensure for the worker and his/her family's reasonable standard of living. Workers should receive a guaranteed minimum wage to protect them against conditions beyond their control.

The wage and salary structure should be flexible so that changing conditions can be easily met.

Prompt and correct payments of the dues of the employees must be ensured and arrears of payment should not accumulate.

For revision of wages, a wage committee may be preferred to the individual judgment, however unbiased, is a manager.

The wage and salary payments must fulfill a wide variety of human needs, including the need for self-actualization.

9.11 THE WAGE AND SALARY SURVEY APPROACH

- Survey is an investigation of current position. Salary survey is one of the techniques useful in salary administration. The purpose of this survey is to collect current competitive salary data regarding various jobs in the labor market and provide the same for salary administration.
- A salary survey enables an organization to find out what other organizations pay for specific jobs and the basis for payment of the existing salary level.
- The market rate in a particular region influences the wage rate of the organization. Mostly the organizations are forced to pay the wage equivalent to the market rate.

9.11.1 Need for conducting the survey

The salary survey is conducted for the following reasons:

To employ and retain competent people, the organization has to pay fair and equitable remuneration to satisfy the employees. But this wage rate may not be helpful in employing and keeping the competent employees as these employees may be attracted by similar organizations offering high salary. Hence the organization has to obtain the wage levels in comparable industries in order to fix their salary at the competitive levels.

To promote workers productivity by maintaining salary credibility and promoting a feeling of fairness and equity among its employees, it is possible through the use of surveys and implementing the necessary changes in salary structure and levels.

To develop an adequate and acceptable salary structure, an organization has to take into consideration the adequacy of the salary and its acceptability by the employee. Equal salary for equal work and salary that promotes maximum individual contribution to organization should be the basis for acceptable salary structure; survey data guide the manager in developing a pay structure, which is adequate and acceptable to the employees.

9.11.2 Scope of the survey

The scope of the survey is to be determined before the survey is conducted. This depends upon the purpose of the data, the type of level of the jobs for which salary is to be fixed.

9.11.3 The source of information

The salary data and confirmation can be collected from the reports, records, pay register of the organization, management, employees, trade union leaders, ministry of labor, reports of various labor commissions, pay commissions, wage boards and surveys conducted earlier.

9.11.4 Willingness to participate

Many organizations and people generally cooperate with surveyor in providing necessary data and information if they are approached properly. But the minority of them may reject due to obvious reasons. However, personnel approach rather than mail or telephonic approach produces better results. Generally salary administrators, personnel research managers conduct the salary survey.

9.11.5 The Survey approach

The survey will be launched by a series of telephone calls and personal contact. Depending up on the scope of the survey, any one or the combination of the following approaches may be followed:

- telephone approach

mail approach

advertisement approach

9.11.6 Survey methods

The following survey methods are generally used in collecting the salary data and information.

Key job matching: Under this method, similar key jobs are identified between the organizations and the relevant wage particulars about those comparable jobs are collected.

Key class matching: Similar classes of jobs are identified and the necessary data about those classes are collected.

Occupational method: Certain basic occupational group like clerks, officers, managers are identified and then the necessary data is collected.

Job evaluation method: All the parties participate in the survey method, use the same method and the same mechanism for evaluating similar jobs.

Broad classification method: Under this method, broad groups of relatively homogenous jobs i.e., by industry, by profession or by geographical area are grouped and the relevant information about these jobs are collected.

9.11.7 Wage theories

There are a number of theories on wages. The important ones among them are discussed hereunder.

The just wage theory. This was the first theory on wages advocated during medieval period the essence of this theory is that the worker should be paid to the level of maintaining himself/herself and his/her family.

Subsistence theories are paid to enable them to subsist and perpetuate the race without increase or reduction.

Standard of living theory. “Wage of labor is determined by a traditional standard or living, which in turn is determined by the mode of production of the country concerned.”

The wage fund theory. Wage of labor is determined on the basis of the relationship between the amount of fund allocated for the purpose of wage payment and number of workers in a country.

$$\text{Wage} = \frac{\text{Amount of fund allocated for wage payment}}{\text{Number of workers}}$$

Residual claimant theory. Determined on the basis of the amount left after the payment of rent, profits and interest to land, entrepreneur and capital respectively out of the production value.

The amount of wages = Production value - (Rent + Profits + Interest)

Marginal Productivity theory. Wages are determined on the basis of marginal contributions of the worker to the production, the employer stops employing further workers where the contributions of the most recently employed worker and equal to his wages.

The bargaining theory of wages. According to this theory the wages and other terms of employment are determined on the basis of the relative bargaining strength of the two parties which are: the employer and the employees. Haggling (bargaining) of the market which under a system of free competition and individual bargaining determines the conditions of employment...”

Contribution of behavioral scientists to the wage theories. According to behavioral scientists, wages are determined on the basis of several factors like the size, nature, prestige of the organization, financial soundness of the organization strength of the union, social norms traditions, customs, prestige of certain jobs in terms of authority, responsibility and status, level of job satisfaction, morale desired lines of employee behaviors and level of performance. Influence must be the

determination during the present century. The modern and important system of salary administration is job evaluation.

9.12 JOB EVALUATION FOR WAGE AND SALARY ADMINISTRATION

The objective of job evaluation is to formulate making of jobs based on a detailed analysis and content of the job rather than on market forces. This ranking can then be used to establish agreed rates of pay for the different jobs. Like any other form of evaluation job evaluation is supposed to be rational and dispassionate but objective judgments are always involved.

In any method of evaluation, some time must be spent on preparing accurate job descriptions of the jobs to be compared.

There are many ways of job evaluation but there are three major systems: the ranking, classification and point-rating methods.

9.12.1 The Ranking Method

This ranking method is probably the simplest of all methods. In this method, the content of each job is compared with that of various benchmark jobs, and the jobs are given a ranking based on the job descriptions.

The advantage of this method is that it is simple and inexpensive; and the ranking can be done quickly. The disadvantage is that jobs may be ranked on the basis of incomplete information and without the use of clear standards. This method also relies heavily on the subjective judgment of the evaluators.

9.12.2 The Classification Method

The classification method begins by establishing a logical structure for grades. The number of grades and their functions are described. Different grades are classified so that they cover discernible differences in factors

such as level of skills, responsibilities and other job retirements. The characteristics of the jobs in consideration are then compared with those for the different grades, and each job is allocated to the grade it matches most closely.

The main advantage of this method is that it is based on an explicit grading structure, which is open to scrutiny. It is also relatively simple, inexpensive and easy to apply. Its disadvantages include the fact that the assignment of monetary values to grades is inevitably influenced by existing pay rates, and that specifying the different grades can be difficult (particularly in organizations involving many jobs).

9.12.3 The Point-Rating Method

This method is based on the assumption that there are clearly distinguishable factors such as skill, effort and responsibility, which are common to all jobs. Unlike the other two methods, this is a form of analytical job evaluation. It compares jobs on various factors rather than comparing all jobs.

Factors and such factors are those listed down which can be used to analyze each job. The maximum number of factors for a job is 40 and the minimum is 3. Factors can include, educational attainment required, experience, level of hazards encountered and so on. A common scale, which denotes the degree in which each factor is required in the job, is associated with each factor.

The main advantages of the point rating system are that it focuses on points, which mean that it is less likely to be influenced by existing rates of pay. In addition, it is more objective since each job is assessed on a range of explicit, quantitative, scales.

The main disadvantages are that it is complex and expensive to install because it requires considerable technical skill. On top of that, it involves

many subjective judgments, for example judgments concerning the choice of factors and the assessment of jobs, and that these judgments concerning the choice of factors and the assessment of jobs, and that these judgments can lead to bias, however objective and scientific the procedure may appear to be.

9.12.4 Wage and Salary Survey Approaches

Survey of selected organization within a geographical area or industry designed provide a comparison of reliable information on policies, practices, and method of payment.

To design a wage survey, the jobs, organizations, the area to be studied and the method for gathering data must first be determined. Data for wage survey can be gathered from sources like the Bureau of Statistics, Civil service commission, economic journals, etc...

Wage and salary survey provides knowledge of the market and ensures external equity. It also corrects employee misconceptions about certain jobs of which the job descriptions are very similar.

9.12.4.1 Wage Structure

The wage structure's decision is the choice of how to price different jobs within the organization. Jobs that are similar in worth usually are grouped together into job families. Then, a wage grade, with a floor and ceiling, is established for each job family.

Individual wage decisions concern different wage rates for jobs of similar worth within the same family. Differences in pay within job families are decided in two ways:

- Some jobs are occupied by individuals with more seniority than others,
- Some people may be better performers, therefore deserving of a higher level of wage.

Ideally, a base wage structure should be both internally and externally equitable. The job evaluation process may ensure internal equity, while wage survey is to ensure external equity.

9.12.4.2 Wage Determination Process

There is no single basis for determining the wages or salaries paid to employees; they are based on several interrelated influences. While most of these influences are at work in most organizations, they vary in degree of importance, depending on the organization's objectives and the role the firm wants, wages and salaries to play in strategy. Among the basic and important influences we can find:

- the organization's desired competitive pay position,
- the organization's financial capability
- comparable wages and labor market forces,
- cost of living,
- pay equity,
- range of job knowledge,
- productivity and performance of the employee,
- collective bargaining,
- legal influences,
- etc...

9.12.4.3 Employee Earnings Record is a summary of each employee's earnings, deductions, and net pay for each payroll period and of cumulative gross earnings during the month (multiplied by 12 if for a year). It is a separate record kept for each employee. The individual employees earnings record helps the employing organization to properly summarize and file tax returns.

Pay check is an instrument for paying salary if the firm makes payment via writing a check in the name of each employee for the net pay or a check for the total net pay.

Gross Earnings is the total pay to an employee before deductions for the pay period.

Payroll Taxes are taxes levied against the employer on the payroll of a firm.

Withholding Taxes are taxes levied against the earnings of employees of an organizations and withheld by the employer per the regulations of the government.

Payroll Deductions are all the reductions from the gross earnings of an employee such as withholding taxes, fines, credit association pays, etc.

Net Pay is the gross earnings after subtracting all the deductions. It is sometimes known as take home pay. This is the amount collected by an employee on the pay day.

9.12.4.4 Possible Components of a Payroll Register

Employee number are numbers assigned to employees for identification purpose when a relatively large number of employees are included in the payroll register.

Transportation (fuel) allowance is a monthly allowance to an employee to cover cost of transportation up to the work place if the employer has committed itself to provide transportation service.

- **Overtime Earning** - If overtime work is performed by an employee beyond the regular working hours or days, then overtime earning is the amount payable to the employee for overtime work done. Hence, the gross earnings of an employee may include the basic salary, allowances and overtime earnings. One may find sometimes other forms of earnings such as bonus that is paid to employees for achieving results better than usual.
- **Deductions** are subtractions made from the earnings of employees because it is required by government or permitted by the employee

himself/herself. In Ethiopia, some of the deductions against the earnings of employees are:

Employee Income Tax - Every employed citizen is required to pay something in the form of income tax from his/her earning of employment. In this case, a progressive income tax system that charges rates for higher earnings is applied on the gross earnings of each employee after the first 150 Birr.

Generally, taxable income from employment includes salaries, wages, allowances, and other personal earnings in cash and/or benefits in kind.

The following categories of payments in cash or benefits in kind are exempted from taxation:

- medical costs incurred by employer for treatment of employees

- transportation allowances paid by employer to its employees.

- reimbursement by employer if traveling expenses incurred on duty by employees.

- traveling expenses paid to transport employees from his/her permanent place of employment to distant places and return upon completion of his/her business trip.

Pension Contributions - Permanent employees of an organization, the employees of which are governed by the existing regulations of the Ethiopian Public Servants are expected to pay or contribute 4% of their basic (monthly) salary to the Government Pension Trust Fund. This amount should be withheld by the employer from the basic salary of each employee on every regular gross earnings payroll and later be paid to the respective government body.

On the other hand, the government is also expected to contribute towards the same fund 6% of the basic salary of every permanent employee. It is this amount that was referred to earlier as payroll taxes expense (i.e. 6% of the total basic salary of all permanent employees).

Consequently, the total contribution to the pension Trust Fund of the Ethiopian Government is equal to 10% of the total basic salary of all permanent employees of an organization. This enables a permanent employee of an organization to be entitled to the pension pay given that the employee to enjoy this benefit during retirement.

Non-government organizations are also using this kind of scheme to benefit their employees with some modifications. This is made in some NGO's and some private firms by keeping a fund known as *Provident Fund*.

In this scheme, both the employees and the employer contribute towards this fund monthly. Ultimately, when an employee is retired or is separated from work, a lump sum amount is given at once.

Other Deductions - Apart from the above two kinds of deductions from employee's earnings, employees may individually authorize additional deductions such as deductions to pay health or life insurance premiums; to repay loans from the employer or credit association; to pay for donations to charitable organizations; etc.

Each of the other deductions may be put in special column in the payroll register.

Ultimately, the sum of the employees income tax, pension contributions and other deductions give the total deductions from the gross earnings of an employee.

- **The net pay** - This amount is held in one column of the payroll register representing the excess of gross earnings over the total deductions of an employee. The column 'Net Pay' total tells the grand total earnings minus the grand total deductions made from the earnings of the employees. It is the grand total "take-home" pay.
- **Signature** - Unless some other document is used, the payroll sheet may allow a column for signature of the employee during collection of the net pay.

In general, a payroll register should at least show the earnings, deductions and the net pays along with the names of employees.

9.12.5 Major Activities in Accounting for Payroll

Gathering the Necessary Data. All the relevant information about every employee should be gathered. This activity requires reviewing various documents and to do some arithmetic.

Including the names of employees along with the gathering data such as earnings, deductions and net pays in the appropriate columns of the payroll register.

Totaling and proving the payroll register. It must be proved that the grand total earnings equal to the sum of the grand total of deductions and net pays in the register.

The accuracy and authenticity of the information summarized in the payroll should be verified by a different person (often referred to as the internal auditor) from the one who compiles it.

The payroll is to be approved by authorized personnel.

The net payment is done either in cash or issuing a check for every individual employee for the net amount payable to each employee.

The total payment on the payroll and recognition of the tax liabilities is recorded.

Paying and recording withholding and payroll tax liabilities are reported to the concerned authority, in our case to the Ministry of Inland Revenue on time.

9.13 SUMMARY

Compensation administration intends to deal with fair approach to workers' benefits. That is, job evaluation, to decide on the value of each job in relation to all other jobs in the organization is to be conducted first.

Then comes wage structure of each job on the basis of job survey and the evaluation of each job, wage grades is structured. Finally, the wage determination process is conducted together with details in the payroll and the activities of the accounting department.

9.14 CHECK YOUR PROGRESS

Matching

Match the correct answer from column B in the space provided under column A

Column A	Column B
____ 1. A factor that determines acceptable salary	a) to develop an adequate and structure
____ 2. The pay one receives individual	b) done in cash or a check for
____ 3. Wage and salary administration	employee
____ 4. Good rewards	c) an organization's concern to compensation
____ 5. Government legislation	d) determining job evaluation
____ 6. A salary survey is conducted career	e) candidates decide upon their

_____ 7. Wages are determined on the worker to	f) marginal contribution of the production
_____ 8. Point rating is based on the simplest	g) ranking method is probably method
_____ 9. Deductions	h) subtraction made from the earnings of
_____ 10. Net payment	employees because of government
	requirements i) reinforce desired behavior j) a measure of one's worth to the firm k) distinguishable factor
like ability and	contribution l) affects wage fixation m) monetary rewards given to
employees on	hourly basis n) employees must be informed of
their own	position

9.15 ANSWERS TO CHECK YOUR PROGRESS

1. Determining job evaluation
2. A measure of one's worth to the firm (organization)
3. Monetary rewards given to employees on hourly basis
4. Reinforce desired behavior
5. Affects wage fixation
6. To develop an adequate and acceptable salary structure

7. Marginal contribution of the worker to production
8. Distinguishable factor like ability and contribution
9. Subtractions made from the earnings of employees because of government requirement.
10. Done in cash or a check for individual employee.

UNIT 10: WORKERS UNIONS AND GROUP DYNAMISM

Content

- 10.0 Aims and Objectives
- 10.1 Introduction
- 10.2 Definition
- 10.3 Perception of Unions
- 10.4 Reasons for Workers to Join Unions
- 10.5 Types of Labor Unions
- 10.6 The State of White-Collar Organizations
- 10.7 General Observations
- 10.8 Characteristics of Work Groups
- 10.9 Group Norms
- 10.10 Organizational (Group) Conflict
- 10.11 Summary
- 10.12 Check Your Progress
- 10.13 Answers to Check Your Progress

10.0 AIMS AND OBJECTIVES

- To define and explain the term “Union” or “Labor-union”
- To indicate some characteristics of workers in groups and their potential to form unions
- To give a clue of what workers as groups influence performance
- To show the what and how group conflicts arise and how to manage them.
- To raise a word or two on the importance of good labor-management relations.

10.1 INTRODUCTION

The question of groups without any normal organization may not properly function and the influence of formal and/or informal groups affecting the

task performance of organizational activities will be argued and debated. Union's establishment, constraints on management, and the causes of conflicts and how to manage them will be the major concern of this unit.

10.2 DEFINITION

A union is a group of workers acting collectively to protect and/or promote their mutual interests through collective bargaining. In modern organizations, it is highly important to note how unions or occupational associations in groups pursue their goals and that whether one is a member of the workers unions or that of the management, some knowledge of group activity imposes significant influence in the success or failure of the organization.

Among bargains of unions as groups include:

- wage and/or salary bargain
- security system for employees
- influencing rules and
- organizational politics

10.3 PERCEPTION OF UNIONS

In general, public perception of unions is very dim in Ethiopia. We Ethiopians are very aliens and individualistic.

In principle, number is power. Yet the number of groups rise in size, their cohesiveness is reduces. Another factor is that if and when groups are formed, there is supposed to be some contribution in finance, activities to the group, or fear of the government, etc. Yet, unions are still the great influence, particularly in private organizations.

10.4 REASONS FOR WORKERS TO JOIN UNIONS

Workers join unions for:

- economic

- sociological and
- psychological reasons

Following are some practical and theoretical explanations for workers to join unions

- economic comfort
- security of employment
- fair treatment by superiors on subordinates
- companionship and respect among individuals
- mutual respect between management and labor

More often than not, it is observed and noted that one major contribution to unionization is workers' dissatisfaction with the leadership and supervision of superiors. In some organizations, as in some political parties and/or in some religious groups, it is observed, that there exists campaign to increase membership of individuals, so that once they are members, they cannot, but have to remain members or they join membership as a requirement for employment.

10.5 TYPES OF LABOR UNIONS

As was mentioned earlier, workers' groupings for personal benefits do not operate only through unions.

There are professional associations, originally created or permitted by law/ policy to advance professional interests of their members.

Despite that workers' organizations are advancing better with "white collar" employees, the establishment of labor unions has its origin with the blue collar workers.

10.6 THE STATE OF WHITE - COLLAR ORGANIZATIONS

Together with satisfactory benefits in the reasoning to promote or benefit unions and their improvements in the day-to-day practices, there are more and more organizations today with more “white-collar” workers.

Despite that many white collar workers, particularly in the government-run organizations, have the tendency and the interest to bargain collectively, many branches of government employees are not allowed to go on strike.

10.7 GENERAL OBSERVATIONS

- The process of unionization in Ethiopia is more regulated by the government and the employing organizations.
- The Ethiopian labor law is one of the major reference points.
- Many managers view “collective bargaining” as an infringement of their established and relatively comfortable process.
- By choice and/or by force, unionization both for the unions and the employing organizations are restricted in their dealings with union activities.
- More often than not, workers in both government - run organizations or the private ones are more reluctant to unionize officially or unofficially.
- A large number of the Ethiopian work-force are not aware of the rights to unionize as stipulated in the Negarit Gazeta.
- Unionization and group tasks are not established practices of many Ethiopian workers.

10.8 CHARACTERISTICS OF WORK GROUPS

Definition

- A group is a collection of two or more individuals
- Interacting and interdependent
- Who have come together

- To achieve certain goals

Groups may be – formal or informal

The formal groups are those defined by the organization's structural authority

- with designated work assignments of established tasks.

Informal groups are affiliates that are not formally structured or not organizationally determined.

Groups may also be classified into:

- command group or
- task group

A command group is decided/agreed by the organization chart. i.e., the manager of a given unit and the subordinates (e.g. a department chairman and the staff put together)

A task group is also grouped by the organization. It represents those working together to accomplish a task.

Note - A “task groups” boundaries are not limited to the immediate hierarchical superior alone. It may cross command relations e.g., the college student accused of some kind of misbehavior:

- may involve the department head,
- the dean of students,
- the dean of faculty
- etc.

Groups may also be addressed as “work teams”. Again, teams may be defined as two or more persons who interact and influence each other toward a common goal.

Teams (groups) exist that have both formal and informal characteristics.

There are also HIGH PERFORMANCE teams referred to as SUPERTEAMS. Super teams perform over time works on their own initiative and without the involvement of management.

Super teams are different from other formal teams (groups) in that they ignore the “strict up-and-down arrangement” with subordinates (workers), at the bottom and managers at the top.

In addition, it is noted that:

- well-run super teams manage themselves,
- they arrange their work schedules
- set their productivity good as and
- they improve their product quotas.

Some authorities warn that super teams are not “all roses and rainbows”. Middle managers in particular, are threatened by super teams because they have little control on them.

If super teams manage themselves without much also from the formal supervisor, then they are referred to as self-managed teams or/groups

10.8.1 Importance of Groups

Groups are important because they influence (have an effect on or cause to do) the performance of their members:

Under normal condition, workers in organizations do not function as individuals. Instead, they work as group members. Hence the need for the study of groups.

10.8.2 Principles of Group Dynamics

In the formal work groups, membership is not by choice. Instead, membership is dictated. An individual’s workmates (fellow-workers) and supervisors are simply assigned her/him.

• Group Cohesiveness

The degree to which a group may influence the performance of its members is largely affected by the attraction of the group.

• Cohesiveness

The cohesiveness of group members is partly affected by the factors that caused the members to join the group at the beginning.

There are also other factors that influence group cohesiveness. Among them are the following.

- **Group Size**

The size of the group is an important factor for its cohesiveness some studies indicate that group cohesiveness declined as the size of the group increased up to 20/30 members and it leveled beyond this number.

In general, however, group size is more of an influence of cohesiveness than parameters like education, age or sex. An explanation for this is that communication and interaction are essential for group cohesion.

- **Goals**

A reason for an individual to join a group is his/her desire to accomplish a goal with and/or through the group.

Thus, agreement over goals increase cohesiveness.

(iv) Intragroup and Intergroup Competition

Group cohesiveness diminishes with intragroup competition. On the other hand, intergroup competition does often increase cohesiveness.

10.9 GROUP NORMS

Groups are said to control their members through the use of NORMS. These norms are referred to as RULES OF BEHAVIOR i.e., proper ways of acting - accepted as legitimate by members.

10.9.1 Norms have some characteristics

- Norms summarize and simplify group influence process – those things that the group feels essential to control.
- Group norms apply only to behavior i.e. not to private thoughts and feelings.

Note. Behavioral compliance does not necessarily reflect the true private attitudes and beliefs of members. A member of a group may simply be forced to agree with the group as a whole. Yet, her/his attitudes and beliefs may conflict with those of the group.

- Usually, norms develop gradually.
- In general, norms are developed only for behaviors that are considered important by the majority of group members.

10.9.2 The Effect of Groups on PERFORMANCE

A person's work-group determine her/his performance. There are three ways through which groups influence the performance of their members.

- by providing or withholding assistance
- through material or moral rewards
- through targets they set.

Groups provide or withhold assistance.

An individual's workgroup can also influence her/his ability to do the job well by giving or holding back assistance. This state could happen especially where jobs are interdependent. Groups reward their members. Groups are considered an important resource of rewards or punishment. Individuals who violate group norms often face group guidance and then reprimand and finally to the extent of ostracism.

On the other hand, an individual's work group could be a source of great satisfaction as well as a protection

Groups set their own targets. One approach in which a cohesive group influences its members is by substituting its own standards in place of the manager.

These norms (standards), referred to as rules of conduct, proper ways of acting, are accepted by the member as legitimate.

Group members are motivated by such standards because:

- as members of the groups, they consider that these standards are their own and
- they fear of the consequences of not conforming.

10.9.3 Improving Group Performance

A close-knit, cohesive work group that supports the aspirations of management can induce its members to perform better.

Yet, the reverse does also hold true. i.e., A cohesive group that disagrees with the approach of management may induce members to be unproductive.

10.9.4 Group size and Member Participation

Group size is an important factor to stimulate or to weaken performance of members.

Group members tend to be inhibited as the group grows large.

Furthermore, with an increase in the group size, there is a decrease in the overall amount of participation. There is less talking and discussion and more sub grouping (clique). With an increase of the size, there is also a tendency for most members to participate less and for a few members to dominate the discussion.

***Figure 8: A Model Representing the Cooperation of
the Two Donkeys in Consuming their Hay***

10.10 ORGANIZATIONAL (GROUP) CONFLICT

Conflict is a familiar characteristics of an organization. One functional cause is self interest of individuals in the organization due to:

- competing objective and /or
- struggle between and among one or more departments or groups to dominate others.
- Conflict may be impersonal in nature
- It could arise out of irrational and selfish desires of some individuals or groups to get things done their way.

10.10.1 Types of Conflict

There are

- Functional and
- Dysfunctional conflicts
- Despite that conflict, if improperly used may have negative effects, if it is properly used, it could be a channel for innovation and desired change.

If an organization is to avoid stagnation, an element of conflict is desired in it.

- Hence, conflict, if constructive, is both necessary and useful.
- There will be few new inputs (changes) without an element of conflict.
- There are and there should be stimulation to think through ideas when there is positive picture of conflict.

There are individual, interpersonal and group conflicts.

The first one – role conflict occurs if a person is faced with conflicting orders or conflicting obligations. e.g. order from a Dept Head or order from a Division Head or if one is both a student and a worker.

Conflict in an organization could happen between individuals and/or groups.

Interpersonal conflicts may occur between individuals or between individuals and groups. Such conflicts could sometimes occur from legitimate sources. This is so because some people are just conflict prone – some others are hypersensitive that they view every comment as an insult.

The third type of conflict is intergroup conflict. This may be conflict between line and staff. There are many factors contributing to intergroup conflict.

- Competition for limited resources
- Authority issues
- Lack of cooperation
- Responsibility issues
- Misunderstanding (communication failure).
- Substandard performance
- etc

10.10.2 Techniques for Managing Organizational (Group) Conflict

There are many of them.

- Among them, one is setting superior goals.
- Another is setting clear cut structural approaches i.e., introduce interdependence among competing bodies or refer the issue of disagreement to a common superior
- Use different conflict resolution approaches:
 - avoid a problem, live-let live.

- face (confront) the problem i.e., try to solve it
- negotiate a solution

Note the diagram of the donkeys (Figure 8)

- Despite that conflict, if improperly used, may have negative effects, it could be a channel for change and development when properly used.
- If an organization is to do away with stagnation, an element of conflict is desired in it.
 - Accordingly, FUNCTIONAL (constructive) conflict is both necessary and useful.
 - There are only few new inputs in an organization where there is an absence of conflict.
 - Where there is a positive picture of conflict, there is a likelihood of having stimulation to think through ideas.
- In nearly all organizations, there are - individual
 - interpersonal and
 - group conflicts

10.10.3 Management - Union Relations

The approval of the establishment of unions in an organization influences the way management deals with workers in the firm. One of the influences is the impact of the union restricting the freedom /of the management. Such restrictions refer to the application of policy in view of reducing nepotism/. Unilateral action and individual dealings with workers over adjustment of pay, hours of work and conditions of work are said to be adjusted with the establishment of unions. Management is also bound to go by policy with regard to reduce restrictions on workers freedom. Yet, the establishment of a union may impair plant efficiency.

A still another impact of a union on management is that it influences management to be conscious of employee needs and wants. To this end, unions help management to share the responsibility or to work overtime in situations where business is slack*

10.11 SUMMARY

A union is an organized group of workers, legally established to protect and promote their common interests through collective bargaining. At the beginning of the establishment of unions, there existed lots of conflicts and opposition on the part of both the governments and the management of firms.

During different group processes, through both the labor loaders and owners and managers of firms reached a relatively cohesive approach that the antagonism of both sides was amicably reduced.

Be that as it may though, there are other group interactions and professional associations which perform the function of unions indirectly.

10.12 CHECK YOUR PROGRESS

1. Define a union

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.....

2. Define a group

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.....

3. What is the difference between a command group and a task group?

.....
.....

* decline, decrease, goes low

4. What is meant by group cohesiveness?
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.....
5. What is the importance of groups?
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.....
6. What is the effect of groups on performance? Argue the issue both from positive and negative angles
.....
.....
7. Assume you are a manager of group activities. What approaches would you use to improve group performance?
.....
.....
8. What are the two types of conflict? What is the difference between the two?
.....
.....
9. Suppose you are to manage the conflicts that arose among your staff. What methods would you apply to solve these conflicts?
.....
.....
10. Discuss the contribution between management-union relations
.....
.....

10.13 ANSWERS TO CHECK YOUR PROGRESS

- | | |
|----------------------------|------------------------------|
| 1. Refer to section 10.2 | 6. Refer to section 10.9.2 |
| 2. Refer to section 10.8 | 7. Refer to section 10.9.3 |
| 3. Refer to section 10.8 | 8. Refer to section 10.10.1 |
| 4. Refer to section 10.8.2 | 9. Refer to section 10.10.2 |
| 5. Refer to section 10.8.1 | 10. Refer to section 10.10.3 |