Subject: **Human Resource Development**	
Course Code: **OBH- 414**	Author: **Dr. Harpreet Kaur**
Lesson No.: **1**	Vetter: **Prof. Anil Kumar**

CHALLENGES IN HRD

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1.0 OBJECTIVES

After going through this lesson, you will be able to:

- Understand the concept, need and importance of HRD.

- Describe the increasing role of and challenges to HRD managers.

- Explain the emerging issues and trends in HRD.

- Explain the challenges for HRD and developing leaders for tomorrow.

1.1 INTRODUCTION

With increasing global competition, it has become difficult for organizations to start, survive, grow, stabilize and excel their performance in business. They are under tremendous pressure to improve their performance quantitatively and qualitatively with cost effectiveness. The business environment is rapidly changing. It has become necessity to keep pace with the changing environment otherwise they will be thrown out of business by market forces. The challenges faced by business organization are how to improve profitability, tune products and services as per changing need of customers and organizational development to stay in competitive race of business. Now the tasks of farming rules, regulations and standing orders have been changed to promote the motivation generating factors and minimize the de-motivating factor for maximum capacity utilization. All these activities were clubbed together under umbrella of human resource development. Though Human resource development is not new in developed nations, it is relatively neglected in the developing nation. Managers Supervisors and employees all require training and continual development if their potential is to be utilized effectively, to be able to catch up with the ongoing competition.

It can be defined as a set of systematic and planned activities designed by an organization to provide its members with the opportunities and facilities to learn necessary skills and develop competencies to perform the current jobs and prepare them for further jobs also. Learning process is main for development activities and HRD activities are a continuous process. It should start with the entry into organization and continue throughout the career of employees. It is required for all people working at different levels and performing different tasks HRD programs must meet the changing requirement of jobs and must be must be aligned with the long-term strategies of the company to ensure effective utilization of resources.

Human Resource Development concept has been defined by different experts as follows:

In the opinion of Nadler and Wigs the ultimate purpose of HRD activities is "to make a difference" in the real world of costs, quality, quantity, accuracy and

timeliness.

It has been rightly observed by Billimoria and Singh that "each human being is born as something new, something that never existed before. Each is born with the capacity to win in his life, has his own unique potentials, capabilities and limitations."

In opinion of Khan, "HRD is the process of increasing knowledge, skills, capabilities and positive work attitude and value of all people working at all levels in a business undertaking".

Nadler defined, "HRD mean an organized learning experience, within a time frame, with an objectives of producing the possibility of performance change".

According to Rao, in the organizational context, HRD is a process in which the employees and an organization are continuously helps in a planned manner to:

   (a) Acquire or sharpen their capabilities.

   (b) Develop their general capabilities as individuals.

   (c) Develop organization culture.

1.2 NEED FOR HUMAN RESOURCE DEVELOPMENT

The need for HRD is felt by every organization that is interested in the following objectives to be achieved:

   (a) To stabilize itself.

   (b) To Grow.

   (c) To diversify the products or services.

   (d) To renew itself to become more effective.

   (e) To improve its systems, products and services.

   (f) To change and become more dynamic.

   (g) To play the role of a leader.

1.3 IMPORTANCE OF HRD

In present rapidly changing and competitive environment it has become very

difficult to survive, grow and excel in business. Further this has been exaggerated by entries of MNCS in Indian market to tackle this situation it is only possible through development of human resource. Organizations that have developed their human resource have become successful in all competitive situations. The importance of HRD can be judged by observing the following points:-

(a) HRD and Restructuring of Organizations

The departments are formed not on the basis of functional specialization but on the basis of products and services. HRD has made these structural changes possible.

(b) HRD and Global Competition

Due to liberalization of world economies many multinational corporations have entered in different countries through export, licensing, consultancy, collaboration, joint venture, merger and acquisition and foreign direct investment. These have increased the level of competition in almost every country. It has become a question of bread and butter for everybody in business. Now focus has been shifted towards development of competencies of employee's. Organizations with competent and motivated manpower have proved themselves by giving better performance in quantity, quality for products and services.

(c) Technological Changes and HRD

Due to development of science and technology industrialization started further improvement in these brought better machines and techniques. Due to globalization pressure the focus is on cost reduction, short production time, quality of products and services. To survive in this critical situation again support of trained and motivated people is required. Without development of human resource it is not possible in present time to stay in competition with multinational corporations.

(d) HRD and employee empowerment

In present global markets the MNCs are operating a number of foreign subsidiaries located in different countries. For example, a company based in

USA, having its foreign subsidiaries in china, India, Brazil and Australia and involves a long distance. It has been felt that such type of business can be managed if company is having motivated, talented and dedicated manpower.

(e) HRD and Outsourcing

In present time it has become a need of the business to provide goods and services with lower cost. This compelled many companies to outsource their non-core activities. They are forming a larger portion of working force and they can work at distance with flexible time. This contributes to cut down in house costs. Hence the need for training and development of such workers has been felt at micro and macro levels. Through proper training and development activities these worker can contribute to a good extent in cost reduction in operation.

(f) Compensation to Top Management

Top management compensation in U.S firms is fixed as per shareholder value. If the value of shares of the firms increases then the compensation packages of top management will increase. Human resource development process contributes to achieve good performance from employees and of organization as a whole and helps to increase value of share of shareholders. This approach has not been adopted in India until now but in future it may be accepted.

(g) HRD Job Satisfaction

Organization where favorable climate for learning is create and facilities for training and development, Career development and proper guidance are provided the employees take initiative to learn more.

(h) HRD and Employee Turnover

Through HRD efforts the employees become competent and motivated. They work in a good organization climate. They are satisfied at their work facilities provided to them. Through HRD process the firms retaining their employees get competitive advantage by cutting labour costs. Further the firms get rid of hardly working employees by motivating through HRD

process.

(i) Bright future of HRD Research

To manage the business more effectively and better than their competitors the management of the firms has realized that HRD process can help them a lot further to find out more and better HRD methods and intervention, research in HRD areas is needs. It is possible when the top level management is having HRD oriented approach.

1.4 INCREASING ROLE OF HR MANAGER IN RECENT TIMES

Under globalization number of activities, areas, destinations and customers increased drastically. It has become bit difficult for management to manage the business activities effectively and efficiently in the present competitive scenario. It becomes necessary to manage activities relating to production, marketing, human resource, finance, research etc.

(a) Globalisation.

(b) Enactment of new or amendment of existing labour legislations.

(c) Development of knowledge of employees and research activities relating to human resource.

(d) Shortage of trained HRD managers at senior level to provide on job training.

(e) Rapidly changing technology creating skill gap among employees.

(f) Changing role of trade unions in present time.

(g) Increasing expectation of employees from organization.

(h) Competitive demands of employees.

(i) Educational at national and regional level are not in a position to meet the requirements of industries.

The above mentioned reasons increased importance of Human Resource Management in present time. Further, to carry out business in different countries the need for HRM has been felt strongly. Because of employees from diversified culture, sex, highly skilled employees, different labour laws in

different countries, enlightened labour union and leaders, high expectation of employees and competitive demands, management is not in position to do justice to the job.

1.5 CHALLENGES TO HRM/HRD MANAGER

Social, economic, technological conditions are changing. These changes have already affected business and will have an even greater impact in future. Human behaviour is also complex. The human resource function has to make a pro-active and creative response to these challenges and the consequence they hold for human resource function. Some of these challenges are discussed under three broad groups are:

(a) Organisation Level

(b) Workplace Level

(c) Human Resource Department Level

    (a) Challenges at Organization Level are:

- Integration of human resource plans with corporate plans

- Stay in global competitive business.

- Integration of change techniques

- Development of an organization culture.

- Diversified working force.

- Creation of suitable environment of learning in organization.

    (b) Challenges at Workplace

    (i) Adapting to technological changes

    (ii) Challenges from hardly working workers

    (iii) Focus on socio-psychological needs

    (iv) Improvement in managerial effectiveness

    (c) Challenges at Human Resource Department Level

(i) There must be a focus on process orientation involving development of less formal processes that the line executives can use in managing people effectively.

(ii) There must be a concern to develop human resource strategies in line with organization goals.

(iii) The challenge relating to research orientation involves audit of current practices and manpower utilization, experimentation of innovative ideas, evaluation of personnel programs and computerization of manpower information system for enhancing the quality and efficiency. There is a challenge for developing personnel policies.

(iv) There is a challenge for developing personnel policies.

There is a challenge relating to reinforcement of a matrix organizational personnel department at plant level. This challenge can be met by:

- Working closely with the executives.

- Seeking to handover the personnel function to the line executives through persuasion, education, and adopt a consultative role.

- Evolving a participative approach in developing personnel policies.

1.6 EMERGING ISSUES IN HRD

Some of the issues which are emerging and are of great concern for both the organizations as well as the employees on the HRD canvas over the last few years have been sketched out as below:

1. The Shift from Training to Learning

There is an expectation that employees will take more responsibility self-learning through,

- Sharing the cost of education with the employer,

- Identifying their own training needs from time to time,

- Learning from work related situations on a daily basis,

- Learning from peers, subordinates and superiors.

As a result the focus has now moved away from training and development to training learning and development.

(a) The emphasis is now on lifelong learning to enhance employee's employability during his career.

(b) Employees are encouraged to understand how they learn and can learn differently.

(c) The growing emphasis is now on unlearning the old concepts to make way for the new once which is very essential in today's competitive environment.

2. The Shift from formal Interventions to Informal Workplace Learning

Nadler and wiggs differentiated between the formal classroom learning and informal workplace learning for the first time in 1986. They emphasized the importance of experiential on the job learning through colleagues, learning from doing that is chairing a meeting, leading a project team, attending an interview etc, learning from the mistakes of self and other is also a very rewarding experience.

(a) There is less emphasis on specific job related skill to develop competencies essential for achievement of organizational goals and enhanced performance.

(b) Less emphasis on instructional design and delivery mode and more on facilitation of learning.

(c) More involvement of line managers in the evaluation process and in the facilitation of workplace learning.

3. The Shift from Psychological to Sociological Perspectives on Learning

The traditional training programmes are designed around the psychological perspectives of learning while the sociological perspective of learning emphasizes on social learning through social interaction. Another is situated learning whereby the employee learns from the colleagues in a work context. This has lead to the growing interest in the informal and collaborative work place learning that is integrated with work through the support of both the HRD practitioners and the line manager.

4. The Shift from the Trainer as an Instructional Expert to Business Partner

Earlier the line manager was concerned with only identification of training needs only but now the HRD practitioner is a business partner and acts as a change agent, business expert, knowledge manager and internal consultant.

5. The Shift from the Development of Human Capital to the Development of Intellectual Capital

More recently the focus has shifted from the human capital to the intellectual capital which embraces social as well as human capital. Social capital is knowledge that is socially embedded in social networks and informal groups. This social capital is bring increasingly used for problem solving, innovation in work and helps in quick adaptation to new methodologies of working and enhances performance.

6. The shift from Centralized Training Departments and Large Team of Internal Trainers to More Varied and Flexible Approaches

The emphasis here is on blended learning which combines the face to face methods of learning with E learning modules. These are becoming very popular in the digital age and the organizations worldwide are using internet and intranet 24x7 to deliver training at the convenience of the employees. The centralized training centre's are now becoming less functional in today's competitive environment.

1.7 EMERGING TRENDS IN HRD

1.Knowledge Management

Simply put knowledge management can be defined as the process of collecting organizing, Storing and disseminating knowledge. It is all about capturing knowledge in any make it the organization from what people say and do and make it accessible to others.

- Help in conceptualizing organizational vision and communicating it to all the members.

- Help in creating an organizational culture that motivates promotes and rewards people to create, Share and use knowledge

- Help in conducting regular training and development programmes.

- Encouraging employees to perform multifunctional responsibilities

- Effective knowledge management initiatives can do great for an organizational in the following ways.

- Foster innovation and creativity by encouraging free flow of ideas.

- Improves Customer service by streamlining response time.

- Boost revenues by getting products and services to market faster.

- Enhance employee retention rates by recognizing the value of employee's knowledge and rewarding them for it.

2.Creating and Developing Learning Organizations

A learning organization is an optimal state for creating and nurturing organizational competencies over a period of time which tends to improve performance through personal mastery, mental models, building shared vision, team learning and systems thinking.

A typical learning organization would be characterized by the following;

- They are adaptive to their external environment.

- They continuously strive towards enhancing their capability to change and adapt

- Develop and encourage collective and individual learning

- Use the result of learning in improving performance and achieve better result.

3.Building Corporate Leadership for Tomorrow

In the light of emerging challenges of globalization, rapid change, emergence of knowledge stakeholders, escalating professionalism, competitive survival through values and society's increasingly powerful surveillance mechanisms, corporate leadership would ensure better business performance and corporate social performance excellence.

The adoption of corporate leadership style encompasses the following characteristics

- Ability to re orient things and activities in the light of constant change.

- Ability to grasp global opportunities and exploit them towards the organization's advantage.

- Ability to learn to achieve standards rapidly.

- Ability to involve internal and external stakeholders in decision making.

4.Talent Management

The organizations core competencies in terms of its human resources would make the ultimate difference in their winning or losing in this competitive environment. And managing the existing talent in the organization is of paramount significance to survive in this knowledge based economy.

Talent management encompasses recognizing people's inherent knowledge, skills, abilities, personalities, traits and individual differences and putting them at the right place the right things at the right time.

Talent management is characterized by following activities;

- Identifying, realizing and guiding untapped potential in the human resources available in the organization.

- Nurturing and developing the people identified having potential to the organization's advantage.

- Creating and maintaining supportive and people friendly organization culture.

5.HR Re Engineering

It involves vital rethinking and radical reconstruction of enterprise processes that aims at eliminating all the duplicate activities, uniting the activities and innovating the ineffective ones. In short it aims at dramatic improvements in critical contemporary measures of performance like cost, quality, service and speed. This is possible by empowering, engaging, enhancing the employee capabilities and building up an enabling culture.

Reengineering as created by hammer and champy are characterized by the following activities;

- Several jobs are combined, performed by team members responsible for a process under the control of the team leader.

- Team members are empowered to find new and innovative ways to improve the exiting methodologies towards service delivery modules, quality

standards and norms, cost reduction and reducing the cycle times of the existing HR interventions.

- Process integration leads to fewer controls and checks which reduces the defects through team effort.

6. Quality Circles

Quality circles are informal groups of employees who meet voluntarily on a regular basis to identify, define analyze and solve work related problems. It is indeed a participative philosophy woven around quality control and problem solving techniques at the bottom level.

Quality circles are characterized by following attributes;

- It epitomizes the policy of people building, respect for human beings and conceives a participative management culture.

- It enables the grass root level employees to play a significant role in their organization for improving the quality.

- It is a problem solving technique.

7. Employee Empowerment and Engagement

Talented and empowered people are becoming the most important ingredient in successful organizations today. The new generation adaptive organizations are replacing delegation with empowerment and responsibility with ownership.

This can be done by;

- Giving higher responsibilities to employees,

- Training them to accept responsibility,

- Continuous feedback and open channels of communication,

- Rewarding and recognizing good performance,

- Process reengineering,

- Employee involvement,

- Total quality management,

8.Team Building

Building teams for a better tomorrow is a major issue concerning HR practitioners and they are including it in HRD initiative to improve organizational performance. It has nevertheless a great synergistic effect on the working of the team members rather than individual working. A team always achieves more than an individual. Thus training people to work in teams and rewarding team efforts are on top of the agenda of HR people.

The different forms of teams can be

- Problem solving teams
- Task Forces
- Temporary teams
- Quality circles
- Cross functional team

9.HRD and Quality of Work Life

Creating a climate at the workplace so that human technological organizational interface leads to a better quality of work life Is the concept behind HRD initiatives leading to higher quality of work life. There are three categories of factors involved in QWL, which are individual factors, job related factors involved in QWL, which are individual factors, job related factors and organizational factors. These are individuals involvement in the job, his sense of competence leading to job satisfaction and finally to better performance and productivity.

The six psychological requirements of people advocated by emery which should be taken care of while designing organizations are;

- The need for variety in job contents which can be done through job redesigning.
- The need for being able to learn on the job and learning continuously.
- The need for some minimal area of decision making that the individual can call his own.
- The need for some minimal degree of social support and recognition at the workplace.

- The need for the individual to become reliable.

- The need to feel that the job leads to some sort of desirable future.

1.8 CHALLENGES FOR HRD

The future looks exciting but at the same time threatening as well. Organizations are gearing up for the difficult times ahead by tapping all the resources on hand. Organizations realize that their people or employees would be one of the prime resources for establishing a competitive edge in the future.

Consequently, organizations would require workable strategies to align the individual talents/strengths of their people towards business goals. This is where human Resource professionals can play a deciding role. They have to face newer challenges, take up different, unprecedented roles and in the process help the business achieve its goals. How do we do that?

- What challenges are organizations most likely to face in the changed business scenario?

- What strategies & structural changes will help organizations respond to these challenges?

The future business scenario would be marked by the following features which would pose newer challenges for HRD.

1. Rapid changes in Technology: The world is facing a rapid change in technology and so our organizations. The biggest and foremost challenge which comes before HRD is to make its workers/employees equipped with the changing technologies.

2. Transnational suppliers and customer: Transnational suppliers and customers have now to be given a new face as they need to play a transformational role in the changing scenario.

3. Fierce competition: With the advent of globalization and entry of MNC's & rapid changes in technology the Indian organizations face a fierce competition. To stand in the market and face the competition successfully has become one of the important challenges of HRD.

4. Innovation for survival: Nothing is permanent except change. The biggest challenge, which comes before HRD professionals, is to provide development

opportunities, latest updating of skills to the present employees. To meet the challenges and fierce competition Innovation is a key to success.

5. World-class Quality-demand of customer: Every customer in the market looks for value of money. With increase in competition, and awareness of the customer to maintain quality at an affordable price is the need of an hour.

6. Mergers, Takeovers and Acquisitions: With increase in competition, entry of MNC's mergers, takeovers and acquisitions are bond to take place. With cross cultural mix, with diverse culture of various employees working in an organization the HRD department is responsible for providing all kind of developmental opportunities to its employees.

7. High product differentiation achieved by very low manufacturing costs: With the increase in competition and ease in availability of substitutes the product should be differentiated with low manufacturing costs. Achieving a differentiation with low cost poses a challenge for HR manages.

8. Extremely short lifecycles of products/services: The memory of people is short and so is now the lifecycles of product/services which makes it all the more challenging of survive.

9. Quicker response to market: A good MIS accompanied with good HRD can enjoy the quicker response to market.

10. Organizational restructuring: The whole organization structure would need to be more organic than ever before to be able to survive and remain world-class. The structure would have to be lean enough to create synergy and dynamism for disseminating communication quickly across all levels. The organization would require highly competent individuals who take the process of innovation and knowledge-enhancement seriously. The business scenario would impact the organization structure and on its manpower Resources because of the change in existing and future organization.

11. Managing the team of Global Human Resources: Emerging issues for HR related to globalization include sourcing and recruiting visionary personnel with the cultural fluency necessary for employers building multinational business ties.HR plays a critical role in developing staff that are capable of initiating and sustaining those overseas relationships.

12. Legal compliance with global employment laws: Many organizations have successfully managed their compliance with federal and state employment laws for decades. However, complex legislation that affects the HR function poses a challenge for some companies.

13. Managing the team of Multigenerational Diverse workforce: The workforce is made up of workers who represent four distinct generations: the silent Generation, born 1945 and earlier; Baby Boomers born 1946 to 1964; Generation X, born 1965 to 1980; and Generation Y or Millennials, born after 1980. Supervisor feedback for seasoned workers born during the silent Generation could be very different from feedback intended for tech-savvy, relatively new entrants to the workforce from Generation Y. The emerging issue for HR is training leaders on adapting their management styles to suit employees' motivational needs.

14. Employee Retention: Employee retention has always been a concern that challenges HR leaders – keeping talented employees satisfied enough to stay with the company. However, the methods that HR uses to retain employees require going the extra step to ensure that workers are fully engaged, enthusiastic about coming to success.

15. Countering Erosion of trust: The work place could become a very insensitive place because of business-decisions like lay-offs, Golden Handshakes, etc which might leave those lefts behind in a state of fright and suspicion. It is upon the HR Professional to take up this challenge of bringing in some sensitivity and trust into the work place.

16. Re-humanizing: The past decade saw major efforts in the direction of humanizing the work-place. The future might again require major efforts on part of the HR Professional to make bonds which have got more or less severed due to the onset of e-mail, telecommunication, flexi time etc.

17. Managing the Contingent Work-force: The contingent component could comprise of consultants, specialists, project teams, part-timers, temporary appointee's etc. and the HR person needs to make them feel required and appreciated.

18. Resorting to Faster, Non-Fussier Response: The old bureaucratic ways of queries being replied to after filling up scores of forms and of policies,

procedures being kept away in wraps should be challenged. A fresh air of transparency should be allowed to blow across the HRD setup.

19. Paying Individual attention to employees: As customizing is taking place in the services being offered and products being manufactured keeping in mind the needs of the discerning customer, so should the HR Professional handle the work force.

20. Going Back to Basics: The HR professional would have to go back to that basic behavioural knowledge and put them to use in order to do justice to the multi-hued workforce. For quite some time these behavioural inputs have been put onto the back burner and more administrative aspects have gained importance, which in turn has been the reason for the HR function to be treated as a non-critical function.

21. Doing Environmental-Scanning on a continual basis: The latest trends in business and in its own function need to be known to the HR professional more than ever before for adding value to the function. For this the HR professional needs to be in touch with the external environment through any medium possible.

22. Meeting the changing needs expectations and aspirations of the employees in this globalized era through adopting new approaches to industrial relations.

1.10 HRD AND THE CHALLENGE OF DEVELOPING LEADERS FOR TOMORROW

1. Invest in Leadership Development. Whether you believe leaders are born or made, companies still need to invest in their best employees to develop and sustain leadership qualities. Real leadership training involves exposing your best employees to an immersive leadership environment. It's a big investment, but it's a form of long-term planning. Build the best team you can, then invest to make them better. Your people will recognize the investment in them, and both the business and the individual will reap the rewards.

2. Create a Culture of Collaboration. Leaders are at their best when the company culture demands collaboration. Rewarding individual success is necessary but not sufficient. Only in a culture of collaborators will organizations have developing leaders working together to bring other employees up and into the circle of leadership.

3. Develop Communications skills. We many expect our leaders to be good communicators but too often it's not the case. Communication styles vary widely, what may work for one organization may not work for another. This is part of developing a company culture, you need to set bar high for communications skills, give people training where they come up short, and correct style mis-matches before harm is done. Good communicators build teams and trust; poor communicators create and feed uncertainty.

4. Drive and Sustain Real Accountability. Leaders must be accountable. They must own the problems they need to solve and own their failures to be credible when claiming success.

5. Be human and reward Emotional Intelligence. Moral Intelligence and Ethical behaviour. The managers' ability to differentiate between the right and the wrong and his ability to do the right things will determine a true leader. This is what we call moral Intelligence. Ethics at workplace should be the main course in the development of Tomorrows human resources.

1.11 SUMMARY

HRD basically refers to the set of systematic and planned activities designed by an organization to provide its members with the opportunities and facilities to learn necessary skills and develop competencies to perform the current jobs and prepare them for further jobs also. The need for HRD is felt by every organization in order to stabilize itself, grow, and renew itself to become more effective etc. as organizations that have developed their human resource have become successful in all competitive situations. As the concept is comparatively new in India, with its increased importance and need, the challenges to HRD managers have also increased manifold on organisational, workplace as well as human resource department level. Challenges of HRD include managing the team of global human resources, legal compliance with global employment laws, managing the team of multigenerational diverse workforce, employee retention etc. Moreover, rapid changes taking place in technology, transnational suppliers and customers, fierce competition, continuous required innovation, ever demanding quality demand of customer, mergers, takeovers, acquisitions have also posed newer challenges for HRD.

1.12 KEYWORDS

HRD is the process of increasing knowledge, skills, capabilities and positive work attitude and value of people working in an organization.

HRM is that part of management process which is primarily concerned with human constituents of an organization.

Job Satisfaction is a feeling of contentment or a sense of accomplishment which an employee derives from his or her job.

1.13 SELF ASSESSMENT QUESTIONS

1. Define Human Resource Development and explain its importance in detail.

2. Why the need for Human Resource Development has been felt in industries across the world? Discuss.

3. Critically evaluate the role of HRD in development of employees and organization as a whole.

4. What are the problems faced in planning and implementation of HRD activities.

5. Explain the challenges faced by HRD managers in present scenario.

6. What are the emerging trends in HRD functions?

7. Discuss the emerging issues and challenges in HRD.

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Subject: **Human Resource Development**	
Course Code: **OBH-414**	Author: **Dr. Sahil Raj**
Lesson No.:2	Vetter: **Prof. Anil Kumar**
HRD Audit (Human Resource Development Audit)	

Structure

2.1 Objectives

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21.3 Characteristics of HRD

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2.5 Components of HRD audit

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21.8 HRD audit report

2.9 HRD audit scorecard

2.10 Summary

2.11 Key words

2.12 Self-assessment questions

2.13 References/Suggested readings

2.1 Objectives

After going through this lesson you will be able to

- o Understand and explain the concept of HRD audit and HR audit
- o Understand the characteristics of HRD audit
- o Understand the purpose of HRD audit
- o Describe the components of HRD audit
- o List the steps inculcated in the HRD audit
- o Enumerate the techniques used to conduct HRD audit
- o Explain how to generate HRD audit report and HRD scorecard

2.2 Introduction

HRD is defined as – *"A process by which the employees of an organisation are helped, in a continuous, planned way, to acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles; develop their general capabilities as individuals and discover and exploit their own inner potential for their own/ and or organisational development purposes; develop an organisational culture in which the supervisor-subordinate relationships, teamwork, and collaboration among sub-units are strong and contribute to the professional well-being, motivation and pride of employees."* – (Rao, 1985)

The objective of HRD is to build the competencies and culture required for individual, social and organisational growth to create a better society for all. HR practices are essential for bringing about the success of any organisation. Any practice in a firm which deals with building and development of competencies, commitment and culture in the firm is termed as a HR practice. Therefore, human resource development is all about effective management of these HR practices, and is therefore cantered on three Cs – Competency, Commitment and Culture. Good HR practices are critical for overall organisational growth. Review of leading companies in India (Rao 2010) clearly demonstrates that these firms have a massive HRD function, a deep orientation towards HRD function and sufficient investment in HRD function to gain competitive edge. Therefore, questions present that, are the HR practices good enough to provide the edge, are they relevant to organisational strategy, do they orchestrate the organisational climate and most of all, are these HR practices converting into organisational performance? Answers to such questions are provided by HRD audit. HRD audit is defined as –

"The methodology of evaluating various elements of HRD and providing a balance sheet of the strengths and weaknesses of HRD practices in the organisation." – (Rao, 1990)

This audit provides answers to such questions not just intermittently, but on a continuous basis as well. It is important to understand here that HR (human resource) function of the organisation encompasses this HRD function and in addition contains HR administration and Industrial relations and worker affairs. The HRD audit therefore, doesn't cover HR administration and Industrial relation aspects, but it cannot even work in isolation, so they are considered to play the role of contextual factors. The scope of HRD audit therefore is limited to evaluation of growth opportunities and functions of people, and doesn't include evaluation of any HR function like industrial relations, worker welfare and management and so on. A HR audit is defined as – (SHRM, 2016)

- "An evaluation of the organization's operational HR policies, practices and processes with a focus on key HR department delivery areas (e.g., recruiting—both internal and external, employee retention, compensation, employee benefits, performance management, employee relations, training and development).
- A review of current HR indicators (e.g., number of unfilled positions, the time it takes to fill new position, turnover, employee satisfaction, internal grievances filed, number of legal complaints, absenteeism rates)."

Therefore, while HR audit ensure whether the HR practices of an organisation are effective, adequate and legal, HRD audit focuses in evaluation of HR practices in the firm meant for employee development. It can be viewed as a function specific HR audit. HRD audit involves comprehensive evaluation of current strategies, structure, systems, and skills in the direction of accomplishment of overall business strategy and long term and short term goals of the firm. In this context, the audit also ascertains which the future HRD needs of the company are after assessing current HRD activities and inputs.

2.3 Characteristics of HRD audit

HRD audit is comprehensive

HRD audit begins with understanding business overall strategies and then alignment of HRD strategies with those of the business. Typically HRD audit would, therefore, involve asking the following questions to the management:

- Where does the company want to be five to ten years from now, three years from now and one year from now? This question aids in determining the required competencies by the firm to achieve their projected five year or ten year vision. Listing required competency aids the firm in conducting gap analysis in skills and competency in the present firm and then lead way for future HRD strategies.
- What is the current skill base of the employees in the company in relation to various roles and role requirements? This is answered through interviews, performance appraisal forms, and inquiries from departmental heads and other employees.
- What are the HRD subsystems available today to help the organisation build its competency base for the present, immediate future and long term goals? HRD sub-systems such as training system, performance appraisal system, etc., are evaluated in

order to ensure that available skills are properly utilised and enhanced at appropriate times.

- What is the current level of effectiveness of these systems in developing people and ensuring that human competencies are available in adequate levels in the company? This step aims at developing the existing systems through future enhancements by assessing whether the existing system have certain loopholes or limitations in meeting the needs of the current users.

- Does the HRD structure exist in the company adequate enough to manage the HRD in the company? This step measures whether the current structure is capable enough to support present and future HRD needs of the firm.

- Are top management and senior manager style of managing people in tune with the organisational culture? The culture is a facilitator of HRD and therefore, in this step leadership styles are examined to understand whether they are coherent with organisational culture and facilitate learning environment.

-

HRD audit examines linkages with other systems

HRD facilitates its role through various subsystems such as personnel management system, performance appraisal system and so on. HRD audit examined the link between HRD practices and other systems in the firm. Through gaps identified in HRD audit, a suggestive framework for other subsystem is specified. The audit outcomes propose suggestions on future HRD strategies required by the company and consequent impact on other systems in the firm.

HRD audit is business driven

HRD audit always begins with examination of overall business strategy. Therefore, it always attempts to examine the HRD strategies required achieve business's long and short term goals.

2.4 Purpose of HRD audit

- **The purpose of HRD covers different areas. Some of the areas are explained in the following paragraphs;**

- 2.4.1 To make HR function business driven – audit ensures that HRD is working in alignment with organisational strategy and business goals. Whenever some changes in the business occur, such as introduction of new technology, restructuring of departments, reengineering of business processed, HRD audit identifies change areas and consequent changes that should occur in HR function as well

2.4.2 To identify areas of HRD for expansion, diversification and enabling dynamic fast paced growth – People are key assets of any organisation and leading firms today have well equipped HRD functions which steer a firm ahead in the competitive market. HRD audit identified gaps in current practices and how can they can be filled to move in the right direction to stay competitive

2.4.3 For promoting professionalism among employees – professionalism among employees implies possessing adequate skills and abilities to compete the other competing workforce. HRD audit aids in competency and skill gap assessment and therefore promotes professionalism

2.4.4 Identify the reasons for low employee productivity and areas for improvement in HRD strategies – Some reasons for low productivity are typical of a given industrial sector, a given country, a region and so on, and HRD audit accomplishes in visualising these specific reasons and therefore suggesting probable areas of improvement.

- 2.4.5 For change of leadership – sometimes HRD audit is carried out to ensure smooth movement from old leadership to new leadership and to reorient the HR department under the new leadership.

2.4.6 For effective talent utilisation, retention and development, and intellectual capital building – Organisations wish to enhance their market value through intellectual capital building whereby the firm manages both its tangible and intangible assets such as intellectual capital effectively. HRD practices should contribute to creation and enhancement of intangible assets and audit enables to examine the components where HRD is making lesser contribution towards value creation

2.5 Components of HRD audit

HRD audit involves comprehensive evaluation of HRD strategies, structure, system, styles and skills, in context of long and short term goals of the company. HRD audit always begins with examination of overall business strategy and then examines current HRD strategies. These HRD strategies should stem from corporate strategies and should be vertically and horizontally aligned with them. However, if the company's culture and style are not aligned with HRD strategy, then the strategies will fail to produce the required performance changes in the organisation. In addition, the HR department's structure should be consistent with organisational culture and HRD strategy, to ensure that strategy is implemented through proper systems in place. Further, the organisational members should possess the requisite skills and competencies to implement the strategy. Therefore, HRD audit encompasses all the above mentioned aspects – strategy, style, structure, systems and skills. In this context, the components evaluated in a HRD audit are:

- **HRD Strategies**

Since HRD strategies originate from overall business strategy, in light of globalisation and present competitive environment, organisations should carefully devise their strategies. The challenges that the strategy should effectively address are:

- Quality challenge – all the products and services delivered by the firm should be of the highest quality. Through benchmarking and quality management practices, organisations can ensure that they deliver only quality products and services in the market and stay competitive in the present business scenario.

- People challenge – There is an immense pressure on the firms to hire the best people available in the market, who are not only talented but also equipped with required skills and competencies to perform well and provide competitive edge to the firm. Resource based view too suggests that leading firms differentiate themselves through people they hire, since all other resources can be duplicated.

- Technology – The one change which is constant in the market is technology and organisations need to continually scan the environment to observe opportunities and probable threats emanating from technology. With technology, not just its introduction but adaptation and maintenance and then again introduction of new technology are a challenge which firms need to address in their strategy.

- Culture – Firms need to build a culture which is conducive for employee growth, and for this they need to have proper systems in place which ensure coordination, collaboration and flow of information among employees and management.

- Speed – Firms have to take into consideration the speed in which market bring changes. Their speed of response, decision making provides them an edge in the market. For ensuring speed, firms need to have proper strategy which addresses the challenges associated with real time decision making.

- Social responsibility – Firms today have an immense demand to fulfil their social obligations, since they are pivotal in service towards the society. Each one of them serves each other purpose and organisations are now stressing on incorporating the social role in their strategy.

- Learning organisations – A firm which is constantly evolving through learning from its failures and successes is called as a learning organisation. Such firms invest heavily in people, technology, networking, and have a consistent urge to improve. These firms are adaptive and respond to the dynamics of the environment well. Firms need to address through their strategy how to make an organisation a learning organisation.

Considering the above mentioned challenges that business strategy needs to address in present business environment, it is worth noting that following HRD strategies need to be emphasised on:

- Communication strategy – Communication needs to be ensured not just among employees, but also among employees and management, and between external entities of the organisation as well. With such HRD strategy in place, organisations would be able to exchange information effectively and quickly, protecting them from information silos, redundancies and information inconsistency issues preventing the firms from effective growth.

- Accountability, ownership and commitment strategy – It is imperative today that the employees stay committed towards the firm, since it has an impact on their job attitudes and job performance. Through various HRD interventions and systems, firms can increase employee commitment levels. Through proper HR systems, accountability and ownership issues too can be managed.

- Quality strategies – HRD strategies first address the quality issues prevalent, and, then examine how the same can be improved through HR systems. For example, quality issues with product quality can be enhanced through practices like TQM (total quality management), which require effective involvement of employees in the practice which can be ensured through proper HR systems in place.

- Customer orientation strategies – Customers are vital to functioning of any business today. Through appropriate tools to measure customer satisfaction, such as through surveys, feedback, reviews, interviews, product ratings, and other forms like discussions, companies can maintain customer satisfaction. In service sector, employee satisfaction plays a major role in affecting customer satisfaction. And HRD strategies ensure that employee stay satisfied, thereby impacting customer satisfaction.

- Cost reduction strategies – Total employee involvement in any functioning of the business would dramatically reduce errors in functioning and hence the associated costs. Therefore, HRD audit looks for ways to achieve total employee involvement in all business functions and tasks, thereby providing means to reduce cost.

- Culture building strategies – When firms practice a culture which is open, collaborative, authentic, proactive, provides opportunities for employees for exercising autonomy, platform to put forth and confront issues and experimentation; such firms exhibit the highest growth in the industry. Therefore, HRD strategies should aim to enhance each of the cultural components.

Now having understood, what challenges a business strategy should address and what are the specific HRD strategies firms need to focus on in order to overcome these challenges, let us examine how HRD strategies are audited. HRD audit attempts to examine business strategy and then link which HRD strategies are emphasised on to achieve these business goals. For this purpose, during HRD audit, top management and HR executives are interviewed and following questions may be asked to audit HRD strategies:

- Which business challenges organisation is likely to face?

- What are the future opportunities for the company?

- What competencies are required by the company to meet these challenges and opportunities?

- How do these competencies differ by different levels of management and workers?

- What are the present sets of competencies possessed by the employees of the firm?

- What are the gaps and how these can be fulfilled?

- Are these gaps aligned with business goals?

- Which HRD strategies would be the most competent in achieving these goals?

- Which present HRD strategies aid in achieving these goals?

- Does there exist adequate understanding of human variables in the organisation?

- Is HR system such as performance appraisal, recruitment, job rotation etc. properly aligned with business goals?

For example, a firm with restructuring as its business strategy to survive the present business environment, identified four HRD areas which need to be addressed – culture building and culture change employee orientation, leadership and capacity building. Then, the firm suggested strategies to bring about changes in HR systems to address these areas, such as identification of appropriate training programs for capacity building, job rotation to improve employee orientation in newly structured firm and so on.

HRD Styles and Culture

HRD climate such as culture and style has a clear impact on organisational performance. With appropriate climate and culture, organisations can sustain themselves and steer out of any adversity. Culture provides the platform for employees to function well and when employees can connect with organisational culture and feel one with it, it builds a sense of purpose and identity in them, which in turn reflects in their organisational attitudes and job outcomes. The culture is initially formed by the top management style and then gradually reflects and becomes part of HR practices adopted by the firm. Therefore, culture and styles are included in HRD audit.

For HRD culture to aid in building competencies and commitment, it should possess the following characteristics:

- It should enable learning

- It should aid in continuous evaluation of existing competencies and need for new ones

- It should facilitate the people in the firm to showcase their KSAs (knowledge, skills and abilities)

- It should provide employees with the means to build and enhance one's competencies.

- It should instil sense of purpose, pride and motivation in employees

- It should allow people to be creative and exploring
- It should allow people to foster relations and collaboration among themselves
- It should build action orientation and employee morale

These characteristics are often abbreviated as OCTAPACE culture – Openness, Collaboration, Trust and Trustworthiness, Authenticity, Proaction, Autonomy, Confrontation, and Experimentation. Openness allows people to freely express their opinions, ideas without the threat of being judged. Collaboration fosters building up interpersonal relationships and employees don't feel left out in major decision making of the firm. Trust and trustworthiness enable people to believe each other and nurture mutual growth. Authenticity implies the ability to deliver what is promised and express reliably. Proactive culture encourages creativity, risk taking and problem solving skills. Autonomy empowers people and allows them to take decisions independently. Confrontation provides a platform for people to freely express their concerns and issues.

Top management through implementation of appropriate management style can build such a culture. For this purpose, it is important to understand the top prevalent management styles in the Indian context:

- Paternalistic style – involves treatment of all subordinates by top management or higher in the hierarchy, affectionately. The style is largely relationship oriented where resources are freely shared. This creates a sense of dependency among subordinates and it might also be difficult at times for supervisors to elicit the same trust from their subordinates.

- Critical style – is exhibited by management who believes in constant monitoring and supervision. They define short term goals and ensure they are met in time by employees. They believe in punishments more than reward and recognition. Such a style can create motivational and confrontational issues.

- Developmental style – is seen as the real HRD style of management. In this style of management, management believes in empowering the subordinates, such that they can take decisions at their own discretion. Managers believe in building employee competence so they can function independently. This way they also enhance employees' commitment while building their competency. They are focused on long term goals.

To conduct HRD audit on culture component, generally a survey to assess organisational climate or questionnaire on dimensions of OCTAPACE culture is administered to management. HRD

audit can also involve asking following questions to management for each dimension of OCTAPACE:

- Openness – How openly people express their opinion? Do they believe their opinions are heard by the management and make a difference to them? Does organisation implement based on the opinions? Are employees encouraged to express opinions?

- Collaboration – Do teams believe collaboration exists? Does teamwork or organisational culture create synergy? Is there a tendency among employees to help each other? Do employees often involve in teamwork or group participation exercises?

- Trust and trustworthiness – Do people honour their commitment in this firm? Is there a feeling of trust among workers? Do employees feel they are being closely and constantly monitored? Do people adhere to what they say?

- Authenticity – Do people adhere to what they say? Are people authentic in their approach?

- Proaction – Do employees take initiatives often? Are they encourages to take initiative? Do employees demonstrate creativity and risk taking abilities?

- Autonomy – Do employees feel empowered? Can they take decisions at their discretion? Can employees undertake new activities on their own?

- Confrontation – Do people and management discuss ideas and issues openly? Does organisation encourage open discussion of ideas and problems?

- Experimentation – Can employees freely express their ideas? Can employees experiment with their ideas? Do employees take risks? Are employees innovative?

When an organisation has a 360 degree system in place, leadership styles and HRD goes hand in hand. However, all firms don't employ such systems; therefore HRD audits examine management styles to assess whether they are contributing towards effective culture building and therefore implementation of business strategy. The following steps can be taken to audit HRD management styles in a HRD audit:

1. Determine strategically important individuals in the organisation responsible for key decision making or those who have an influence on values and culture of the firm

2. Administer questionnaire in a 360 degree manner, such as to subordinates, colleagues, supervisors, etc., to determine their leadership style. Or interview managers individually and in groups to ascertain leadership style of management.

3. Tabulate the collected data, and conclude how leadership style relates to implementation of HRD functions

4. Prepare a list of implications about how style of management can aid in creating a HRD culture. For example, how management assigns tasks, communicates vision and therefore contributes towards organisational strategy

5. Suggest means by which HRD styles can be improved to facilitate HR function implementation.

HRD Structure

The structure of HR function in any organisation acts as a facilitator for HRD. HR structures can change over time and organisations periodically review their functions to sustain business growth. Some of the different structures HR function can take have been listed below:

- Dedicated HR department – where each sub function of HR is assigned different staff and different tasks. Such departments are fairly large and in large organisations, the number of HR departments may be in hundreds.

- Corporate HRD with headquarter office and separate independent departments in different regions or locations

- Outsourced HR function – with a HR executive and lean staff managing HR function in the firm

- HRD task force – group of competent line managers perform HR functions and one of them is assigned the role of HR head

- CEO as HRD manager – in relatively smaller organisations, CEO himself can assume the responsibility of HR function

When organisation conducts HRD audit for structure component, the following questions need to be answered:

1. What kind of structure is required by the company?

- The important issue to be addressed is - Given the current and future business needs of the company, which HR systems are required? And for each of these systems, which structure would act as the best facilitator? Does the organisation presently have the required structure to meet those needs?

- In addition, firms should also keep in mind while evaluating existing structures, that (1) value addition from existing departments would not always come from self-multiplication of departments, (2) HRD should not be merely system-driven but also competency and business driven, and (3) HRD can be strengthened even in the absence of formal HRD department.

2. Do HRD activities contribute directly or indirectly to business goals of the organisation, and whether organisations prioritise activities in their contribution towards business goals?

3. Does organisation have HRD competencies of required nature, quality and extent to deliver the HRD functions and maintain their pace?

4. How is the HR department positioned? Does it have an appropriate top level executive to facilitate its functioning?

5. Is the HR department head competent in delivering his duties at the position?

6. Is there clarity in definition of roles?

7. Do the tasks performed by HR department causing value addition?

8. Is the HR department staffed properly and task distribution appropriate?

In addition, the following questions need to be addressed by HRD structure audit:

- Given the competency requirements, which is the appropriate structure?
- How well defined is the existing structure (in terms of role, task structure, reporting, coordination mechanisms, etc,)?
- Which structures are most appropriate in fulfilment of business goals?
- What are the strengths and weaknesses of existing HRD structure?
- What are the most important elements of existing HRD structure?
- What steps need to be taken to align HRD structure with business goals of company?

HRD Systems

For ensuring achievement of overall business strategy and HRD goals, following HRD systems are utilised:

- Training subsystem – is seen as the most significant part of HRD, and ensures that technical, managerial and conceptual competencies of the employees are developed on a continual basis

- Performance appraisal subsystem – which is gradually being replaced by performance management systems, which involve all tasks ranging from performance planning, development, monitoring and recognition.
- Feedback and counselling system – for mutual development of the employees. Currently, the firms are moving towards integrating this function into their performance management subsystem.
- Career development and planning subsystem – involves creating awareness in the individual about their capabilities and then steer them towards the right career path.
- Potential appraisal system – which recognise and build the desired competencies in the individual to meet future growth requirements both at the organisational and individual level

Auditing HRD systems involve distributing questionnaires to understand how the systems are being implemented to achieve HRD and business strategy. In addition, it is imperative to incorporate interviews, observation and formal discussion to understand actual system functioning. Some possible areas to address during HRD audit of subsystems have been presented below:

Career system

a. Manpower planning and recruitment – what is the current process, how managers participate, is planning done scientifically, what are strengths and weakness of the current system?

b. Potential appraisal and promotions – what is the system for potential appraisal, is it scientific, what is the promotion policy, does it incorporate competency, what are strengths and weakness of the current system?

c. Career planning and development – what is process of succession planning, are career paths well defined, would structural changes impact career paths, what are strengths and weakness of the current system?

Work planning

d. Role analysis – how role clarity is communicated and ensured to employees, are there mechanisms to share performance expectations, what are strengths and weakness of the current system?

e. Contextual analysis – are there mechanisms to share organisational performance information, do employees use it to plan their tasks, what are strengths and weakness of the current system?

f. Performance appraisal – what is the current system, what are its components and objectives, are managers and employees appropriately involved, what are strengths and weakness of the current system?

Development system

g. Training and learning – suggestions for improvement in training, mechanisms to impart training

h. Feedback and counselling – mechanisms for feedback and counselling, adequacy of resources for this, is there 360 degree mechanism

i. Others like job rotation, mentoring

Self-renewal system

j. Role efficacy – presence of role efficacy development programs, mechanism to assess efficacy

k. Organisation development – how is OD diagnosis carried out, mechanisms or interventions for OD?

l. Action oriented research

Culture systems

m. HRD climate – main characteristics, presence of OCTAPACE, level of trust

n. Values – are values clearly stated and communicated, relation of values to organisational goals?

o. Quality orientation – efforts to improve quality, success of these efforts, quality related systems in place

p. Reward and recognition – existing reward systems, their employee perception, what are strengths and weakness of the current system

q. Information and communication – information needs at different employee levels, appropriate flow of information, efforts to increase communication

r. Empowerment – practices to empower employees, attitude of management towards empowerment

In addition, during HRD audit of systems, the following secondary data is also reviewed, each of which aids in understanding better about HRD system:

- Analysis of recruitment data – for manpower planning
- Analysis of rate of promotion – potential appraisal
- Analysis of past promotion patterns and career patterns – career planning
- Analysis of performance appraisal forms, KSAs, and clarity in roles – role analysis
- Analysis of information shared by management with employees – contextual analysis
- Analysis of training expenditure, budget
- Analysis of time spent of performance counselling and facilitating factors for the same
- Analysis of job rotation data and past workshops or seminars conducted for role efficacy
- Analysis of research reports, OD intervention documents and organisation circulars
- Analysis of meetings, memos, interviews, values, statements and commitments, notice boards, annual reports etc.

- **HRD Competencies**

Present business challenges require that HRM be professional in nature. A core set of requirements for HRM to be professional are – sharing of knowledge, competency building, role clarity, and focus on defined outcomes. All of this requires that HR staff is competent to perform their roles adequately and aid the business to meet challenges. For this competencies are important component of HRD audit. The following competencies are required by HR professionals in today's business environment:

- HRD professional knowledge – including knowledge of HRD philosophy and practices, performance appraisal and potential appraisal systems, career planning and development systems, group dynamics, training and OD interventions, inter-linkage between HRD systems and components, development systems, career systems, culture systems and self-renewal systems in detail
- HRD professional skills – includes skills required for influence building, oral and written communication skills, interpersonal skills, counselling skills, leadership skills, creativity and problem solving skills, system design skills, OD skills, conflict management skills

- Personal attitude and values – empathy and understanding, introspection, interpersonal trust, proactivity, sense of fairness and discipline, openness, responsibility, humble, perseverance, empowerment, and motivation

The HRD audit for competencies can be done using one of these methods:

1. Knowledge testing – can be done using standard techniques such as post training tests
2. Testing attitude and values – can be done using standard instruments available to gauge attitude and values
3. Self assessment – can be done on a checklist supplied by HRD department to assess competency gap in HRD professionals
4. 360 degree appraisals – by involving peers, subordinates, bosses, external and internal entities
5. Internal customer satisfaction surveys and employee surveys to assess HRD department
6. Assessment centres

- **2.6 Steps in HRD audit**

Generally, the process of HR audit includes the following steps:

1. Determine the type and scope of audit – determining which area to target for auditing
2. Develop the audit questionnaire – includes all aspects for which audit is to be conducted
3. Collect the data – through administering the questionnaire
4. Benchmark the findings – compare the findings from the audit with company benchmarks
5. Provide feedback about results – summarise the results and provide a written report with recommendations based on identification of high priority areas
6. Create action plans – to implement the changes suggested in the audit marked by degree of priority
7. Foster a climate of continuous improvement – organisational leaders should involve in continuous observation and improvement of current organisation's developments

- **2.7 Techniques to conduct HRD audit**

The three techniques most commonly used to conduct HRD audits are

Interviews

The quickest and most adequate method for HRD audit is interviewing. It may involve either individual or group interviews. HRD audit involves interviewing CEO and top management, HRD managers, line staff and their representatives. The interview serves following purposes for HRD auditor:

- Auditor knows expectations of top management

- Define scope and application of HRD audit

- Explain schedule, methodology of audit

- Understand current system, structure, strategy, styles and skills prevalent in the firm

- Understand about the inter-linkages between these components

- Understand SWOT analysis of the current systems

- Understand perceptions of management and staff involved in HRD audit

- Group interviews allow for wider coverage of issues, larger involvement, data verification and creating awareness among employees

-

Observations

HRD audit involves observation of the following:

- Physical facilities and living conditions

- Meetings, discussion and other transactions

- Celebrations and other events related to organisational life and culture

- Training and other HRD related facilities, including classrooms, training centre

- Forms and formats, reports and manuals

All of these are assessed and observed to provide the following insights:

- Do they promote sense of belongingness among employees?

- Do they adequately communicate expectations from employees?

- Are they professionally articulated and clear in scope and definition?

- Are they organised, readable, centralised and informative in nature?

Questionnaires

The audit questionnaire is meant for line managers and operational staff generally. It is one of the most comprehensive techniques of auditing. It involves items to assess the dimensions of all

components of HRD audit such as evaluation of career system and sub-parts, work planning systems, development systems, self-renewal systems and HRD systems and functions. The questionnaire is analysed in the following manner:

- Item-wise analysis – scoring each item and then computing average score per item. Comparison of average scores industry and past data aids in benchmarking of the score and then assessment of performance of the firm on that dimension
- Dimension wise analysis – when each dimension's total score is computed by aggregating individual item scores belonging to that dimension, a dimension score can be obtained
- Overall HRD score – by aggregating dimension wise scores and indicated general HRD effectiveness in the company

Those dimensions which score less than benchmarked values are considered as liabilities while others are assets. In addition, if questionnaire data contains open-ended questions, it can be analysed for contents and tabulations.

2.8 HRD audit report

A major outcome of HRD audit is HRD audit report. It is important to stress here that it is not a research report, rather it is meant to suggest areas of improvement in firm in light of its assessment of HRD functions involvement in achieving business strategy. Generally the contents of HRD audit report are:

- Introduction
  - Contains introduction about the company, its functioning, areas of operation,
  - reason for present audit, methodology and framework for audit,
  - brief description of HRD system framework
  - future strategy and business plans of the firm
- Current status of HRD function
  - Structure, staffing, objectives and future plans of HRD function
  - Overview of HRD systems and subsystems
  - Strengths, weaknesses and areas for improvement of HRD function
- General observations

- o Salient features revolving around three dimensions of HRD – competence, culture and commitment
- o Mechanisms and patterns of each dimension
- o Strengths and weakness of each dimension

For each of the HRD mentioned below, the report contains outline of its Subsystems, General functioning, strengths, weakness, and suggestions of each subsystem:

- Career systems
- Work planning systems
- Development systems
- Self-renewal systems
- HRD culture systems
- HRD function

2.9 HRD scorecard

T.V. Rao (1999) introduced this approach termed as the concept of HRD scorecard. This scorecard measures the maturity level of HRD of any organisation by taking into account the following factors. Based on HRD audit, a score is assigned to each dimension indicating the level of effectiveness of HRD in relation to the four dimensions:

- HRD system maturity – A maturity score is computed for the HRD of an organisation and it is assumed that in a mature organisation, there will be well developed HRD systems.
- HRD competencies of employees including HR department – A competence score is computed for competencies of staff and other employees based on a given index. This score provides an insight into the competency level of the employees, which can be enhanced through appropriate HRD interventions.
- HRD culture of any organization – A strong culture imbibes business values in the employees and holds them together fostering their commitment towards the firm. HRD tools, staff and styles convey values to the employees which build a sustainable culture in the organisation

- HRD influence on business goals or business linkages of HRD – This is determined using business linkage score. This score implies how well the HRD systems, competencies are aligned with business goals and are crucial component in gauging HRD effectiveness.

A typical scorecard (Source: Rao1992) looks as under:

Name of the Organisation			ABC	
HRD Systems Maturity	HRD Competence Score	HRD Culture Grade	Business Linkage Grade	Overall HRD Maturity rating
B*	C	B*	B	B*C B*B

A* Highest Score and Highest Maturity Level
A Very High Maturity level
B* High Maturity Level
B Moderately High Maturity Level
C* Moderate Maturity Level
C Moderately low Maturity level
D* Low Maturity Level
D Very low Maturity level
F Not at all present
U Ungraded

The model is based on the following assumptions –

- Competent and motivated employees provide quality products and service to maintain customer satisfaction
- Competencies and commitment can be enhanced through appropriate HRD interventions
- HRD competencies play critical role in system implementation to ensure customer connection, satisfaction and competence building.
- HRD culture, values, staff, tools and styles play critical role in building sustainable competencies
- HRD systems, competencies and values should be aligned with overall business goals and strategy

2.10 Summary

The chapter begins by discussion of the concept of HRD, need for HRD audit, and then defines HRD audit and how it differs from HR audit. The characteristics and purpose of HRD audit in business decision making has also been explained. HRD audit involves auditing five major aspects or dimensions – HRD strategy, HRD styles and culture, HRD structures, HRD systems, and HRD competencies. A detail discussion of each component and what to include in audit has been presented. The general steps taken to conduct HRD audit in an organisation have been enumerated. Three major techniques used to conduct HRD audit viz. interviews, observation and questionnaires; and the areas they should assess have also been presented in the chapter. The chapter concludes with presentation on HRD audit report and HRD scorecard, each of which is a major outcome of HRD audit process carried in the firm.

2.11 Keywords

- **HRD audit -** The methodology of evaluating various elements of HRD and providing a balance sheet of the strengths and weaknesses of HRD practices in the organisation.

- **HR audit** - An evaluation of the organization's operational HR policies, practices and processes with a focus on key HR department delivery areas (e.g., recruiting—both internal and external, employee retention, compensation, employee benefits, performance management, employee relations, training and development).

- **HRD strategies** – involves mainly the strategies for Communication; Accountability, ownership and commitment; Quality; Customer orientation; Cost reduction, and Culture building

- **OCTAPACE culture –** involves defining culture on the dimensions of Openness, Collaboration, Trust and Trustworthiness, Authenticity, Proaction, Autonomy, Confrontation, and Experimentation

- **HRD structure** – defines the setup of HR function in any organisation which acts as a facilitator for HRD strategy

- **HRD subsystems** – typically include the system for training, performance appraisal, feedback and counselling, career development and planning, potential appraisal, self-renewal, and culture systems

- **HRD competencies** – include the competencies required by HRD professionals and include professional knowledge, professional skills and personal attitude and values

- **HRD audit instruments** – Key instruments used are Interviews, Observations and Questionnaires

- **HRD audit report** – which is not a research report, rather it is meant to suggest areas of improvement, identified through HRD audit, in light of its assessment of HRD functions involvement in achieving business strategy

- **HRD scorecard** – which measures the maturity level of HRD of any organisation by taking into account the HRD system maturity, HRD competencies of employees, HRD culture and HRD influence on business goals or linkages?

2.12 Self-assessment/ questions

1. Define HRD audit. Compare HR audit with HRD audit.
2. List the characteristics of HRD audit.
3. Discuss the reasons to conduct HRD audit in any organisation.
4. Discuss the components of HRD audit.
5. Elucidate how HRD strategies are audited in a firm.
6. Discuss the approach used to audit HRD styles and culture.
7. List the HRD subsystems and how they are audited.
8. List the HRD competencies required by professionals today.
9. Discuss the process used to conduct HRD audit.
10. Compare the three instruments used to conduct HRD audit in a firm.
11. What are the contents typically outlined in HRD audit report?
12. What is the purpose of HRD scorecard?

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2.13 References/ suggested readings

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Subject: Human Resource Development	
Course Code: **OBH-414**	**Author:** Dr. Sahil Raj
Lesson No.: 3	**Vetter:** Prof Anil Kumar
Evaluating Effectiveness of HRD Programs	

Structure

    3.1 Objectives

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3.1 Objectives

After going through this lesson you will be able to

- o Define and explain the concept of evaluation of the effectiveness of HRD programs
- o Explain the stages in a typical HRD cycle and role of evaluation
- o Understand and explain the purpose of evaluation of the effectiveness of HRD programs
- o Elucidate different models and frameworks used for evaluation of the effectiveness of HRD programs
- o List and explain the measures widely used for evaluation of the effectiveness of HRD programs, by different models of evaluation
- o List and explain organisational blockages and strategies to build an organisational culture conducive for evaluation

o   Explain the role of responsibilities, communication and active participation of all stakeholders in HRD programs for effective evaluation to occur

3.2 Introduction

Human Resource Development (HRD) has roots in Human Resource Accounting theory and has undergone considerable evolution to date. As such the existing body of studies on HRD has categorised this evolution into three models – 'Hard variant' of HRD which implies human resources need to be treated like other physical resources, that is, obtained cheaply and used to the maximum; 'Soft variant' of HRD which lays emphasis on mutual growth of firm and its human resources, and the present '5-P model', which emphasises that HRM and HRD are an integral part of business strategy and requires development of the 5Ps of HRD - policies, practices, programmes, philosophy and processes – in line with the overall business strategy. HRD has gained enormous significance owing to fundamental changes in business such as dynamic business environment, increasing complexity of organisational boundaries, multinational operation and rising competition to name a few. Amidst these changes, it is recognised that the single most important resource for competitive advantage is the human resource of a firm since when they are effectively developed, they generate tacit organisational knowledge facilitating the firm to gain sustained competitive advantage.

Although it is recognised that HRD provides sustained competitive advantage, most firms do not demonstrate whether HRD programs have yielded the desired benefits or not. Firms opine that it is unnecessary to evaluate HRD programs since evaluation is a time intensive and costly process. However, it is imperative to carry out the evaluation of effectiveness, since firms who invest in HRD programs have already made a considerable investment in terms of time and money, and therefore need a way to exhibit the value created from the investment and return on investment generated.

A typical HRD cycle has the following phases (Figure 1): Needs identification, Program design, Program delivery and Program evaluation. In any firm, first, a gap analysis is conducted to determine the difference between existing HRD capacity of a firm and proposed HRD capacity in light of overall business strategy. Then this difference determines HRD needs and based on these needs identification, different HRD programmes are designed and delivered to fill the gap. Clearly, there is a strong relationship between the first three stages of the HRD cycle and the

final stage, which is the evaluation of HRD programmes. Evaluation is a vital step in the HRD cycle since the output of an evaluation program determines inputs for future learning needs and hence the required HRD programmes. It is also important to state here that evaluation is not a onetime process; rather it is a continuous process integral to HRD cycle, implying that it should occur before, on and after each HRD program delivered in the firm.
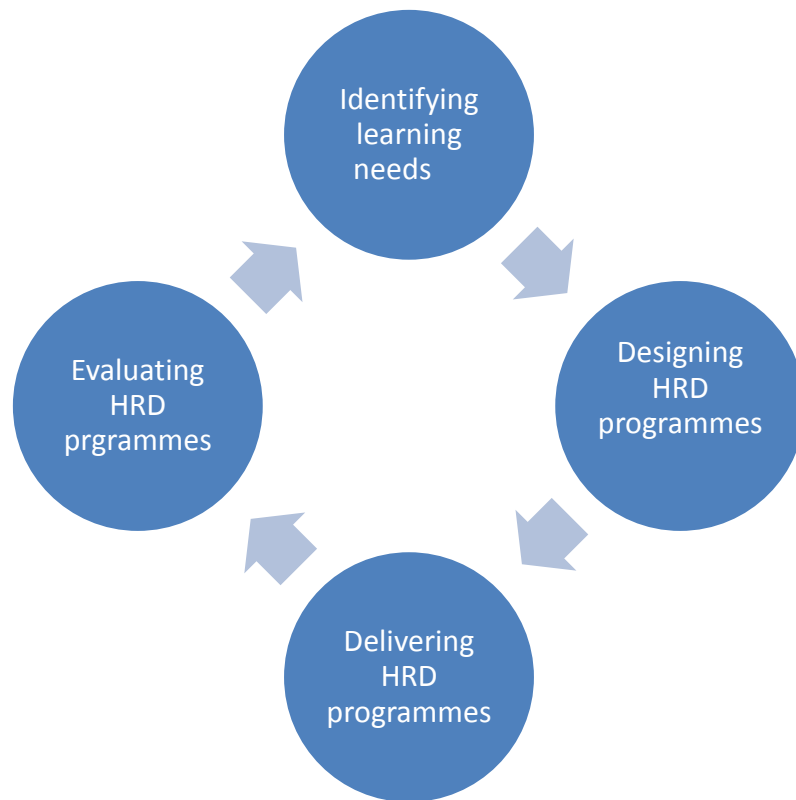

Figure 1. Typical HRD cycle (Source: (Mulhall, 2015))

Evaluation is said to occur when feedback on some event is obtained by comparing the outcomes of the event with predetermined standards or established basis of merit. Therefore, the evaluation of HRD programs can be defined as:

- *"Evaluation of HRD programs involves measurement and use of data, concerning the outcome, that is the effectiveness of HRD intervention" – (*Blanchard and Thakur, 2014)
- *"HRD evaluation involves a systemic collection of information necessary to make effective learning decisions related to the selection, adoption, value and modification of various instructional activities" –* (Werner and DeSimone, 2012)

When such a review of HRD programs is conducted, it provides the firm with specific areas in a firm's HRD practices which require attention and corrective actions. As is clear from the

definition, the concept of evaluation is relative in nature, implying that review should be carried out in relation to the goals of HRD activity being assessed. For example, if a training program is being evaluated, it should be assessed in the context of the learning outcomes of the program. These learning outcomes, objectives, predetermined standards and the basis of merit should be clearly defined during the design of HRD programmes so that evaluation takes place effectively.

3.3 Purpose Of Evaluation Of The Effectiveness Of Hrd Programs

The above discussion clearly highlights the importance of evaluating HRD programs in an organization. To establish whether HRD programs served the desired purpose, and generated sufficient return on investments made by the firm in HRD activities, evaluation is a must. Now, depending on the context of the evaluation of the effectiveness of HRD programs, it can be categorised as:

- **Summative** – usually carried out at the end of HRD intervention, by assessing the effectiveness of the outcomes of the HRD program, against the objectives predetermined for that program

- **Formative** – usually ongoing form of evaluation, looking for areas for improvement in HRD the program on a continual basis to make it more effective

- **Learning-oriented** – assessing the extent to which individual undergoing the HRD program is able to transfer the learning from program content to the job and improve performance

Clearly, the purpose of the evaluation is not merely restricted to the HRD program, rather it has a wider organisational scope. It attempts to uncover how HRD programs impact individual learning and behaviour, group learning and behaviour and ultimately have an impact on organisational efficiency and effectiveness. Therefore, when an organisation systematically collects information regarding HRD programs, to assess its effectiveness, it allows the firm to make better and informed decisions, which include the following:

- Whether the HRD program meets the desired objectives?
- What are the strengths and weakness of the program?
- How program participation affected the transfer of learning for the participants?
- How benefits received from the HRD program varied by participants?
- What should be the future HRD programs?
- Who should participate in future HRD programs?

- How to promote and measure ROI for future HRD programs?
- How to build the credibility of HRD programs with key external and internal entities of a firm?

To evaluate the effectiveness of an HRD program, the firm establishes the following:

- **Establishing the output of evaluation – When and Who**

- This involves the firm in deciding when the evaluation should occur and who should receive the outcomes of the evaluation, which basically aids in corporate decision making. HRD department is interested in determining who is interested in the information collected from the evaluation process since key participants attach varying levels of importance to the output of evaluation. For example, the actual outcome data would be of the highest interest to those who actually underwent the HRD program, and these learners may be individuals, their colleagues and supervisors. The evaluation data regarding the design of the program would of the highest interest for facilitators and designers of the program. The data regarding ROI and fulfilment of program objectives and gaps in organisational performance would of the highest interest for corporate decision-makers who need to secure the required resources to design and deliver the programs.

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Information – type and timing

As discussed before, the evaluation can be summative, formative or learning oriented. Therefore, the firm needs to specify the type and timing of information needed from an evaluation activity. It needs to decide whether it requires process information or outcome data. Process information targets at the improvement of the HRD program, based on feedback received from the program and is structured before and during the event. The outcome information represents the end of the HRD program and reports the final outcome in terms of the effect of the program on employee learning, behaviour and so on.

- **Process evaluation** carried 'before' the activity is used in the evaluation of the effectiveness of the design of the activity and provides answers to the following questions:
- Was need analysis accurate?

- Were need appropriately translated into HRD program objectives?

- Was the HRD program designed to meet all the above objectives?

- Were HRD methods suitable for the delivery of objectives?

- **Process evaluation** carried 'during' the activity is used in the evaluation of the effectiveness of delivery of the activity and provides answers to the following questions:

- How effective was the facilitator in delivering learning objectives using appropriate learning techniques?

- Did facilitator use an appropriate methodology of learning?

- Did facilitator adhere to the learning plan laid out for the HRD program?

- **Outcome evaluation** determines the extent to which the HRD program met the pre-determined standards. Following from Kirkpatrick's four-level model of evaluation, four outcomes are generally assessed:

- Reaction outcomes – a perception of the learning experience

- Learning outcomes – achievement of learning objectives and transfer of learning on the job

- Behaviour outcomes – changes in on job behaviour and performance

- Organisational outcomes – measures of changes in firms' activities and operational functioning, the extent to which HRD could address the performance gaps identified during learning need analysis of HRD cycle

3.4 MODELS AND FRAMEWORKS FOR EVALUATION

Although each firm has its own set of business goals which define their learning needs, and therefore firms differ in their HRD strategies as well. This clearly implies that there is no one-size-fits-all approach for evaluation of the effectiveness of HRD programs since each firm must tailor the effectiveness approach to suit the specific needs of the firm. However, philosophically, the approaches to HRD evaluation can be classified into two broad categories:

- *Hierarchical models*

Hierarchical models or approaches for evaluation of HRD programs focus on outcomes within the organisation. They are also termed as quantitative or scientific models and incorporate objective techniques for measurement, providing a means to perform cost-benefit analysis or

ROI of an HRD activity. Some of the economic benefits which these approaches determine are – resulting in cost savings, resulting in time savings, change in productive work habits like absenteeism, increase in skills, improvement in product or service quality (reduced number of defects or complaints), or change in job attitudes and organisational climate. However, the basic premise of these approaches is that data should be quantifiable and the evaluation process should be designed to meet predetermined objectives. The approach suggests that the evaluation process should be viewed in the form of a hierarchy, that is, consisting of multiple levels and for each level, a specific evaluation strategy should be used. In this manner, by evaluating an HRD intervention at different levels, the complete effect of that intervention can be studied.

Some of the most widely used hierarchical models of evaluation have been presented below:

- **Kirkpatrick's four-level model**

This is one of the most widely used models for evaluation and suggests what to evaluate along a hierarchy of learning outcomes associated with an HRD program. It suggests four different levels of outcomes and associated evaluation:

- Reactions (Leve1 1) – measures the response of participants or learners towards the content and method of HRD program such as their level of satisfaction with facilitator style, program structure, assessment type and so on.

- Learning (Leve1 2) – measures the actual level of participant learning and the advancement in their skills. This is inclusive of factors related to the program such as program design, delivery and unrelated factors such as participant motivation, prior experiences etc.

- Behaviour (Leve1 3) – measure the effect of the transfer of learning, that is how effectively individual is able to transfer learnings from program to the workplace.

- Results (Leve1 4) – measures the impact of learning on the overall business, this can be measured through changes in organisational metrics such as productivity and profitability.

- **Hamblin five-level evaluation framework**

This model is similar to Kirkpatrick's model, the only addition of another level is to place greater emphasis on results and higher levels of the hierarchy in the evaluation. The five levels in this model are summarised as below:

- Level 1- the reaction of participants towards HRD programs in the firm
- Level 2 – measures the changes in knowledge, skills and abilities as a result of the training program
- Level 3 – measures the effect of learning on changes in job behaviour
- Level 4 – measures the effect of learning outcomes on overall organisation functioning
- Level 5 – a measure of totality which reflects overall changes in organisational metrics like productivity and profitability as a consequence of HRD programs

Philip's ROI model

As the name of the model suggests, this model adds an ROI (return on investment) step in Kirkpatrick's four-level model. The five levels in Phillip's ROI framework are explained below:

- Level 1 – Reaction and Planned Action – the reaction of participant towards the program is measured and specific plan of how they would apply the learning from the program is generated. This is generally administered through a generic end-of-program questionnaire.
- Level 2 – Learning – Measures the skills, knowledge and abilities acquired by the participant. Firms typically employ a learning check to ensure participants are aware of expected program outcomes and know what they will learn through the HRD program
- Level 3 – Job Applications – measure changes in on job behaviour as a result of the application of training on the job. A variety of follow up techniques are used to gauge this such as measuring the frequency of learnt skill demonstration
- Level 4 – Business Results – Measures the actual business impact of the program. Typically it includes measurement of output, quality, costs, time and customer satisfaction
- Level 5 – Return on Investment – Measures the monetary value of costs and results of the program. Usually, this is expressed as a percentage.

Establishing ROI of evaluation using this approach allows the organisation to monitor its budgetary expenses, facilitates organisational monetary tracking and enhances understanding of organisational metrics such as absenteeism, turnover etc.

Brinkerhoff's six-stage model

This approach assumes that HRD is a continuous ongoing activity, and therefore it is possible to modify the HRD program to improve it. In addition, it suggests that all the six stages in the model overlap and that difficulty encountered during evaluation in any stage may be an outcome of an erroneous previous stage. The model is known as the Success Case Method (SCM), and its six stages are as under:

- Goal setting – determine the need for HRD intervention through appropriate need analysis and state objectives to meet those needs
- Program design – identification and design of appropriate HRD interventions to meet the stated objectives
- Program implementation – through appropriate delivery methods, implement the HRD programs
- Immediate Outcome measurement – measure immediate outcomes at the end of the program, to ascertain whether the program was able to deliver to the participants
- Intermediate outcome measurement – this measures the transfer of learning or usage outcome of the program, whether the participants are able to use at the workplace what they have learnt
- Overall impact – to ascertain whether the program was able to make an overall contribution to the organisation

Out of all the models listed above, Kirkpatrick's four-level model is the most widely used model to evaluate the effectiveness of HRD programs. These models have their own set of limitations. A major limitation is a relationship between different levels in the model, which is it is not necessary that positive reactions to the program will generate learning and necessitate positive changes in job performance. It is difficult to gauge how the learning and behaviour changes translate into organisational performance metrics. It is also very difficult to factor out the effect of external variables when considering the evaluation outcomes.

- *Contextual models*

Contextual approaches to evaluation don't solely focus on quantification of evaluation outcomes, rather they emphasize on the enhancement of context of these HRD programs, that is, enhancement of learning processes. In this sense, contextual models include assessment of both

tangible and intangible benefits to a firm resulting from evaluation such as customer satisfaction etc. The contextual approach implies that organisations respond collectively as a system to cope with environmental uncertainties (system oriented framework). The different models encompassed under the contextual approach to HRD are discussed as under:**CIRO model**

CIRO model lists four general categories of evaluation abbreviated as a letter in the acronym CIRO:

- **C**ontext evaluation – to obtain and use information about the current operational context to determine training needs and objectives. This process determined whether training is required and evaluates three types of objectives:
  - Ultimate objectives – an organisational deficiency that the HRD program will overcome
  - Intermediate objectives – changes in employee's job behaviour necessary to achieve the ultimate objective
  - Immediate objective – acquisition of new knowledge, skills and abilities to reach intermediate objectives
- **I**nput evaluation - to obtain and use information about possible training resources, both internal and external and determining how they can be used to achieve maximum results
- **R**eaction evaluation - to obtain and use information about participant reactions towards HRD processes and programs. Since it collects subjective information from participants, it is a very useful step for effective design and delivery of the HRD programs.
- **O**utcome evaluation - to obtain and use information about the results or outcomes of HRD programs. This process inculcates four stages which are
  - Defining trend objectives
  - Selecting some measures of these objectives
  - Making the measurements at appropriate times
  - Assessing the results and using for improvements in training programs

- **Partnership model of learning**

The partnership model of learning is known to adopt a responsive approach to evaluation, which implies that aggregate value contribution of an HRD program can be assessed only when the perception of various concerned parties towards the program is included in it. Therefore, this

model depicts the relationships and responsibilities between learner, learner's supervisor, senior management and HRD department. The model asserts that the learning strategy and organisational strategy should both be aligned. In addition, it focuses on the subjective nature of evaluation by incorporating 'Return on Expectations'. The four main areas of evaluation as per this approach are:

- Learning function – which emphasises on the effectiveness of the HRD department to provide learning interventions and lead to improved personnel competence
- Return on Expectations (ROE) – explores the benefits or progress achieved as a result of the training intervention
- Return on Investment (ROI) – examines the cost-benefit analysis as a result of investing in the HRD program, and how learning contributes to key performance targets of the firm
- Benchmark and capacity indicators – comparing the learning activity to set of internal and external standards, thereby providing a platform for continual organisational improvement.

- **CIPP model**

Another framework for evaluation CIPP is also an acronym which stands for – Context, Input, Process and Product. This model has been developed by educators for the evaluation of management training and development. The four basic areas of evaluation are:

- Context evaluation – involves defining the environment for evaluation, identification of need and opportunities for HRD. One of the major tasks in this need analysis.
- Input evaluation implies how effectively the HRD resources can be utilised to meet the identified needs and objectives. This area lays down general strategy for program design such as framing of policies, budgets, schedules, proposals and procedures.
- Process evaluation implies providing feedback to individuals who are involved in HRD implementation. This involves monitoring the process of implementation and then using data collection methods (obtrusive and interactive, formal and informal) such as ratings, reactions, and record analysis to describe and discern what is actually occurring.
- Product evaluation involves actual measurement and interpretation of results to interpret the intended and unintended outcomes. The evaluation can occur both during and after the program and even using traditional procedures of evaluation.

- **Systems-oriented framework**

This approach allows the organisation to adopt a broader framework for evaluation and allows firms to:

- assess the features or context of learning intervention such as organisational support towards HRD intervention in terms of organisational values, culture, technology
- consideration of techniques to promote and communicate about the HRD programs to potential participants
- consider inputs used in HRD programs such as learning techniques and topics to be covered
- consider process implying the content and mechanisms of delivery
- consider output implies outcomes of the program at the individual level and organisational level

- **Process of evaluation**

Following from a vast variety of models and approaches available to gauge the effectiveness of HRD programs, a complete step by step model for carrying out evaluation has been presented below (Phillips, 2004). The model may be terminated or shortened as per the specific requirements of any organisation.

- Conduct a needs assessment and develop tentative objectives

  - Needs assessment is carried to address performance deficiencies and can be conducted through questionnaires, interviews, surveys etc. Typically, the output of needs assessment program would involve a description of performance deficiencies of target employees in terms of skills, knowledge and abilities; and then developing a tentative objective for each need assessed.

Identify the purpose of evaluation

  - The purpose can be process-based or outcome-based, this should be clearly specified.

Establish baseline data, if any

- For effective evaluation, data for comparison prior to the program and after its completion must be available. Baseline data aids HRD professionals to direct efforts in a clearer manner on the need for HRD interventions

Select evaluation method/ design

- This involves answering the questions regarding technique to evaluate in the context of the learning environment, participants, program content and laid down objectives. Some of the methods can be examinations, feedback, follow-ups, action plans and performance contracts.

Determine the evaluation strategy

- This step requires answering 'Who' will conduct evaluation – the role of facilitators, supervisors and learners; 'Where' to conduct evaluation – in the classroom, on the job, off the job and so on; and 'When' to conduct evaluation – during, after, before the program?

Finalise program objectives

- Ideally, relate each objective with baseline data to provide clear direction as to whether the HRD program should be conducted and what is the expected outcome?

Estimate program costs/ benefits

- Specific cost estimates can be generated for each stage of the HRD cycle which can in turn aid in determining estimated costs for evaluation. ROI estimates may seldom be needed since the organisation might consider going ahead with the planned HRD program irrespective of ROI estimates.

Prepare and present the proposal

- A professional unbiased summary of the proposal for evaluation needs to be presented to top management. The proposal should be carefully designed keeping in mind the target audience profile, location of presentation, timing and anticipate questions and prepare a follow-up plan

Design evaluation instruments

- Instrument here implies the data gathering tool to gauge reactions, changes in learning, behaviour and attitude as a result of the HRD program. Some of the widely used instruments are – record keeping systems, interviews, surveys, questionnaires etc.

Determine and develop program content

- This is the most time intensive step. Content may be developed by subject matter experts and careful review by top management. Program material should strictly adhere to training objectives

Design or select delivery methods

- An appropriate method of delivery should be chosen based on budget, available resources, program objectives, time frame, the ability of participant and facilitators, and location of training. Fourteen methods of delivery are presentation-discussion like lectures, conference, case study, role play, workshop, computer-based instruction, simulation and games, on the job training, peer training, programmed instruction, team training, demonstration, field trips and preparatory format.

- Test programs and make revisions

- Pre-program and post-program evaluations, gauging participant reactions and behaviour simulations can be observed while testing the HRD program and appropriate changes can be inculcated before the final launch of the program

- Implement or conduct programs

- An important part of this step is to create awareness among the participants of expected outcomes of the program.

Collect data at proper stages

- Scheduling of appropriate data collection timings, deciding on the method of evaluation at each stage is vital to successful evaluation.

Analyse and interpret data

- Data analysis of the collected data may involve statistical analysis such as measures of central tendency, measures of dispersion and measures of association.

- Make program adjustments

- The evaluation may indicate a complete failure of the program or part of the program. Corrective actions need to be taken accordingly to modify the program.

- Calculate ROI

- If economically program failed to meet the objective, then ROI might be computed using the formula:

- $ROI = \frac{Net\ Program\ Benefits}{Program\ Costs}\ x\ 100$

- These can be compared with the company's targeted capital expenditures and then HRD may decide whether the financial resources were effectively utilised or not?

Communicate program results

- The final step involves communicating the program results to HRD staff, management, participants, and supervisors of participants. It may involve communicating with other key participants in HRD activities if any.

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- **3.5   Measures used for evaluation**

This section explores the methods used to gather information necessary to carry evaluation. For quantitative approaches, the data is gathered by calculating outcomes and scoring behaviours on predetermined scales. For qualitative approaches, data is gathered using interviews, observational techniques by allowing people to express.

Measures used for hierarchical models

The measurement tools and methods used to gauge outcomes in hierarchical models vary by the level of the model. Since baseline data is required for actual comparison and outcomes, systematically it is required to define which method should be adopted at which stage, early during the HRD cycle. The different methods at each level are:

- Level 1

  - Generally, here perceptions of learners about learning, and overall satisfaction with different components of the program such as with facilitator, content, structure, delivery etc. is assessed. Therefore, the most common methods deployed at this level are questionnaires, feedback sheets, oral discussions, surveys, interviews and checklists. The questionnaire can assess whether the reaction to be gauged is affective or utility.

- Level 2

  - At this level, the degree of learning acquired by learners in terms of skills, knowledge and abilities gained and program design assessment is carried out. Therefore, this phase involves pre-testing and post-testing of participant learning using self-assessment, written tests, practical tests and questionnaires. Use of objective questions or open-ended short questions can also be carried to discern the level of participant learning. Skills can be tested using practice tests.

- Level 3

  - At this level, evaluation involves assessment of the degree of improvement in an individual's behaviour and on job performance as a result of learning. For this purpose, it is imperative to gauge the learner attitude, their feelings, values, beliefs and opinions that support or inhibit learner behaviour and consequently affect his motivation towards work-related tasks. Interviews, questionnaires, observations, performance records and appraisals, reflective diaries and attitude surveys are commonly used tools. Generally, this is administered at some time interval after the learning transfer.

- Level 4

  - Here evaluation focuses on the HRD process as a whole. The impact can be assessed using a number of organisational performance indices such as productivity, profitability, cost savings to name a few. However, it is imperative to establish a link between these organisational outcomes and job performance, and KSA acquired as a result of the HRD program during the need analysis phase itself. For example, a company can track whether training or learning made an improvement in absenteeism or reduced number of complaints in the firm.

- Level 5

  - This level in most of the models focuses on ROI assessment. Here the HRD professionals compute the learning costs and learning benefits and then compute ROI percentage. The professionals need to ascertain how to quantify various training investments in order to determine associated costs and benefits.

Measures used for contextual models

The tools and methods used for contextual models differ only in the context that they take into account overall corporate performance or an integrated approach to learning rather than considering quantification of learning programs alone. Here also, questionnaires, interviews and observational techniques are used. CIRO model identifies the link between learning objectives and pre-planned components and competencies, also reflecting company structure and culture. For this evaluation, involves the use of HRD metrics and key performance indicators.

CIPD Partnership model of learning involves taking into account the perspective of all stakeholders. For this method, evaluation falls under four categories of measurement - learning

function, ROI, ROE, and benchmark and capacity indicators. Most commonly scorecard techniques are used in this approach.

- **3.6 Building an organisational culture conducive for evaluation**

Blockages exist in the organisation which may inhibit HRD culture necessary for effective delivery and evaluation of HRD programs. The companies need to recognise the existence of these blockages and address them for effective design, delivery and evaluation of HRD programs. The possible sources of these blockages can be:

- Learners – who are demotivated to participate in the HRD programs
- Facilitators – who are unclear of HRD objectives or don't use effective delivery methods
- HRD professionals – who may possess incomplete knowledge, skills and abilities; may not align their work with overall business strategy, may be reluctant to give or receive feedback and possess inadequate resources
- Supervisor and colleagues – lack of appropriate support means like lack of constructive feedback
- Organisational decision makers – lack of interest from senior management, cost outweigh benefits, intangible benefits which are difficult to realise immediately

Therefore, for effective evaluation to take place, it is imperative to adopt a partnership approach whereby all stakeholders are actively involved in the HRD process. It involves active participation from all stakeholders to understand their contribution towards learning objectives (top-down approach) and involving facilitators to enhance their skills and knowledge and perform on the job in the workplace (bottom-up approach). Further, different entities should take responsibility for evaluation results. A participant must bear the responsibility to understand the material and apply it on a job. The supervisor must bear the responsibility to reinforce results on the participant, and display support and commitment to enable transfer of learning by the participant on the job. Discussion leaders must bear the responsibility to conduct programs effectively and achieve results. This responsibility is also shared by subject matter experts and program developers. Top management must bear the responsibility for the results achieved by the HRD program.

In addition, HRD activities need to be strategically aligned with the firm's strategic objectives. This involves

- Involvement of learner, supervisor and colleagues, HRD department, and facilitator in all four stages of the HRD cycle.
- Providing information about the need and benefits of the program to the learner
- The utilisation of appropriate evaluation tools and techniques and decide how and when to implement
- Assessing the link between learning and on job performance
- Opportunities for learners to practically apply learned skills
- Emphasis on group learning programs and development of realistic action plans by learners to demonstrate learning acquired
- Access to appropriate resources

Adopting a results-based HRD approach requires that HRD staff and employees believe in this philosophy, which greatly depends on worker attitudes. To build such a culture, where HRD staff and employees have a positive attitude towards evaluation, the following questions need to be considered:

- The general perception of the HRD staff towards measurement and evaluation.
- Use of evaluation plan, process and results by the employees
- Time and priority allocated by employees to the evaluation process

When the attitude is positive, it greatly affects performance. Pygmalion effect also asserts that when one has a positive attitude, his influence will positively impact other's behaviour and consequently performance would increase for all. Therefore, when a positive attitude or a culture conducive for HRD evaluation is built in an organisation, it has an overall positive impact on organisational productivity and performance. Pygmalion effect is applied in the delivery of HRD programs as well. When participants are communicated about the expectations of the program, it enhances the results that they achieve from the same. Discussion and communication about results should not be time bound, rather it should be carried as a routine task with an explanation about the evaluation methods. Whenever possible, results from previous similar tasks should also be communicated, since such knowledge is a potential source of motivation for the participants. The discussion should also include follow up evaluations.

3.7 Summary

This chapter began with an introduction to the context of evaluation, purpose and importance of evaluating HRD programs for effectiveness. This is imperative since firms invest substantial resources such as time and money in HRD programs and these programs have been seen to be vital for a company's overall performance. Therefore, HRD professionals need to demonstrate what is the impact of HRD programs and activities towards overall firm's functioning and performance? The evaluation phase also forms a major part of the HRD cycle. Then a discussion on commonly used models for evaluation has been presented in the chapter – contextual and hierarchical models. While the former adopt an integral approach to the evaluation of learning and HRD programs, the latter focuses on the quantitative part. Then a brief discussion of methods and tools commonly used to evaluate HRD effectiveness is presented. The chapter concludes with a discussion on what is necessary to build a culture conducive for HRD effectiveness and what are the organisational blockages, which impede successful evaluation. Further different responsibilities shared by different stakeholders in the evaluation process is presented and a brief explanation of the Pygmalion effect has been provided.

3.8 Keywords

- **'Hard variant' model of HRD** - which implies human resources need to be treated like other physical resources, that is, obtained cheaply and used to the maximum

- **'Soft variant' model of HRD** - which lays emphasis on mutual growth of the firm and its human resources

- **'5-P model' of HRD** - which emphasises that HRM and HRD are an integral part of business strategy and requires the development of the 5Ps of HRD - policies, practices, programmes, philosophy and processes

- **Evaluation of HRD programs** - involves measurement and use of data, concerning the outcome, that is the effectiveness of HRD intervention" – (Blanchard and Thakur, 2014)

- **HRD evaluation** - involves a systemic collection of information necessary to make effective learning decisions related to the selection, adoption, value and modification of various instructional activities" – (Werner and DeSimone, 2012)

- **Summative evaluation** – usually carried out at the end of HRD intervention, by assessing the effectiveness of the outcomes of the HRD program, against the objectives predetermined for that program

- **Formative evaluation**– usually ongoing form of evaluation, looking for areas for improvement in HRD the program on a continual basis to make it more effective

- **Learning-oriented evaluation** – assessing the extent to which individual undergoing the HRD program is able to transfer the learning from program content to the job and improve performance

- **Process-outcome -** targets at the improvement of the HRD program, based on feedback received from the program, and are structured before and during the event.

- **Information outcome -** represents the end of the HRD program and reports the final outcome in terms of the effect of the program on employee learning, behaviour and so on

- **Hierarchical models** - for evaluation of HRD programs focus on outcomes within the organisation. They are also termed as quantitative or scientific models and incorporate objective techniques for measurement, providing a means to perform cost-benefit analysis or ROI of an HRD activity.

- **Kirkpatrick's four-level model -** This is one of the most widely used models for evaluation and suggests what to evaluate along a hierarchy of learning outcomes associated with an HRD program. It suggests four different levels of outcomes and associated evaluation: Reactions, Learning, Behaviour and Results.

- **Hamblin five-level evaluation framework -** This model is similar to Kirkpatrick's model, the only addition of another level is to place greater emphasis on results and higher levels of the hierarchy in the evaluation. The fifth level is a measure of totality.

- **Philip's ROI model -** As the name of the model suggests, this model adds an ROI (return on investment) step in Kirkpatrick's four-level model. The five levels are Reaction and Planned Action, Learning, Job Applications, Business Results, and ROI.

- **Brinkerhoff's six-stage model -** This approach assumes that HRD is a continuous ongoing activity, and therefore it is possible to modify the HRD program to improve it. The model is known as Success Case Method (SCM), and its six stages are – goal setting, program design, program implementation, immediate outcome measurement, intermediate or usage outcome measurement and overall impact.

- **Contextual models** - include assessment of both tangible and intangible benefits to a firm resulting from evaluation such as customer satisfaction etc. The contextual approach implies that organisations respond collectively as a system to cope with environmental uncertainties.

- **CIRO model** - CIRO model lists four general categories of evaluation abbreviated as a letter in the acronym CIRO: Context, Input, Reactions and Output evaluation

- **Partnership model of learning -** The partnership model of learning is known to adopt a responsive approach to evaluation, which implies that aggregate value contribution of an HRD program can be assessed only when the perceptions of various concerned parties towards the program is included in it. The four main areas of evaluation as per this approach are Learning function, ROE, ROI and Benchmark and capacity indicators.

- **CIPP model -** Another framework for evaluation CIPP is also an acronym which stands for – Context, Input, Process and Product. This model has been developed by educators for the evaluation of management training and development.

- **Systems-oriented framework -** This approach allows the organisation to adopt a broader framework for evaluation and allows firms to respond collectively as a system to cope with environmental uncertainties.

- **Pygmalion effect** - asserts that when one has a positive attitude, his influence will positively impact other's behaviour and consequently performance would increase for all.

3.9 Self assessment/ questions

1. Define evaluation of HRD programs. List different categories of HRD evaluation.
2. What is the purpose of evaluating the effectiveness of HRD programs and how firms benefit from such investments?
3. Elucidate the differences between contextual and hierarchical models of evaluation.
4. List and explain the different contextual models of evaluation.
5. List and explain the different hierarchical models of evaluation.
6. Discuss different evaluation measurement tools available to a company.
7. List different strategies that an organisation can use to build a culture conducive for effective evaluation of HRD programs.
8. List different organisational blockages in delivery and evaluation of HRD programs.

9. What is the Pygmalion effect? How can it be used to build a conducive culture for HRD evaluation?

10. Distinguish between two outcomes of the evaluation process and how do they aid in the design of the evaluation program?

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COURSE NAME: HUMAN RESOURCE DEVELOPMENT	
Course Code: OBH 414	Author: Dr. SAWINDER KAUR
Lesson No.: 4	Vetter: Prof. Anil Kumar
HRD APPLICATIONS: COACHING, MENTORING, SOCIALISATION, ORIENTATION, TRAINING AND DEVELOPMENT	

STRUCTURE

4.0. OBJECTIVES

4.1. COACHING: MEANING AND DEFINITION

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     4.1.2. PROCESS OF COACHING

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4.0. OBJECTIVES OF THE CHAPTER

After reading the chapter student will be able to know the meaning and importance of different applications of the Human Resource Development like Coaching, Mentoring, socialisation, orientation, training and Development.

4.1. COACHING: MEANING AND DEFINITION

Coaching refers to counselling, guiding or instructing the learner about the short term job-related skills or long term career hazards. It helps to achieve personal as well as organizational goals. It can be done by anybody who has the required skills and can impart it from others. Great supervisors tend to be great coaches or mentors. The supervisor is called a coach while the learner is called the coachee.

Coaching is a process that is designed to assist motivated individuals in making changes to further their professional development. Human Resource Management offers coaching services to interested employees. Working with a coach can give you the edge you need to improve your work. The International Coach Federation (ICF) defines coaching as, "Partnering with clients in a thought-provoking and creative process that inspires them to maximize their personal and professional potential".

4.1.1. TYPES OF COACHING:

• **Internal coaching:** When it is done within the organization, where a manager or leader acts as coach for their team. The coach knows the coachee and has interest in the quality of decision making of the organization.

• **External coaching:** When the coach is not a part of the organization or the line management structure, but he/she is an expert in the field in which coaching is being given. Organizations hire professionals to impart the skills required. The coach doesn't know the coachee and has no interest in the quality of decision making of the organization.

4.1.2. COACHING PROCESS:

Coaching is the process of training, motivating and providing feedback to business executives in order to enhance their skills and business behaviour which leaves major impact in an organization

1. Need evaluation: The first step in the process of coaching is to evaluate the need for coaching on the basis of performance evaluation of employees.
2. Need analysis: After evaluating the employees' performance the next step in the process of coaching is to assess the need of coaching. Some time employees are not satisfied with their performance at work place and want advice to improve their performance. That is the time to guide employees regarding their queries.
3. Proposal acceptance: After evaluating the need for coaching and analysis the requirement for coaching, it is the time to make proposal regarding coaching to employees.
4. Program: That's the time to initialise the next step of coaching program.
5. Feedback: This is a very important step in the process coaching. Without feedback and checking result any process is not to be supposed to complete. If the expected results are not matched with actual then whole process will be wasted.

Fig. 4.1: The process of coaching.

4.1.3. BENEFITS OF COACHING

1. **Establish and act towards achieving goals:** Coaching gives the individual an opportunity to define their career goals in a realistic way. With the assistance of a coach, they can

set these goals and then actively work towards them. This will increase the likelihood that the goals will be achieved.

2. **Increased engagement:** When an individual is engaged, they are able to contribute more effectively to the team and the organization. This engagement also helps to increase employee retention rates for the organization.

3. **Deeper level of learning:** Coaching is not just about improving an individual's skills in the workplace, it takes learning to an even deeper level. Through coaching, an individual can learn more about themselves. They can find out how they are perceived by others and improve on areas of their personalities and even their lives that they are not satisfied with.

4. **Safe place to gain perspective:** Having a coach gives the individual a safe place to go and talk through sensitive issues. They can then gain perspective without feeling intimidated by someone within their own organization.

5. **Build a personal awareness:** A coach is able to give an individual ideas for ways to improve themselves, but more importantly they can help them become aware of the "blind spots". These blind spots are areas of the individual's work or personality that they may not see.

6. **Support for improving specific skills:** Having support for improving skills can be extremely beneficial. Knowing that someone is there to help you to achieve your goals is an important part of the coaching process. These specific skills can include communication, delegation, conflict management, team building, and persuasion.

4.2. MENTORING

MEANING AND DEFINITIONS:

Mentoring is a process of using specially selected and trained individuals to provide guidance, pragmatic advice, and continuing support that will help the people in their learning and development process. Mentoring is a method of helping people acquire skills and knowledge from experienced managers who are wise in the way of the organization.

According to David Clutterbuck, 'Mentoring involves primarily listening with empathy, sharing experience, professional friendship, developing insight through reflection, being a sounding board, encouraging'.

According to Jacobi, 'Mentoring is a one to one helping relationship or nurturing processes.

According to Vickie L. Nadolski, 'Mentoring is linking an experienced person (mentor) with a less experience person (mentee) to help their personal and professional growth'.

Mentoring is the Employee training system under which a senior or more experienced person (the mentor) is assigned to act as an advisor, counselor, or guide to a junior or trainee. The mentor is responsible for providing support to, and feedback on, the person in his or her

charge.

Mentoring is the process of sharing your knowledge and experience with an employee.

- Mentoring can be informal or formal:

  - Informal mentoring takes place spontaneously between senior and more junior employees.

  - Formal mentoring occurs through a program with an established structure.

- A mentor can be an employee's manager or not:

  - Management typically involves at least some employee mentoring. In acting as a mentor for an employee who reports to you, think of yourself as an advocate for that employee—not for any particular behaviour, but for the person—for their personal growth and career. Discipline can then become a matter of helping an employee out of a difficult situation.

  - In formal mentoring programs, the mentor is typically not the employee's manager, nor even in the employee's chain of command.

4.2.1. CHARACTERISTICS OF MENTORING:

1. Mentoring requires a high degree of mutual trust between the mentor and the mentee.

2. Effective communication is the key to the mentoring programmes.

3. The success of mentoring depends on the availability of the mentor and predictability.

4. It is a systematic process of building a partnership.

5. Self-esteem and confidence is necessary for effective mentoring.

6. Mutual respect between each other is also required.

4.2.2. IMPORTANCE OF MENTORING:

Mentoring helps in the following activities-

1. Recruitment:

Mentoring helps an organization in identifying suitable candidates from internal sources of recruitment as well as from outside.

2. Building relationships:

It helps in building the structure of the organization.

3. Motivation to employees:

It also helps the employees acquire motivational trends from the mentors.

4. Securing knowledge capital:

Mentoring assists in securing knowledge capital apart from physical capital.

4.2.3. MENTORING TECHNIQUES

The focus of mentoring is to develop the whole person and so the techniques are broad and require wisdom in order to be used appropriately. Five most commonly used mentoring techniques among mentors were:

1. **Accompanying:** Making a commitment in a caring way, which involves taking part in learning process side-by-side with the learner.

2. **Sowing:** Mentors are often confronted with the difficulty of preparing the learner before he or she is ready to change. Sowing is necessary when you know that what you say may not be understood or even acceptable to learners at first but will make sense and have value to the mentee when the situation requires it.

3. **Catalyzing:** When change reaches a critical level of pressure, learning can jump. Here the mentor chooses to plunge the learner right into change, provoking a different way of thinking, a change in identity or a re-ordering of values.

4. **Showing:** This is making something understandable, or using your own example to demonstrate a skill or activity. You show what you are talking about, you show by your own behaviour.

5. **Harvesting:** Here the mentor focuses on "picking the ripe fruit". It is usually used to create awareness of what was learned by experience and to draw conclusions.

4.2.4. OBJECTIVES OF A MENTORING PROGRAM
   The following are the main objectives of a mentoring program:

- To retain and advance talented employees.

- To retain and advance women and minorities.

- To give mentors satisfaction and a rewarding experience.

- To open up new channels of communication, information, and education.

- To demonstrate that the organization invests in people and encourages opportunity for a diverse workforce.

- The program is not intended for sponsoring anyone for a particular position in the

Organization.

4.2.5. Benefits of Mentorship

To the Mentee [A Person who is under Mentor]

- Makes him feel at home in the organization in a short period of time

- Smoother transition into the work place

- Feeling of having a buddy or friend in the organization in addition to have formal bosses and colleagues

- Availability of support and guidance

- Having a confidant with whom discussions on some specific sensitive issues can be held

- Developmental opportunity

- Having someone who can back you up and sponsor in the organization

To the organisation:

- Organisation will be benefited if good managers and employees work with them.
- Employee turnover ratio is also decreased.
- Employees will feel comfortable in an organisation.
- Organisation recruitment cost will be decreased. If employees stay for long time in organisation then there is less need for new recruitment.
- Employees' retention rate in organisation will be increased.

4.3. SOCIALISATION

It refers to process of making the new employees get acquainted to the new environment of the organization. This reduces the anxiety of the new hires and allows them to adjust with the other existing employees in the company.

In order to reduce the anxiety that new employees may experience, attempts should be made to integrate the person into the informal organization. The initial training and development effort designed for employees is Socialization, the guided adjustment of new employees to the company, the job, and the work group.

4.3.1. IMPORTANCE OF SOCIALISTION

Socialization formats are unique to each firm. However, some basic purposes include emphasizing these areas: the employment situation (job, department, and company), company policies and rules, compensation and benefits, corporate culture, team membership, employee development, dealing with change, and socialization.

a. The Employment Situation: A basic purpose, from the firm's viewpoint, is to have the new employee become productive as quickly as possible. Therefore, specific information about performing the job may be provided at an early point in time.

b. Company Policies and Rules : Every job within an organization must be performed considering the guidelines and constraints provided by policies and rules. Employees must have an understanding of these to permit a smooth transition to the workplace.

c. Compensation and Benefits: Employees will have a special interest in obtaining information about the reward system. Although this information is usually provided during the recruitment and selection process, a review of the data is appropriate during Socialization.

d. Corporate Culture: The firm's culture reflects, in effect, how we do things around here. This relates to everything from the way employees dress to the way they talk.

e. Team Membership: A new employee's ability and willingness to work in teams is most likely determined before he or she is hired. In Socialization, the importance of becoming a valued member of the company team may be emphasized.

f. Employee Development: Employees should know exactly what is expected of them and what is required by the firm for advancement in the job or via promotion.

g. Dealing with Change: Employees at all levels must learn to effectively deal with change in order to survive in their jobs. The best way individuals can be prepared for change is to continually develop and expand their skills.

4.3.2. PROCESS OF SOCIALISATION

The Socialization process can be divided into three stages:

1. **Pre-arrival Stage**: This stage recognizes that every individual employee comes with set of values and hope. For example, in some jobs like the managerial kind, the employee might need a substantial degree of socialization in training. During the selection process, most organizations inform their prospective candidates about the process of Socialization. Selection process also helps the organization in determining the right person to fit the right job. The success here depends mostly on the degree of forecasting made by the selection team.

2. **Encounter Stage**: Here the employees bump into the real working conditions of the organization. For example, the expectations of the job, co-workers, immediate seniors and the business as a whole. Here, if the expectations confirm to be more or less correct, this stage reaffirms the employees of the perceptions generated in past. If the reality is different, socialization helps the employees in understanding to replace these. But socialization cannot totally resolve the differences in expectations.

3. **Metamorphosis Stage**: The new employees, in this stage will work out solutions to meet any problems. Hence this stage is called the metamorphosis stage. At this stage the new employees will have become comfortable with their jobs and the team members. New hires will feel that they have been accepted by their superiors and peers. Not only this, they would have by now understood the organization system as a whole. They will also know what is expected of them, how they are evaluated and how productive they are towards the goals of the organization.

There are many people involved in socializing the new hires. Let us understand who they are:

→ **HRM Department**: It conducts orientation programs for the new hires in order to socialize them with the new environment. This department plays a vital role in the new employee orientation programs; it also participates in these programs to ensure proper mechanism is in place. Prior to the arrival of new hires, the HRM department must be sure that a proper routine is set for them.

→ **Managers or Supervisors**: The immediate supervisors will also play a part in socializing with the new hires by informing them about the work culture, policies and procedures. In medium and small organizations new hires may report directly to the supervisors who in turn introduce them to the other employees. These employees will take them through the other departments and make them comfortable with the teams.

→ **Organizational Culture:** Most of the times, the organization culture itself socializes the new hires with its unique environment. Cultural here may comprise the rules and regulations, principles of significance and language of communication. In a broader sense it includes the etiquette to be followed by the new hires with their peers, supervisors and management.

4.4. ORIENTATION

Orientation is the planned introduction of new employees to their jobs, co-workers, and the organization. The orientation is meant to educate new employees about the goals and responsibilities of the position and company, as well as to answer any questions they may have about HR, benefits and payroll information. An introductory stage in the process of new employee assimilation, and a part of his or her continuous socialization process in an organization.

4.4.1. OBJECTIVES OF ORIENTATION :
(1) Gain employee commitment,
(2) Reduce his or her anxiety,
(3) Help him or her understand organization's expectations, and
(4) Convey what he or she can expect from the job and the organization.
It is commonly followed by training tailored to specific job positions. See also acculturation and company orientation.
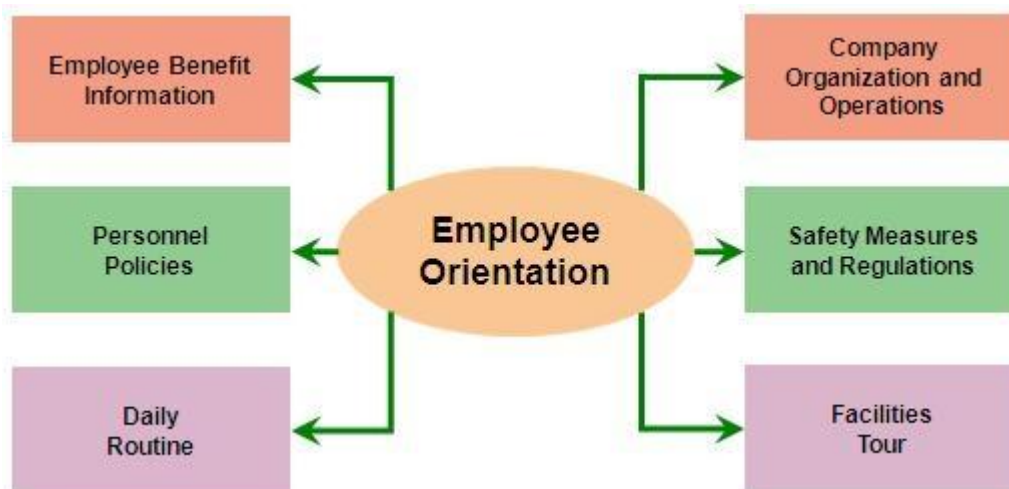

Fig 4.2: Process of orientation.

Typically, orientation conveys three types of information – (i) general information about the daily work routine; (ii) a review of the firm's history, founding fathers, objectives, operations and products or services, as well as how the employee's job contributes to the organisation's needs; and (iii) a detailed presentation, perhaps, in a brochure, of the organisation's policies, work rules and employee benefits.

4.4.2. IMPORTANCE OF ORIENTATION:

It serves as an important element of the recruitment and retention process. Some key purposes are:

1. **To Reduce Start-up Costs:** Proper orientation can help the employee get up to speed much more quickly, thereby reducing the costs associated with learning the job.

2. **To Reduce Anxiety**: Any employee, when put into a new, strange situation, will experience anxiety that can impede his or her ability to learn to do the job. Proper

orientation helps to reduce anxiety that results from entering into an unknown situation, and helps provide guidelines f or behaviour and conduct, so the employee doesn't have to experience the stress of guessing.

3. **To Reduce Employee Turnover**: Employee turnover increases as employees feel they are not valued, or are put in positions where they can't possibly do their jobs. Orientation shows that the organization values the employee, and helps provide the tools necessary for succeeding in the job.

4. **To Save Time For Supervisor and Co-Workers**: Simply put, the better the initial orientation, the less likely supervisors and co-workers will have to spend time teaching the employee.

5. **To Develop Realistic Job Expectations, Positive Attitudes and Job Satisfaction**: It is important that employees learn as soon as possible what is expected of them, and what to expect from others, in addition to learning about the values and attitudes of the organization. While people can learn from experience, they will make many mistakes that are unnecessary and potentially damaging

4.4.3. TYPES OF ORIENTATION PROGRAMMES

A firm needs to make four strategic choices before designing its orientation programme. They are (i) formal or informal, (ii) serial or disjunctive and, (iv) investiture or divestiture.

1. **Formal or Informal:** In informal orientation, new hires are directly put on the jobs and they are expected to acclimatise themselves with the work and the company. In contrast, orientation can be formal too. In formal orientation, the management has a structured programme which is executed when new employees join the firm. The choice between formal and informal orientation will depend on the management's goals. The more formal the programme, the greater the likelihood that the new hire will acquire a known set of standards. That is, the new member is more likely to think and act like an executive, a management trainee, or a management professor. But an informal programme is desirable to maintain individual differences.

2. **Individual or Collective:** Another choice to be made by the management is whether the new hires should be inducted individually or in groups. The individual approach is likely to develop tin less homogeneous views than collective orientation. Individual orientation is more likely to preserve individual differences and perspectives. Orienting each person separately is an expensive and time consuming process. It also denies the new hire the opportunity of sharing anxieties with fellow appointees. Collective orientation of the new hires solves the problems stated above. Most large firms tend to have the collective

orientation approach. But small firms, which have fewer new appointees to socialize frequently use the individual approach. Individual socialization is popular even with large firm when they hire executives whose number is small.

3. **Serial or Disjunctive:** Orientation becomes serial when an experienced employee inducts a new hire. The experienced employee acts as a tutor and model for the new hire. When new hires do not have predecessors available to guide them or to model their behaviour upon, the orientation become disjunctive. Each option has its own advantages and pitfalls. Serial orientation maintains traditions and cus-toms. Consistent use of this strategy will ensure a minimum amount of change within the firm over time. But, maintenance of status quo itself may breed resistance to change. Further, if the experienced employee is frustrated and apathetic towards work and the firm, it is likely that he or she would pass on the same to the new hire. Disjunctive orientation almost stands on the other side of the spectrum. Such induction is likely to produce more inventive and creative employees because the new hire is not burdened by traditions. But this benefit needs to be weighed against the potential for creating deviants, that is, individuals who fail-due to an inadequate role model-to understand how their job is to be done and bow it fits into the grand scheme of the company.

4.5. TRAINING AND DEVELOPMENT: MEANING AND DEFINITION

Training and Development is a subsystem of an organization which emphasize on the improvement of the performance of individuals and groups. Training is an educational process which involves the sharpening of skills, concepts, changing of attitude and gaining more knowledge to enhance the performance of the employees. Good & efficient training of employees helps in their skills and knowledge development, which eventually helps a company improve. Training is about knowing where you are in the present and after some time where will you reach with your abilities. By training, people can learn new information, new methodology and refresh their existing knowledge and skills. Due to this there is much improvement and addition up the effectiveness at work. The motive behind giving the training is to create an impact that lasts beyond the end time of the training itself and employee gets updated with the new phenomenon. Training can be offered as skill development for individuals and groups.

4.5.1. PROCESS OF TRAINING AND DEVELOPMENT

Organizational Development is a process that strives to build the capacity to achieve and sustain a new desired state that benefits the organization or community and the world around them. Training and development is a continuous process as the skills, knowledge and quality of work needs constant improvement. Since businesses are changing rapidly, it is critical that companies focus on training their employees after constantly monitoring them & developing their overall personality.

Steps for training and development processes are:

1. Determine the need of training and development for individuals or teams

2. Establish specific objectives and goals which need to be achieved

3. Select the methods of training

4. Conduct and implement the programs for employees

5. Evaluate the output and performance post the training and development sessions.

6. Keep monitoring and evaluating the performances and again see if more training is required.

Fig 4.3: The process of training and development.

4.5.2. RELATIONSHIP BETWEEN TRAINING AND DEVELOPMENT

There is a relation between training and development, and there is clear difference between the two based on goals to be achieved. Development is made to answer the training problems:

TRAINING	DEVELOPMENT

Training is meant for operatives	Development is meant for executives
It is reactive process	It is pro- active process
AIM: To develop additional skills	AIM: To develop the total personality
PROCESS: It is short term process	PROCESS: It is continuous process
OBJECTIVE: To meet the present need of an employee	OBJECTIVE: To meet the future need of an employee
Initiative is taken by the management	Initiative is taken by an individual

4.5.3. IMPORTANCE OF TRAINING AND DEVELOPMENT

For companies to keep improving, it is important for organizations to have continuous training and development programs for their employees. Competition and the business environment keeps changing, and hence it is critical to keep learning and pick up new skills. The importance of training and development is as follows:

- Optimum utilization of Human resources

- Development of skills

- To increase the productivity

- To provide the zeal of team spirit

- For improvement of organization culture

- To improve quality, safety

- To increase profitability

- Improve the morale and corporate image

4.5.4. NEED FOR TAINING AND DEVELOPMENT

Training and development of employees is a costly activity as it requires a lot quality inputs from trainers as well as employees. But it is essential that the company revises its goals and

efficiencies with the changing environment. Here are a few critical reasons why the company endorses training and development sessions.

• When management thinks that there is a need to improve the performances of employees

• To set up the benchmark of improvement so far in the performance improvement effort

• To train about the specific job responsibility

• To test the new methodology for increasing the productivity

4.5.5. ADVANTAGE OF TRAINING AND DEVELOPMENT

Training and development has a cost attached to it. However, since it is beneficial for companies in the long run, they ensure employees are trained regularly. Some advantages are:

1. Helps employees develop new skills and increases their knowledge.

2. Improves efficiency and productivity of the individuals as well as the teams.

3. Proper training and development can remove bottle-necks in operations.

4. New and improved job positions can be created to make the organization leaner.

5. Keeps employees motivated and refreshes their goals, ambitions and contribution levels.

4.5.6. DISADVANTAGE OF TRAINING AND DEVELOPMENT

Even though there are several advantages, some drawbacks of training and development are mentioned below:

1. It is an expensive process which includes arranging the correct trainers and engaging employees for non-revenue activities.

2. There is a risk that after the training and development session, the employee can quit the job.

4.6. SUMMARY

The human resource development process includes all the activities regarding the coaching, mentoring, socialisation, orientation, training and development. These all activities are interconnected and interrelated.

4.7. KEY WORDS

1. Coaching refers to counselling, guiding or instructing the learner about the short term job-related skills or long term career hazards.

2. Mentoring is a process of using specially selected and trained individuals to provide guidance, pragmatic advice, and continuing support that will help the people in their learning and development process.

3. Socialisation refers to process of making the new employees get acquainted to the new environment of the organization.

4. Orientation is the planned introduction of new employees to their jobs, co-workers, and the organization.

5. Training and Development is a subsystem of an organization which emphasize on the improvement of the performance of individuals and groups

4.7. SELF ASSESSMENT QUESTIONS

Q.1. What do you mean by coaching? Explain the process of coaching.

Q.2. What is orientation? How it is different from induction?

Q.3. What is training and development? Write down its advantages and disadvantage.

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COURSE NAME: HUMAN RESOURCE DEVELOPMENT

COURSE CODE: OBH 414

MBA- SEM IV   **Author :** Dr. Sawinder Kaur

                                                      Vetter: Prof. S.C. Kundu

5.0 OBJECTIVES OF CHAPTER

After studying this chapter, you should be able to:

1. Define career, career planning and succession planning.

2. Identify major stages involved in a career.

3. Delineate the process involved in career planning.

4. Describe various actions taken for a career development programme.

5. Discuss various actions needed to be undertaken for effective career management.

5.1 INTRODUCTION

Organisations recruit and select employees to achieve their objectives of production and profit maximization. On the other hand, employees join organisations to fulfil their work related expectations and desires. Both organisational requirements and employee expectations are never constant but changing. For example, the traditional views that every employee would jump at the chance for a promotion, that competent people would somehow emerge within the organisation to fill vacancies that arose, or that a valuable employee would always be a valuable employee are no longer true. On the other hand, organisations' capacity to meet the employees' unique expectations are limited by organisational constraints. As such, managers are now confronted with the new and unexpected complexities in their efforts to effectively utilize their human resources. This has created a situation of conflict in the organisations. If this conflict is not resolved properly, the organisations will not be able to get the best out of their employees. Such a situation calls for matching the employee expectations with the organisational requirements. This is done through career planning and development.

In the following pages, the emergent need for career planning, the concepts of career, career planning and succession planning will be discussed followed by a discussion on career process, career development and career management, potential appraisal, employee counseling and competency mapping.

5.2 CONCEPTS OF CAREER AND CAREER PLANNING

5.2.1 MEANING OF CAREER:

A career can be defined as all the jobs held by a person during his working life. It consists of a series of properly sequenced role experience leading to an increasing level of responsibility, status, power, and rewards. According to Flippo, "a career is a sequence of separate but related work activities that provide continuity, order, and meaning in a person's life". This is the objective view of a person's career. However, there is also a subjective element in the concept of career in the sense that changes in attitudes, motivation and values occur as a person grows old. In both the perspectives, the focus is on the individual. Career, thus, represents an organised, well-timed and positive move taken by a person across time and space. It must be noted here that a person's career is shaped by many factors, e.g., education, experience, performance, parents, caste links and some occasional luck. Similarly, while some people like

creative personnel and artists may deal independently with shaping their careers, there are others those employed by somebody do not have much scope for their own pursuits and, in turn, career.

5.2.2 MEANING OF CAREER PLANNING:

Career planning can be defined as a systematic process by which one decides his/her career goals and the path to reach these goals. For example, one young man decides upon an academic career and establishes the following sequence of positions. (1) Ph. D. degree by age 26, (2) Lecturer by 27, (3) first book published by 30, (4) Reader by 35, (5) Professor and the head of the department by 40, (6) dean of the school by 45, and (7) Vice Chancellor of a university by 55.

From an organisation's view point, career planning stands for the forward looking employment policies of it which take into account the career of individual employees involved in various tasks. It unites organisational human resource planning with individual career needs. Individual career goals and career path in conformity with individual capabilities and aspirations are matched with the manpower planning in a human resource development programme. This is necessary to properly motivate the people to identify themselves fully with the organisation, and to ensure expected level of organisational commitment. It also develops people for managerial succession which is discussed a little later in this chapter.

In brief, career planning is a managerial technique for mapping out the entire career of employees from the employment stage to the retirement stage. It involves discovery, development, planned employment and reemployment.

5.2.3. CAREER STAGES

Just as human beings pass through certain life-cycle stages from birth to death, so does a person also on joining an organisation passes through a series of stages in his career. Viewed from this angle, there are five stages that every individual goes through during his/her career.

Exploratory Stage: As the term itself denotes, it is a stage in which a person explores, possible career options for oneself and it happens usually in mid-twenties when one makes transition from education to earn i.e., work. Experiences suggest that several factors like the careers of the parents, their interests, their aspirations for their children, and their financial resources shape the children's future career options. Since this stage occurs prior to employment, it has least relevance for the organisation.

Establishment Stage: This stage begins with choosing a job, or say, career, for oneself. This stage is marked by the first experiences on the job, acceptance and evaluation by peer groups. In this stage, one tries to make his/her mark and in the process commits mistakes, learns from mistakes, and gradually assumes increased responsibilities. However, one does not reach the summit or peak productivity at this stage. Putting it differently, this stage is like going uphill, making lot of efforts, spending lot of time and energy all the while.

Mid-Career Stage: This is a stage marked by improved performance, level off or starting deterioration. This is the stage when one is no longer seen as a learner. Hence, mistakes committed are viewed seriously and invite serious penalties. At this stage in a career, one reaches to a plateaued-career and is expected to make moves. For many, this is a time of reassessment, job changes, adjustment of priorities, or pursuit of alternative life styles. In one case, an executive at the age of 40 moved to journalism and was quite successful. Several such cases of career movement abound in the society

Late Career Stage: This stage is usually a pleasant stage for those who continued to grow during the mid-career stage. Based on one's good performance during the earlier stage, one now enjoys playing the part of the elder statesman and basks in the respect given by the junior and younger employees. During this stage, the people do not have to learn but to suggest and teach others how to go about in their jobs.

But, for those who have either stagnated or deteriorated during the mid-career stage, the late career stage brings the reality for them that they are no longer required in the organisation and, therefore, it is better for them to direct themselves to retire.

Decline Stage: This is the final stage in one's career to retire from one's job or career. Impending retirement scares everyone but more to those who have sparkling career earlier. This is so because these persons have to step out of the limelight and give up a major component of their identity. On the contrary, decline stage is less painful for modest performers or failures. Their frustration associated with work is left behind.

On the whole, decline stage is a difficult stage for anyone to confront. Nonetheless, some planning for retirement can ensure smooth transition from working life to retired-life. In India, many organisations have started to conduct training programmes for their retiring employees. For example, the Indian army regularly organizes resettlement courses for its personnel who are about to retire.

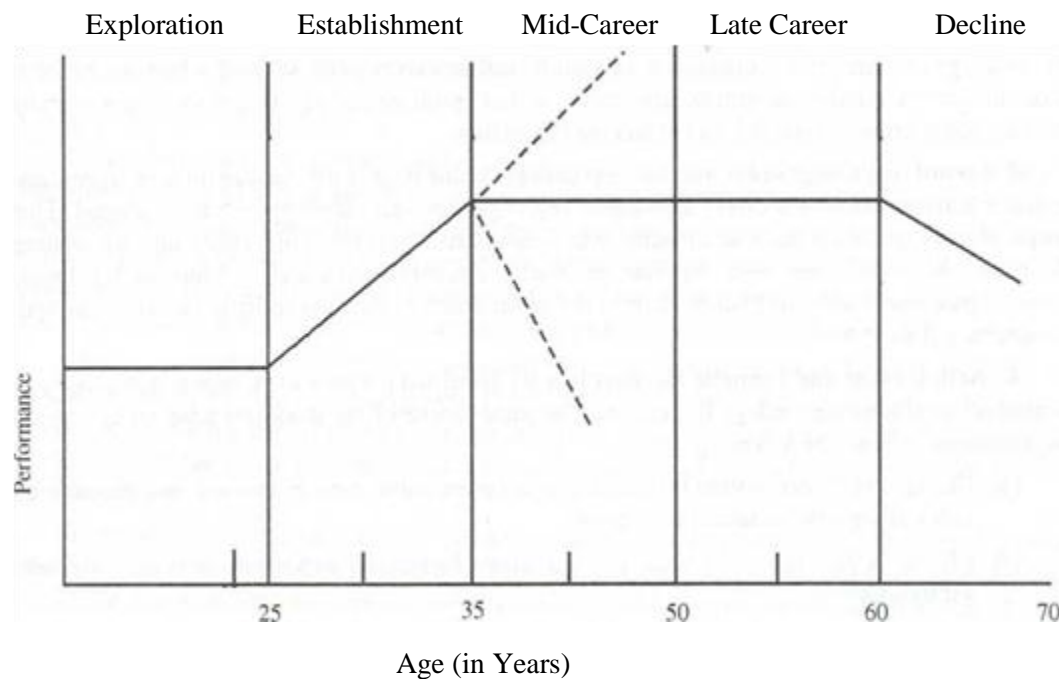Now all these stages are depicted in Figure 5.1.

Fig. : 5.1. Stages in Career Development

SOURCE: D.E. Super and D.T. Hall: Career Development: Exploration and Planning, Annual Review of Psychology, 1978.

5.2.4. CAREER PLANNING PROCESS

Employees join organisations to fulfil their career goals and aspirations, on the one hand, and organisations provide them opportunities available with them, on the other. The difference between the employees' aspirations and organisational opportunities, if any, gives rise to a situation of conflict between the two. If the conflict, or say, incongruence is allowed to persist, employees experience dissatisfaction and, in turn, withdraw themselves from being actively engaged in the productive pursuits. The same underlines the need for career planning, as discussed earlier. The career planning is a process to assist the employees to achieve a better match between their career goals and the opportunities available in the organisation. The career planning as a process involves the following steps:

1. Analysing Employee Needs and Aspirations: Sometimes, most of the employees do not know their career anchors and aspirations. Organisations also assume the career goals and aspirations of employees which need not be in tune with the reality. Therefore, first of all, an analysis of the employee career anchors, aspirations and goals must be done through objective assessment. This assessment is based on personnel inventory. Since most employees do not have a clear idea of their career anchors and aspirations, they, therefore, need to be provided as much information about these matters as possible informing what kind of work would suit the employee most considering his/her skills, experience and aptitude into account.

2. Analysing Career Opportunities: Once career aspirations and goals of employee are known, there is a need to analyse various career opportunities available to offer under prevailing career paths in the organisation. Career paths indicate career progression. Here also, since many employees may not be aware of their own career progression path, this needs to be made known to them. Sometimes, organisations may offer career progression at a particular level for both young direct recruits and own older employees through promotions. Recognizing varying kinds of career anchors and aspirations of the two types of employees, organisations need to outline career paths striking a balance between those of internal employees with experience but without professional degree and those new recruits with excellent professional degree but lacking experience.

3. Identifying Congruence and Incongruence: At this stage, a mechanism for identifying congruence between employee career aspirations and organisational career system is developed. This helps identify specific areas where mismatch or incongruence prevails. This is done through relating different jobs to different career opportunities. Such a mechanism of match and mismatch between career aspirations and opportunities enables the organisation to develop realistic career goals, both long-term and short-term.

4. Action Plans and Periodic Review: Having identified the mismatch, now it is necessary to formulate an alternative strategy to deal with the same. Some of the strategies adopted by several organisations include the following:

(a) Changes in career system by creating new career paths, new incentives, and new rewards by redesigning jobs for lateral movement.

(b) Change in the employee's hopes and aspirations by creating new needs, new goals and new aspirations.

(c) Seek new basis of integration through problem solving, negotiations, compromises, etc.
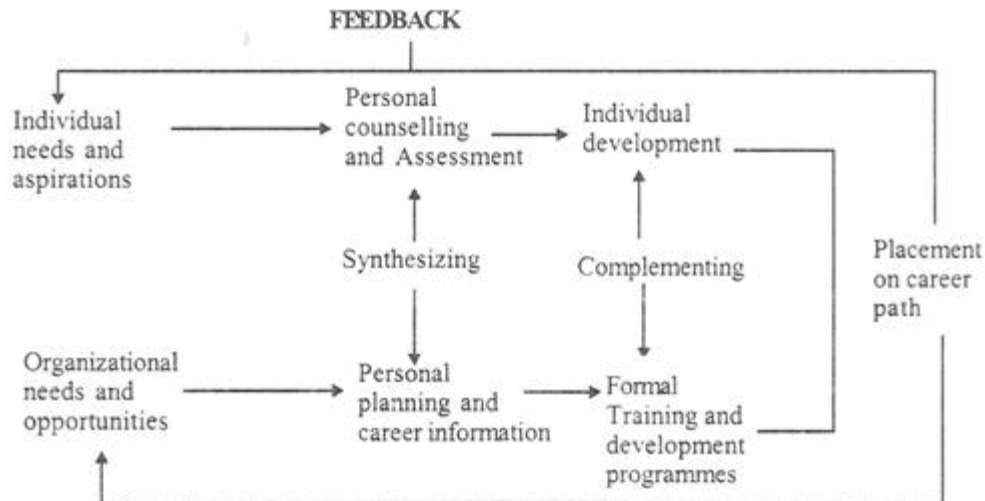
Fig: 5.2 Career Planning Process

After initiating these strategies, it is also necessary to review the same every now and then. Such a review will enable the organisation to know whether the plans are contributing to effective utilization of human resources by matching employee aspirations to job needs. This will also help the employee know in which direction he/she is moving and what kind of skills he needs to face the emerging and challenging organisational situations.

Alpin and Gester have suggested a framework of career planning process aimed at integrating the individual and organisational needs. This is presented in Figure 5.2.

5.3. CAREER MANAGEMENT

5.3.1. MEANING OF CAREER MANAGEMENT

Career management is defined as the ongoing process of preparing, implementing and monitoring career plans. It can be undertaken either by the individual alone or can be a concerted activity along with the organisation's career systems. Career is a general course of action, an individual chooses to pursue, all through his or her employment life. It may be represented as occupational positions a person has hold over so many years. Many people feel satisfied by achieving their career goals. At the same time, others have a strong feeling that, their careers, their lives and their potential has undergone unfulfilled. Employers too have a profound effect on employees' careers. Some organisations have very formal career management processes, while others are very little concern about it.

Career management is a process that enables the employees to better understand their career skills, develop and give direction to it and to use those skills and interests most effectively both within and outside the organisation. Specific career management activities provide realistic career oriented appraisals, posting open jobs and offering formal career development activities. Career development involves the lifelong series of activities that contribute to a person's career exploration, establishment, growth, success, and fulfillment. Career planning is the deliberate process by which an individual becomes aware of his or her personal skills, interests, motivations, knowledge and other such characteristics. He also seeks and acquires information about the opportunities and choices, identifies career-related goals and establishes action plans to attain specific goals. Career management and career

planning activities are complementary and can reinforce each other. Career management can also be regarded as lifelong, self-monitored process of career planning. That involves choosing and setting personal goals and formulating strategies for achieving those. However, in an organisational context, the focus is on taking actions to meet the anticipated HR needs.

5.3.2. OBJECTIVES OF CAREER MANAGEMENT

Career management programmes encompass a large number of these human resource management practices with the following objectives:

1. Assisting employees to improve their performance: Career management programmes strive to involve employees in setting their own goals and recognizing their strengths and weaknesses. It assists employees with the identification and facilitation of training needs and opportunities. This is mainly achieved by building a process of feedback and discussion into the performance management systems of institutions.

2. Clarifying available career options: Through career management programmes employees are informed of career options available within the institution. It assists employees with the identification of skills and other qualities required for current and future jobs. Most career management programmes seek to focus employees' career plans upon the institution, thereby enhancing their commitment to the institution. In doing this, career paths are developed that indicate mobility in different directions in the institution for employees.

3. Aligning the aspiration of employees with organizational objectives: Many organizations attempt to assist employees in their career planning through career management programmes. Career management programmes furthermore seek to improve the matching of jobs with the right employees. An assessment of the skills and competencies of employees could assist in accommodating them in positions that suit them better. Through the application of practices such as transfers and rotation, an institution's operational effectiveness can be improved. Career management programmes can also result in a reduction in the need to recruit externally as employees with the required capabilities are revealed through their career planning activities.

4. Availability of competent and skilled workforce: Purely from the employer's perspective the purpose of its career management programme should be to ensure the availability of competent and skilled employees within its organization.

5.3.3. BENEFITS OF CAREER MANAGENET

These are the following benefits of career management:

1. Staffing inventories: Effective career management ensure a continuous supply of professional, technical and managerial talent for the fulfillment of organisational goal.

2. Staffing from within: Most organisations like to promote employees from within for available positions because of the many potential advantages. In order to recruit from within, it requires a strong career management programme that ensures effective performance of employees in their new jobs.

3. Solving staffing problems: Effective career management may serve as a remedy for certain staffing problems. Rate of employee turnover can be slashed because of the feeling that there is existence of

opportunity within the organisation. It may be easier to go for new recruitment as the company develops its employees and provides better career opportunities.

4. Satisfying employee needs: The current generation of employees are very different from those of past generation in terms of their set of needs. Again higher levels of education have raised their career expectations and many of the employees hold their employers directly responsible in providing better opportunities for realization of their career expectations.

5. Enhanced motivation: Since, progression along the career path is directly related to job performance, an employee is likely to be motivated and perform at peak levels to accomplish career goals.

6. Employment equity: Effective career management demand fair and equitable recruitment, selection and placement and try to eliminate discriminatory practices concerning promotions and career mobility. Such type of affirmative programmes contains formal provisions that become helpful for enhancement of the career mobility of women and other minorities groups emphasizing employment equity.

5.3.4. ELEMENTS OF CAREER MANAGEMENT

The three elements common to most career management programmes are the following:

Career Planning: Career planning is a deliberate process of becoming aware of opportunities, constraints, choices and consequences identifying career related goals and programming work, education and related development experiences to provide the direction, timing and sequence of steps to attain a specific career goal. Career planning is also a process undertaken by employees and their supervisors. The employee is responsible for self-assessment, identifying career interests and development needs. As part of the process of self-assessment the employee analyse his or her skills and experience as well as his or her strengths and weaknesses. Career planning is also more effective if done jointly by the individual and the organization. The organization has a stake in successful career planning as it needs a steady supply of adequately trained people to do jobs at every level of the organization.

Career Pathing: Based on the career expectations identified in the process of career planning, possible career paths are mapped out for employees. Career paths set out a sequence of posts to which employees can be promoted, transferred and rotated. It should however be noted that each employee could have a multitude of career pathing options. Career paths should be established by an organization's career development system. The existence of such career paths communicates to employees specific step-by-step objectives and identifies possible role models in the organization. In setting career paths, employees and their supervisors must be realistic in terms of their potential and the time frames in which the career goals captured in the career paths can be achieved.

Career Development: Career development refers to a planned effort to link the individual's career needs with the organization's workforce requirements. It could furthermore be seen as a process for helping individuals plan their careers in concert with an organization's business requirements and strategic direction. It is also important to note that, along the concept of alignment between the individual and the organization, career development is an ongoing process. One of the organization's roles is to provide training and development opportunities to meet the requirements for movement along the career path.

Whilst these three elements are identified as separate practices, they complement and inform each other during the process of career management.

Bemardin and Russel have developed a model to integrate organisational opportunities with career goals or needs of employees. This is shown in Figure 5.3.
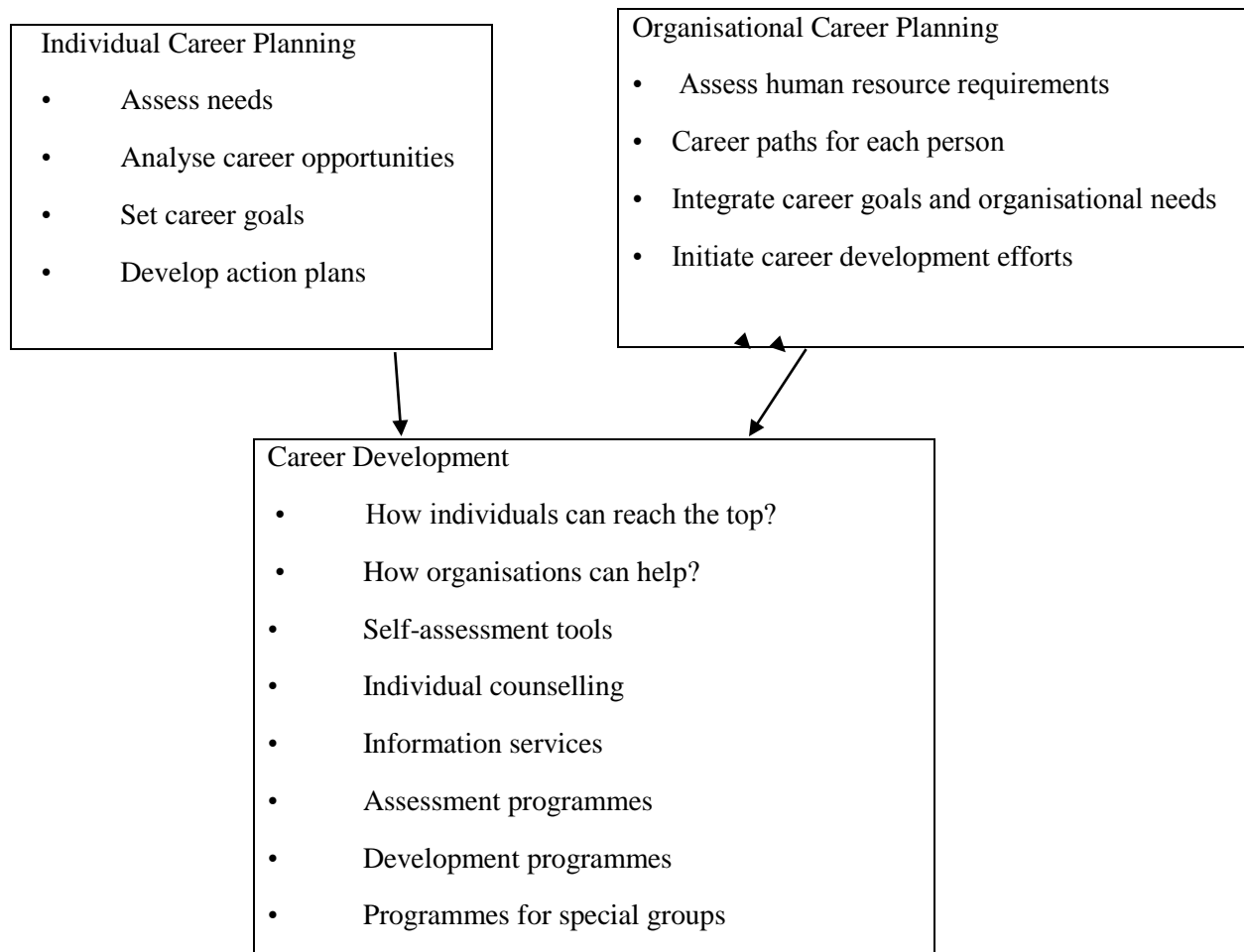
Individual Career Planning	Organisational Career Planning
• Assess needs	• Assess human resource requirements
• Analyse career opportunities	• Career paths for each person
• Set career goals	• Integrate career goals and organisational needs
• Develop action plans	• Initiate career development efforts

Career Development

- • How individuals can reach the top?
- • How organisations can help?
- • Self-assessment tools
- • Individual counselling
- • Information services
- • Assessment programmes
- • Development programmes
- • Programmes for special groups

Fig. 5.3: The Career Management Model

5.4. MEANING OF CAREER DEVELOPMENT

People are the most important resources in an organisation. So, it becomes prime responsibility of the organisation to take care of their employees and give them an opportunity to grow especially to those who are career conscious and deliver performance. Strictly speaking, career plans are of no use without career development programmes. As mentioned earlier, career development consists of actions undertaken by the individual employee and the organisation to meet career aspirations and job requirements. For this, a properly designed career development programme needs to involve the following main actions:

Career Need Assessment

In fact, career is highly personal and extremely important element of one's life. Hence, there is a need for selection of a right career for oneself. It is important but is not so easy. Here lies the role of human resource manager to assist the employee in his/her career decision making process by providing as much information as possible about the employment to the employee.

There are a number of evaluation instruments available to test aptitude, abilities, attitudes, etc. to have a fair idea of the career needs of people. For example, life planning workbooks can be used to help employees develop and select their career goals. While doing so, employees are asked to consider whether they value prestige, independence, money or security, or whether they prefer to lead follow approach of life.

In recent years, formal assessment workshops have become quite popular where small groups of employees are subjected to psychological testing, simulation exercises and depth interviewing. These are conducted by the experts/specialists who assist employees make decisions about their career goals. The objective of these assessment workshops is not that of selecting future promotees, but rather to help employees do their own career planning.

Career Opportunities

Realizing that employees have definite career needs, it becomes obligatory on the part of organisation to chart specific career paths and make the same known to the employees. Job analysis and job design provide the fundamental information required to chart career paths in an organisation. Having charted the career paths or career opportunities, it is important to publish them in a booklet form which can be made available to the employees. The availability of such information will help employees plan their own career movement and progression.

Need-Opportunity Alignment

When employees have assessed their career needs and have become aware of organisational career opportunities, the next step in the career development programme is one of alignment. For this, organisation needs to design such developmental programmes as will help the employees align their career needs with organisational opportunities. Various developmental programmes such as performance appraisal, management by objectives (MBO), career counselling, job rotation, etc., can be used for ensuring an effective alignment of employee's career needs with career opportunities available in the organisation. The developmental programmes are seen as relevant not only for today's job, but for the future job also.

In case, appropriate career opportunities are not available for some employees in the organisation, they may be assisted by the organisation in finding suitable positions outside. Doing so is useful because otherwise such employees will fall prey to dissatisfaction which benefits none.

What makes career development effective? The effectiveness of a career development programme depends on the following:

(a)   Employees believe that their supervisors care for their career development

(b)   There is awareness about the individual strengths and weaknesses and an appreciation of organisational constraints.

(c)   Career plans are developed with necessary support system to provide a fair and equal opportunity to all concerned within and among different job families.

In order to take advantage of career development, it needs to be properly managed.

5.4.1. IMPORTANCE OF CAREER DEVELOPMENT

Although the business environment has been endlessly experiencing negative changes such as economic downsizing and restructuring resulting in fewer hierarchical positions but at the same time the need for improving productivity while keeping a pace with continuously changing technology has also increased. Organizations, therefore, instead of hiring a new individual from the market prefer to promote their already existing employee to a specific position as he or she is already aware of the organizational culture and does not need to be trained. This requires a careful succession planning of employees and developing and preparing them continuously for filling topmost designations in future.

The process of organizational career development is important for both employees and employers. There may be several unintended and undesired changes as well as consequences that can change the entire scenario. In such a situation both employees and employers must be ready to keep with the changing environment and act accordingly. Employees continuously need to upgrade their skills and competencies to meet the current demands whereas organizations must be ready with those employees who can handle the pressure efficiently and cease the risk of falling prey to the changed scenario. Therefore, understanding the importance of career development is very necessary for both the parties.

1. **Economic Downsizing:** The biggest of all the factors that has badly affected the careers of millions of individuals is economic downsizing. The jobs are cut from the organizations and the fittest of all employees survive. If employees continuously learn new and better skills, chances are that economic conditions won't hurt them that badly as compared to other individuals.
2. **De-layering:** De-layering means reclassification of jobs. This is an organizational change initiative where a company decides to reclassify the jobs more broadly. However, old reporting lines do exist in order to maintain managerial control but some jobs may be removed or cut down during the process. Again, those individuals have to leave the organization who are not competent enough to be shifted to other job with different nature.
3. **Cost Reduction Strategies of the Organization:** Cost-reduction strategies of the organizations are again very dangerous for those individuals who are not prepared to move on to the next level. If organizations have to cut down their operating costs, the employment of those individuals is at stake who are not employable or who have not performed up to the mark in past. Employees continuously need to upgrade themselves and show their talent in order to remain in the organizations till long.
4. **IT Innovations:** Continuous changes and up-gradation in the technology is also one of the major factors that bring change. Some individuals can keep a pace with the changing technology and are always ready to learn and adopt new IT applications while some show immense resistance which is not acceptable to the organizations. Employees need to keep themselves updated and show willingness to accept changes as and when they occur and mould themselves accordingly.

The business changes affect both organizations and employees. The need is to understand them and find a way to cope with them effectively.

5.4.2. COMPONENTS OF CAREER DEVELOPMENT SYSTEM

A career development system includes a variety of components for use in the organizations. In order to increase the efficiency of the system, the HR mangers must have complete knowledge about these tools since they play a role of consultant when employees and supervisors use this system. Plus, they are responsible for designing and developing an effective career development system for their organization. Some activities or components are known as individual career planning tools while some are used for organizational career management. To achieve greater efficiency, most organizations use a right

combination of both types of activities. Let us understand these tools and activities to learn in-depth about career development system:

Self-Assessment Tools: This is the first technique that is widely used by organizations in their efforts to career management of their employees. This is a career exploration tool where individuals complete self-assessment exercises and fill information about their skills, interests, competencies, work attitudes and preferences, long and short term goals and obstacles and opportunities. The whole exercise helps them understand their own desires and aspirations and likes and dislikes.

Career Planning Workshops: Once employees are through their self-assessment, they share their findings with other individuals and their supervisors in career-planning workshops. It allows them to receive feedback from others and check the reality of their plans and aspirations. They may change their plans if they find them unrealistic and move in new direction.

Individual Counselling: It is one of the most common activities that are undertaken by almost all people developing organizations. Generally, individual counselling is provided by career development specialists, HR specialists or life skills development trainers. Some organizations hire them from outside while some have their own full-fledged departments where they recruit and hire trainers for full time. It helps employees in understanding their own goals, making a change in them if required and working on improving their skills and competencies.

Organizational Assessment Programs: Organizational assessment programs include tools and methods for evaluating employees' potential for growth within the organization. Johnson & Johnson is one company that uses these programs to assess the careers of their employees and evaluate their potential in order to facilitate the staffing and development of special teams known as "tiger teams". These special teams are formed to speed up the development of new products. The most popular programs under this category include assessment centres, psychological testing, 360 degree appraisal, promotability forecasts and succession planning.

Developmental Programs: Developmental programs are used by an organization to develop their employees for future positions. They can be internal as well as external and can be performed under the supervision of human resource staff or trainers and specialists from outside. These programs include assessment centers, job rotation programs, tuition refund plans, internal training programs, external training seminars and formal mentoring programs.

In addition to these programs, there are several other components of a career development system such as career programs for special target groups, fast-track or high potential employees, supervisors, senior-level employees, women, technical employees, minorities and employees with disabilities, etc.

Career Programs for Special Target Groups

Career development programs are designed to meet specific needs and requirements of a particular group of employees. They can be developed for a particular department of special target groups. Depending upon the group for which the program is to be designed, the activities and workshops involved in it also change accordingly. Therefore, before designing and developing a career development program, it is very essential to analyze the requirements of the targeted group. However, there can be some common programs that can be used for all groups within the organizations. There are several different groups in an organization including Fast-track Employees, entrenched employees, supervisors, executives, new employees, women, employees with disabilities and many more.

Career Programs for Fast-Track Employees

Fast-track employees are the star performers who have potential to do more that what they are supposed to. The organizations place such employees in fast fast-track groups for quick and upward moves. These are specially selected employees from various groups and departments who are given an opportunity for rapid and intensive development.

These employees require continuous technical as well as psychological training in order to expand their horizons and develop such skills that they can perform more challenging jobs of different kinds. Fast-track employees are also able to manage quicker job changes particularly in the time of crisis. The organization can design high-ended career development programs for them to ensure their quick and intensive development.

Career Programs for Entrenched Employees

Since organizations undergo a lot of restructuring and cutback due to recession and streamlining of their activities and operations. Because of this, many employees are asked to leave the organization and explore some other career opportunity. In order to eliminate negative consequences, organizations can start career programs for this special group in order to help them find a new job. Organizations can offer generous severance pay packages to them to fund their career explorations. Along with this, they can also introduce schemes such as pension funds and accrued time off. They can also provide ongoing career development training and counselling and outplacement assistance to them.

Career Programs for Supervisors

When every group requires different career development programs, obviously the needs of supervisors will also be different from other employees. The can be provided with continuous training, counselling and coaching on how to lead teams and recognize special skills in an employee. Since they act as mentors of their subordinates, they should be provided with an integrated counselling on performance appraisal system and how to use it in order to measure the performance of their subordinates.

Career Programs for Women

With increasing numbers of women entering the workplace, the organizations must develop special career programs for them. Organizations need to identify their problems and challenges that they face on regular basis and try to develop special programs while keeping all these points and considerations in mind. Since women are good multi-taskers, the HR specialists should make special efforts to enhance their abilities and capabilities and motivate them to perform better regardless of the circumstances and difficulties in their personal lives. They have different problems and different requirements when it comes to career. This should be kept in mind while designing specialized programs for them.

5.4.3. DESIGNING CAREER DEVELOPMENT SYSTEM

Designing career development systems according to specific needs and requirements of an organization can help HR specialists in bringing efficiency to the entire process of career management. Since the system tries to integrate all the activities of an employee, management as well as an organization, it has to be tailor-designed. There is nothing that fits all since the nature of the every business is different and aspirations of every employee in every industry are different. Most companies along with career management programs also involve career assessment process by the employee. If they have supportive environment such as a facilitator and properly automated system, they will properly assess their careers and fill genuine information about themselves.

Most organizations such as Xerox, IBM, Wal-Mart, Lincoln electric and Bell Atlantic have their own specific career development systems. Along with this, they provide their employees with supportive environment and a culture that supports the whole process of career development. This is the reason why these companies are considered as the best places to work. Since they manage the careers of their employees seriously and treat them as the most valuable assets of the organization, a very high percentage of university graduates prefer joining them even if they offer low compensation.

While designing career development system for an organization, the nature of their business, the industry and the business environment they are operating in should also be considered. Although it is an internal process of an organization but outer environment factors such as job market, current trends, economic conditions, etc., affect the entire process.

5.4.4. Benefits of a Career Development System

- **Benefits of a Career Development System to Organization**
1. Once organization has a fair idea about employee's strengths and weaknesses, attitude and behaviour, values and future aspirations and skills and competencies, they are able to make better use of employee skills and put them at the right place.
2. The organization can disseminate all important details and information at all organizational levels in order to ensure effective communication at all levels. It fosters and lays emphasis on better communication within the organization as a whole.
3. It also helps organization retain valued employees by providing them what they want. Since the organization is able to collect all necessary information about a specific individual, it can make efforts to retain them.
4. It establishes a reputation of the organization in the market. More and more working professionals see it as a people developer and get attracted towards it.
   5.

- **Benefits of a Career Development System to Employees**
1. The major benefit of career development system to employees is that they get helpful assistance and guidance with their career decisions. They get to know about their own aspirations, objectives and desires and understand how to shape their career.
2. By using this system, they can set more realistic goals and objectives that are feasible to be accomplished over the span of one's life.
3. It fosters better communication between the employee and the manager as well as at all levels of the organization.
4. The best part is that they can get feedback on their performance. This helps them improve their working style and compels them to upgrade their skills.
5. The process leads to job enrichment and enhanced job satisfaction.
   6.

- **Benefits of a Career Development System to Managers/Supervisors**
1. A career development system helps managers and supervisors in improving and upgrading their skills in order to manage their own career. Even they get to where they are heading to and what their aspirations are.
2. It fosters better communication between managers and employees.
3. It helps them in retaining valued employees as they get to know about their skills and competencies and future aspirations as well.
4. It helps in discussing productive performance appraisal of employees and planning their promotions as well as their career graph.

5. It leads to greater understanding of the organization as a whole and cultivate a supportive and conducive culture in the organization.
6. It helps managers in understanding the hidden aspects of employees and guides them to allocate employees the right job that matches to their skills and competencies.

5.5. MEANING OF POTENTIAL APPRAISAL

The potential appraisal refers to the appraisal i.e. identification of the hidden talents and skills of a person. The person might or might not be aware of them. Potential appraisal is a future – oriented appraisal whose main objective is to identify and evaluate the potential of the employees to assume higher positions and responsibilities in the organizational hierarchy. Many organisations consider and use potential appraisal as a part of the performance appraisal processes.

The objectives of potential appraisal are:

1. To inform employees of their future prospects;

2. To enable the organisation to draft a management succession programme;

3. To update training and recruitment activities;

4. To advise employees about the work to be done to enhance their career opportunities.

5.5.1. Techniques of potential appraisal:

• Self – appraisals

• Peer appraisals

• Superior appraisals

• MBO

• Psychological and psychometric tests

• Management games like role playing

• Leadership exercises etc.

Potential appraisal helps to identify what can happen in future so that it can be guided and directed towards the achievement of individual and organizational growth and goals. Therefore, potential should be included as a part of the Performance appraisal in organisations. The Potential for Improving Performance, or measures the performance of the average worker versus the best person performing a particular task. Large differences suggest that performance can be improved by bringing average performance up closer to the best performance. Small differences suggest little potential for improvement.

5.5.2. STEPS TO INTRODUCE A POTENTIAL APPRAISAL SYSTEM

Following steps are required to introduce a potential appraisal system:

Role Description: A good potential appraisal system would be based on clarity of roles and functions associated with the different roles in an organisation. This requires extensive job descriptions to be made

available for each job. These job descriptions should spell out the various functions involved in performing the job.

Qualities Required: Besides job descriptions, it is necessary to have a detailed list of qualities required to perform each of these functions. These qualities may be broadly divided into four categories -

(1) Technical knowledge and skills,

(2) Managerial capabilities and qualities,

(3) Behavioural capabilities, and

(4) Conceptual capabilities.

Indicators of Qualities: A good potential appraisal system besides listing down the functions and qualities would also have various mechanisms for judging these qualities in a given individual. Some of the mechanisms for judging these qualities are -

(a) Rating by others,

(b) Psychological tests,

(c) Simulation games and exercises,

(d) Performance appraisal records.

Organising the System: Once the functions, the qualities required to perform these functions, indicators of these qualities, and mechanisms for generating these indicators are clear, the organisation is in a sound position to establish and operate the potential appraisal system. Such establishment requires clarity in organisational policies and systematisation of its efforts.

Feedback: If the organisation believes in the development of human resources it should attempt to generate a climate of openness. Such a climate is required for helping the employees to understand their strengths and weaknesses and to create opportunities for development. A good potential appraisal system should provide an opportunity for every employee to know the results of assessment. He should be helped to understand the qualities actually required for performing the role for which he thinks he has the potential, the mechanisms used by the organisation to appraise his potential, and the results of such an appraisal.

A good potential appraisal system provides opportunities continuously for the employee to know his strengths and weaknesses. These are done through periodic counseling and guidance sessions by either the personnel department or the managers concerned. This should enable the employee to develop realistic self-perceptions and plan his own career and development.

5.6. MEANING OF EMPLOYEE COUNSELING

Many firms across the globe have realized the necessity of employment counselling. One of the reasons is to create a quality workforce along with desired skills and competencies in order to utilize them to maximum possible extent. In today's highly turbulent and ever-changing environment, keeping a pace with the latest developments and surviving the cut throat competition have become the first priority. In such a scenario, having a talented and extraordinary workforce is the first and foremost requirement. Organizations can only rely on their human resources as a company's success is attributed to the quality of manpower it has.

Today, many HR specialists and practitioners are busy developing innovative techniques and tools to attract the best chunk of people and utilizing their skills to the maximum possible extent. Employment counselling is an attempt to determine individual's interests, desires, aspirations and skills and competencies in various occupations and jobs. The information collected is very important in order to understand where to put a particular employee to get maximum output from him or her. It is one of the most popular services offered by organizations to their employees. The organizations which are looking to retain their biggest assets and attract new talent from the industry care for their employees and try to provide them services and assistance to make their relationship more meaning and purposeful. An organization may gain competitive advantage from this tool as they target to make every employee better.

Employment counselling is a process that helps individuals in learning how to deal with their interpersonal, decisional and emotional problems. The specially appointed counselors help them to learn and encourage changing and moving in a direction where they can give their maximum. It is a well-planned step-by-step process with an ultimate objective of achieving satisfaction and fulfillment from professional life. Other than this, the main objectives of the process also include bringing positive changes in the behaviours of employees making them independent problem solvers, bringing changes in their habits, helping them choose a more suitable career option, bringing a nice change in their outlook towards different things, helping them to handle interpersonal conflicts, assisting them in dealing with their emotional instability and facilitating them to communicate more amicably with their team members.

It is also known as a remedial approach as it is offered to provide employees with an expert's assistance to deal with their issues related to their professional life. It is also called a preventive approach that helps employees realize their potential and career interests before it is too late to make a right career choice. On the other hand, when employees get such services in their organizations, they develop a sense of belongingness towards them and stick to them even in crisis.

Employment counselling is beneficial for both employees as well as employers as it has a positive impact on them and helps both the parties achieve their short-term and long-term goals. No one is perfect - neither the organizations nor the employees. This is an effort to fight with inadequacies of employees and well as employers.

5.7. MEANING OF SUCCESSION PLANNING

Organisations run on eternal basis. The survival and thrive of any organisation on continuous basis requires a succession of persons to fill key positions. This is done through "succession planning". Succession planning can be defined as an executive inventory report indicating what individuals are ready to move into higher positions in the organisation. In an organisation, positions at higher levels fall vacant due to various reasons like retirement, resignation, promotion, transfer, death, etc. Therefore, the very purpose of succession planning is to identify, groom, develop and make the people ready to occupy higher level jobs as and when they fall vacant.

Succession may be from both internal and external sources. Succession from internal sources is advantageous to the organisation as well as to the internal employees. This is so because while organisation can buy employees loyalty and commitment, employees feel belongingness, and shared feelings of development along with the organisation. In order to groom internal employees to assume higher responsibilities in future, some professionally run large organisations ask their managers and supervisors to identify the internal employees having potentialities to replace them in jobs should the need arise. However, it is necessary to allow inflow of new blood also, i.e., succession through outside talent in

certain cases like when competent and qualified people are not available internally, when major expansion, diversification and growth plans are in offing. Experiences suggest that complete dependence on either internal or external sources is not advisable to any organisation. What is often advisable in this regard is a judicial balance between the two sources should be maintained.

According to Biswajeet Pattanayak, the succession planning involves-the following eight core activities:

I.   Analysis of the demand for executives, managers and professionals by level, function and skill.

II.   Audit of existing executives and inventory of likely future supply from both internal and external sources.

III.   Planning individual career paths based on objective estimates of future needs and drawing on reliable appraisal and assessment of potential.

IV.   Undertaking career counselling in the context of future requirements for executives and managers.

V.   Accelerated promotion schemes with development targeted against the future needs of the organisation.

VI.   Training and development activities to groom people for future roles.

VII.   Planned recruitment to fill short-term vacancies and provide people for development to meet future needs.

VIII.   The actual process by which jobs are filled includes recruitment procedure, internal appointment procedure, methods of assessment, internal search mechanism and often, use of computer-based information systems.

5.7.1. BENEFITS OF SUCCESSION PLANNING

Succession planning is one of the most important career development tools used by organizations. This is done to determine the backups for each senior position by identifying and training the executives who are at the next-lower levels. This is an important process as most organizations rely on it to find their next CEO and other top notch executives. This includes an overall development of lower level employees to make sure that they can effectively handle the responsibilities that they will be handed over in next few years. Formal succession planning is an examination of organization's long range plans and strategies and HR forecasts. It also offers several other benefits and has a positive impact on organizational culture and efficiency.

1.   Formal succession planning is a systematic approach for preparing employees at lower levels to handle the responsibilities of next higher levels in the coming years. The process involves a lot of serious planning and careful HR forecasts in identifying the capable employees who have the potential to be promoted to next level in the hierarchy.

2.   It provides a logical approach for succession of top notch positions by the next lower-level employee. It is all about identifying the skills and competencies and potential of an employee so that he or she can be deployed at different jobs in the time of crisis.

3.   Succession planning gives the answers to all the questions regarding preparing an individual for the next level in the organizational hierarchy. It helps HR specialists in knowing and understanding why a specific individual should be developed and trained to promote to the next level.

4.   It reduces the randomness in organization's processes and managerial development movements and establishes formal steps and actions, policies and procedures to support the process of selecting the CEO and other top management executives.

5.   A formal succession planning process is a proactive approach to fill a top position. It helps HR professionals to anticipate problems in the process before they get started. This is very important to avoid negative and dysfunctional situations.

6.   It fosters cross-functional development and facilitates the integration of HR planning components, processes and procedures. Not only this, it supports connecting formats, guidelines, analyses, judgments and discussions at their front.

7.   Formal succession planning helps in further exploitation of computer systems, HRP software applications, HR tools and techniques in order to support the identification, development and training of the individuals.

8.   It helps HR managers in overcoming the limitations of reactive management approaches and fosters pro-active management approaches to make organization a better place to work.

9.   It establishes a logical basis for making choices among qualified candidates. Who should be selected, why they should be selected and what skills and competencies they own and what needs to be developed in them are critical factors while identifying the employees for succession planning.

10.   The process establishes a specific connection between the business objectives and HR strategic planning. Along with this, it also increases internal promotion opportunities.

5.8. COMPETENCY MAPPING

The modern HR professionals have a job that every employee performs to the best of their abilities by identifying a role which is best suited for them. This matching of jobs and people to facilitate excellence in performance can be achieved through competency mapping.

Competency is your ability to do something successfully or efficiently. Thus competency mapping is a process of matching your competence with the job role and/or organization. Furthermore it is also about matching people to the job role and hence used even in selection. Competency mapping is the process of identifying the specific skills, knowledge, abilities, and behaviours required to operate effectively in a specific job or organization. Competency maps are often also referred to as competency profiles or skills profiles.

According to Boyatzis (1982) "A capacity that exists in a person that leads to behaviour that meets the job demands within parameters of organizational environment, and that, in turn brings about desired results".

Competency Mapping is a process to identify key competencies for an organization and incorporating those competencies throughout the various processes (i.e. job evaluation, training, recruitment) of the organization. A competency is defined as a behaviour (i.e. communication, leadership) rather than a skill or ability.

5.8.1. METHODS OF COMPETENCY MAPPING

These are the various methods used for competency mapping:

1) Assessment Centre: "Assessment Centre" is a mechanism to identify the potential for growth. It is a procedure that uses a variety of techniques to evaluate employees for manpower purpose and decisions.

The International Personnel Management Association (IPMA) has identified the following elements, essential for a process to be considered as assessment center:

a) A job analysis of relevant behaviour to determine attributes skills, etc. for effective job performance and what should be evaluated by assessment center.

• Techniques used must be validated to assess the dimensions of skills and abilities.

• Multiple assessment techniques must be used.

• Assessment techniques must include job related simulations.

• Multiple assessors must be used for each assessed.

• Assessors must be thoroughly trained.

• Behavioural observations by assessors must be classified into some meaningful and relevant categories of attributes, skills and abilities, etc.

• Systematic procedures should be used to record observations.

• Assessors must prepare a report.

• All information thus generated must be integrated either by discussion or application of statistical techniques.

Data thus generated can become extremely useful in identifying employees with potential for growth.

b) Group Discussions: In these, candidates are brought together as a committee or project team with one or a number of items to make a recommendation on. Candidates may be assigned specific roles to play in the group or it may be structured in such a way that all the candidates have the same basic information. Group discussion allows them to exchange information and ideas and gives them the experience of working in a team. In the work place, discussions enable management to draw on the ideas and expertise of staff, and to acknowledge the staff as valued members of a team.

c) In Tray exercise (e-tray exercise): This type of exercise is normally undertaken by candidates individually. The materials comprise a bundle of correspondence and the candidate is placed in the role of somebody, generally, which assumed a new position or replaced their predecessor at short notice and has been asked to deal with their accumulated correspondence. Generally the only evidence that the assessors have to work with is the annotations which the candidates have made on the articles of mail. It is important when undertaking such an exercise to make sure that the items are not just dealt with, but are clearly marked on the items any thoughts that candidates have about them or any other actions that they would wish to undertake.

d) Interview Simulations: In these exercises candidates meet individually with a role player or resource person. Their brief is either to gather information to form a view and make a decision, or alternatively, to engage in discussion with the resource person to come to a resolution on an aspect or issue of dispute.

Typically, candidates will be allowed 15 -30 minutes to prepare for such a meeting and will be given a short, general brief on the objective of the meeting. Although the assessment is made mainly on the conduct of the meeting itself, consideration are also be given to preparatory notes.

e) Case Studies / Analysis Exercises: In this type of exercise the candidate is presented with the task of making a decision about a particular business case. They are provided with a large amount of factual information which is generally ambiguous and, in some cases, contradictory. Candidates generally work independently on such an exercise and their recommendation or decision is usually to be communicated in the form of a brief written report and/or a presentation made to the assessors. As with the other exercises it is important with this kind of exercise to ensure that their thought processes are clearly articulated and available for the scrutiny of the assessors. Of paramount importance, if the brief requires a decision to be made, ensure that a decision is made and articulated.

2) Critical Incidents Technique

The next task is to train supervisors in taking notes on critical incidents or outstanding examples of success or failure of the subordinates in meeting the job requirements. The incidents are immediately noted down by the supervisor as he observes them. Very often, the employee concerned is also involved in discussions with his supervisor before the incidents are recorded, particularly when an unfavourable incident is being recorded, thus facilitating the employee to come out with his side of the story.

The objective of immediately recording the critical incidents is to improve the supervisor's ability as an observer and also to reduce the common tendency to rely on recall and hence attendant distortions in the incidents. Thus, a balance-sheet for each employee is generated which can be used at the end of the year to see how well the employee has performed. Besides being objective a definite advantage of this technique is that it identifies areas where counselling may be useful.

In real world of task performance, users are perhaps in the best position to recognize critical incidents caused by usability problems and design flaws in the user interface. Critical incident identification is arguably the single most important kind of information associated with task performance in usability - oriented context. Following are the criteria for a successful use of critical incident technique:

Data are centred on real critical incidents that occur during a task performance. Critical Incidents Technique is useful for obtaining in-depth data about a particular role or set of tasks. It is extremely useful to obtain detailed feedback on a design option

3) Interview Techniques

Almost every organisation uses an interview in some shape or form, as part of competency mapping. The interview consists of interaction between interviewer and applicant. If handled properly, it can be a powerful technique in achieving accurate information and getting access to material otherwise unavailable. If the interview is not handled carefully, it can be a source of bias, restricting or distorting the flow of communication.

4) Questionnaires

Questionnaires are written lists of questions that users fill out questionnaire and return.

a) Common Metric Questionnaire (CMQ): They examine some of the competencies to work performance and have five sections: Background, Contacts with People, Decision Making, Physical and Mechanical Activities, and Work Setting. The background section asks 41 general questions about work requirements such as travel, seasonality, and license requirements. The Contacts with People section asks

62 questions targeting level of supervision, degree of internal and external contacts, and meeting requirements. The 80 Decision Making items in the CMQ focus on relevant occupational knowledge and skill, language and sensory requirements, and managerial and business decision making. The Physical and Mechanical Activities section contains 53 items about physical activities and equipment, machinery, and tools. Work Setting contains 47 items that focus on environmental conditions and other job characteristics. The CMQ is a relatively new instrument.

b) Functional Job Analysis: The most recent version of Functional Job Analysis uses seven scales to describe what workers do in jobs. These are: Things, Data, People, Worker Instructions, Reasoning, Maths, and Language.

Each scale has several levels that are anchored with specific behavioural statements and illustrative tasks and are used to collect job information.

c) Multipurpose Occupational System Analysis Inventory (MOSAIC): In this method each job analysis inventory collects data from the office of personnel management system through a variety of descriptors. Two major descriptors in each questionnaire are tasks and competencies. Tasks are rated on importance and competencies are rated on several scales including importance and requirements for performing the task. This is mostly used for US government jobs.

d) Occupational Analysis Inventory: It contains 617 "work elements" designed to yield more specific job information while still capturing work requirements for virtually all occupations. The major categories of items are five-fold: Information Received, Mental Activities, Work Behaviour, Work Goals, and Work Context. Respondents rate each job element on one of four rating scales: part-of-job, extent, applicability, or a special scale designed for the element. Afterwards, the matching is done between competencies and work requirements.

e) Position Analysis Questionnaire (PAQ): It is a structured job analysis instrument to measure job characteristics and relate them to human characteristics. It consists of 195 job elements that represent in a comprehensive manner the domain of human behaviour involved in work activities. These items fall into following five categories:

1. Information input (where and how the worker gets information),
2. Mental processes (reasoning and other processes that workers use),
3. Work output (physical activities and tools used on the job),
4. Relationships with other persons, and
5. Job context (the physical and social contexts of work).

f) Work Profiling System (WPS): It is designed to help employers accomplish human resource functions. The competency approach is designed to yield reports targeted toward various human resource functions such as individual development planning, employee selection, and job description. There are three versions of the WPS tied to types of occupations: managerial, service, and technical occupations. It contains a structured questionnaire which measures ability and personality attributes.

5) Psychometric Tests

Many organizations use some form of psychometric assessment as a part of their selection process. For some people this is a prospect about which there is a natural and understandable wariness of the unknown.

A psychometric test is a standardized objective measure of a sample of behaviour. It is standardized because the procedure of administering the test, the environment in which the test is taken, and the method of calculating individual scores are uniformly applied. It is objective because a good test

measures the individual differences in an unbiased scientific method without the interference of human factors. Most of these tests are time bound and have a correct answer. A person's score is calculated on the basis of correct answers. Most tests could be classified in two broad categories:

a) Aptitude Tests: They refer to the potentiality that a person has to profit from training. It predicts how well a person would be able to perform after training and not what he has done in the past. They are developed to identify individuals with special inclinations in given abilities. Hence they cover more concrete, clearly defined or practical abilities like mechanical aptitude, clinical aptitude and artistic aptitude etc.

b) Achievement Tests: These tests measure the level of proficiency that a person has been able to achieve. They measure what a person has done. Most of these tests measure such things as language usage, arithmetic computation and reasoning etc.

These are following methods and techniques which are used by organisations to collect data regarding their employees and nature of work. It helps the organisations to develop a system of data base which will be used in competency mapping.

5.8.2. STEP IN THE PROCESS OF COMPETENCY MAPPING

The steps involved in competency mapping are presented below:

1. Conduct a job analysis by asking incumbents to complete a position information questionnaire (PIQ). This can be provided for incumbents to complete, or used as a basis for conducting one-on-one interviews using the PIQ as a guide. The primary goal is to gather from incumbents what they feel are the key behaviours necessary to perform their respective jobs.

2. Using the results of the job analysis, a competency based job description is developed. It is developed after carefully analysing the input from the represented group of incumbents and converting it to standard competencies.

3. With a competency based job description, mapping the competencies can be done. The competencies of the respective job description become factors for assessment on the performance evaluation. Using competencies will help to perform more objective evaluations based on displayed or not displayed behaviours.

4. Taking the competency mapping one step further, one can use the results of one's evaluation to identify in what competencies individuals need additional development or training. This will help in focusing on training needs required to achieve the goals of the position and company and help the employees develop toward the ultimate success of the organization.

5.8.3. APPLICATIONS OF COMPETENCY MAPPING

Some of the major practical applications of competency mapping includes

- Job Evaluation
- Project Planning
- Performance Management
- Job Analysis
- Succession Planning
- Recruitment

5.10. SUMMARY

1. A career is a sequence of positions occupied by a person during the course of his/her life time.
2. Career planning is a process of identifying strengths, weaknesses, specific goals and jobs that individuals like to occupy.
3. Succession planning refers to an inventory indicating which individuals are ready to move into higher positions in the company.
4. A career consists of five stages, viz., exploration, establishment, mid-career, late - career and decline.
5. Career planning process, includes activities like analysing employee needs and aspirations, analysing career opportunities, identifying congruence and incongruence, and action plans and periodic review.
6. Career development is a three-step process including career need assessment, career opportunities, and need-opportunity alignment.
7. Career management refers to a set of activities including those of both the individual employee and organisation aimed at coping with changes in career plans, whether caused by organisational requirements or individual employee's needs and aspirations.

KEY WORDS

Career   Career Path

Career planning   Career Management

Career Development   Competency mapping

REVIEW AND DISCUSSION QUESTIONS

1. What is meant by the term 'career'? Outline the process of career planning clearly.

2. Distinguish between:

(a) Career Planning and Manpower Planning.

(b) Career Planning and Succession Planning.

3. What is career development? Explain the steps involved in it.

4. "Career development is a waste of money for a company. All it does is raise employees' expectations and then, frustrated, they quit." Do you agree or disagree? Discuss.

5. What type of information would you seek from the human resource department to help you develop your own career plan if you were just starting with a large multinational corporation?

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Course Code: OBH-414

Lesson No. 7   Contemporary Issues in HRD

Author: Dr. Harpreet Kaur Kohli

Vetter: Prof. Anil Kumar

7.1 OBJECTIVES

The objectives of the lesson are:

(i)To explain the role of culture in organisation

(ii)To discuss the need of managing culture

(iii)To study the types of cross-cultural training

(iv)To discuss the major challenges in labour market

7.2 INTRODUCTION

The phenomenon of globalisation has made the world a global market. When business activities are carried out in different countries, the companies come across different economies, political systems, cultures, markets, customers and employees. With the entry of MNCs, there is intermingling of employees throughout the world, leading to integration and interaction among various cultures.

Different cultures embrace different perspectives on important workplace issues, like time management, respect for authority, teamwork and responsibility. Conflicting interpretations of transparency and ethics, methods of [communication](#) and reluctance to give and receive feedback may also arise.

The differences are noticed in these and it is called diversity in cultures and markets. Diversity is a very wide term and bit difficult to define it. It includes main elements are like sex, age, race, religion, region, work style, experience, education, values, physical and technical competencies, trust, beliefs, traditions and customs, mental caliber, personality, experiences, affiliation, economic development, per capita income, marital status, knowledge, preference and tastes for products, area of specialization etc.

When clients and co-workers operate based on diverse belief systems with conflicting attitudes, it creates barriers to on the job bonding. These barriers need to be broken down in order for an organization to run efficiently and harmoniously. The responsibility falls on the organization's leadership, and particularly HR professionals, to ensure that these issues are addressed and managed. To goal is to make each worker feel valued—and that their needs are being addressed and considered.
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The various factors of culture created diversity in different rates. The different categories of diversity are following:

    (a) Diversity in workforce.
    (b) Diversity in the markets.
    (c) Stakeholder diversity.

In India and abroad, workforce diversity is the most dominating category of diversity. There are a number of reasons for this diversity such as large percentage of working women due to increasing education of female, younger age employees, national and international mobility of

manpower increasing job opportunities across the world, and experience at international assignments etc.

There are different stakeholders of the company in the global era. The main stakeholders are owners, shareholders, customers, client, bankers, consultants and government etc. They are having different interests with the organization. There is diversity in interests of stakeholders. These stakeholders are very sensitive and expect better performance from the company. Further, in foreign markets due to foreign clients the diversity is increased.

7.3 ROLE OF CULTURE

In different cultures the needs for the products exist but the tastes and preferences of consumers in different countries vary slightly for the similar products. Products that are marketed across the world are not in position to serve customers of different culture in a better way. These need little adoption in products according to expectations of customers across national market; thus, global integration is facilitated. The role of culture plays an important role in understanding customers and matching products for them.

7.4 MANAGING DIVERSITY

Workforce diversity is a reality at multinational companies across the world. Even in India after globalization the same situation is being faced. It cannot be ignored at the cost of business. The diversity is to be managed at organization level. Managing diversity is defined as "planning and implementing organizational systems and practices to manage people so that the potential advantages of diversity are maximized while its potential disadvantages are minimized," according to Taylor Cox in "Cultural Diversity in Organizations."

Managing diversity means managing the employees' differences and focusing on maximizing the capability so that they can contribute in accomplishment of organizational objectives.

If diversity is not managed properly, it may lead to group differences, grievances, lower level of commitment, low productivity and quality of products. The reputation of the company would be affected and in future more customers, and better employees may not be attracted. It affects adversely in the long run. For this management should take special care of diversity management in the present competitive situation.

(a)   Modification in Policies

(d)   To address diversity issues, the existing policies, procedures, rules, and regulations are to be modified. These should be made to meet the needs of a diverse workforce, motivate and maximize the potential of all workers, so that the organisation can be well positioned in the competitive situation for better performance for carrying out business activities. Management should take timely care for necessary modification though comprehensive discussion over diverse features of workforce.

(e)   For managing diversity in India and abroad, a plan is to be prepared for training the people so that they can meet the needs of diversity management. Cultural training should be conducted because the workforce is highly diversified. This training is needed for all managers and employees. The cultural training should focus on developing one organizational culture irrespective of different cultures of employees. They should like to start liking in new organization culture. This would avoid cultural differences. With these skills the employees would be in position to support management in managing diversity.

(b)   Clarification of Job Requirements

For procurement of the employees, in the beginning itself the job requirements are to be clarified properly. The need for skills to perform the jobs effectively in a diverse environment should be specified in the job, for example, job requirements like qualification, training, experience, achievements etc., to be highlighted in advance to avoid confusions.

(c)   Sound Recruitment and Selection

For recruitment and selection proper care is to be taken so that the problems from different groups of workers should not arise. First of all, the vacancies are to be highlighted in different language newspapers. The procedure for receiving applications, selection and appointment should be followed meticulously without any deviation due to personal bias. According to the information given tests and interviews are to be conducted.

(d)   Proper Communication

Management should pay proper attention towards communication when communicating to diverse segment of employees. It should be to the point and objectives should be clearly specified. It should be in one common language and no preference to some of the languages known to the diversified workforce.

(e) Equal Treatment

Fair treatment means "treating everyone with one approach." In a diversified workforce of organization the employees represent different segments of the population. They all should be treated as one group as a whole. There should not be any discrimination on the basis of caste, creed, language, religion, sex, region, relations etc.

(f) Broader Approach for Living in Diversity

At present in global environment the organization are having diversified workforce. It should be taken in positive way and should be considered as part and parcel of working in an organization. Accept it as a reality and let diversity be there.

7.5 MANAGERS' ROLE IN DIVERSITY MANAGEMENT

Managers are providing very important link in management of the organization. They are having control over all the activities of the organization. Their role in normal situation is also very important and further, in diversified situation, it becomes more important. The manager's role in managing diversity is as follows:

(a) Conduct survey and collect data for regular audit, review, and assess the progress of individuals, departments and organization as a whole.

(b) Motivate workforce for consultation, discussion, suggestions, involvement so that their commitment level improves in managing diversity.

(c) Participate and motivate shared leaning by developing network with managers of the company and outside for update of management of diversity.

(d) Develops healthy working environment of openness, mutual respect, trust, understanding, cooperation and team spirit through proper communication to inform employees regarding diverse policies and practices and consult them for better suggestions and ideas.

(e) Develop culture and social ambience of proper behaviour among employees with respect, dignity, standards and values. This is developed with the support of top level management. The developed behaviour is to be followed in routine working so commitment of employees improves.

(f) Designs training, development and team building programmes according to the objectives of diversity management so that desired performance can be achieved by managing diversified interests, views and perceptions.

(f)

7.6 DIVERSITY TRAINING

Under liberalization of economies the companies entered business in various countries. The global economies integrated, migration rules liberalized, and search for best talents for performing tasks across the world contributed in creating diversity of workforce.

It is up to the management to deal with this diversity. If diversity is not managed or managed poorly, it can lead to confusion, misunderstanding, inefficiency, and conflict and disengagement. Where managed properly, it is a positive resource and provides multi-dimensional benefits for society as well as organisations.

(a) Approaches of Manager When Leading Diverse Teams

According to Michael Bird opinion when a project manager takes the responsibility to manage the project in different culture with diversified workforce, in the beginning the efficiency and effectiveness of the manager is low. Through diversity training the manager gets awareness regarding diversified workforce and working for managing the project effectively, he should take the following approach:

(g) (i)Recognize that diversity brings a lot of opportunities and challenges for individuals and organization.

(h) (ii) Promptly work to create interests, participation, sharing of cultural values, skills and knowledge, and experience among them and developing healthy working environment.

(i) (iii) Improve the overall mutual understanding, cooperation, team spirit, motivation, satisfaction, retention of employees and reducing conflicts.

(j) (iv) Encourage participation, suggestions, creativity, flexibility, innovative ideas among the team members so that the best use of available talents becomes possible.

Bird further remarket that if the managers are effectively managing diversity provides good chances for improvement in cooperation, skills and knowledge, relations, performance, profitability and image of the company.

(b) Hiring of Diversity Trainers

The organizations hire diversity trainers as per the requirements of the organization. Nowadays, even people hire diversity trainers as a personal coach in present diversified situation and competition to maintain their effectiveness in their works by improving intellectual skills. The trainers provide training and consultation like other trainers.

7.7 CROSS-CULTURAL EDUCATION AND TRAINING

In present situation, we are living in era of globalization. The world markets are shrinking into a village market due to liberalization of policies, faster means of communication and transportation facilities.

Cross-cultural training is another way of managing diversity in an organization. It has been the main method used for facilitating effective cross-cultural communication and interaction. Cross-cultural training was defined as a procedure on practice used to increase an individual's ability to cope with cross-cultures and perform well in a new cultural environment. The importance of cross-cultural training is increasing day by day and it helps in the following:

(a) Working in different culture countries.

(b) Collaboration for working on one project with teams from other countries of different cultures.

(c) Working of divisions or departments of the company in different countries.

(d) Suppliers from other countries for outsourcing activities.

(e) Customers located in different countries of different cultures.

(f) When partners and alliances with parties from diversified cultures.

7.8 CROSS-CULTURAL EDUCATION AND TRAINING PROCESS

(a) Creating Cross-Cultural Awareness

The first step in this process is to create cross-cultural awareness. When employees are working with people of different cultures, they do not know elements of own culture and of others. They should be educated regarding own cultural factors which affect their own trust, belief, attitude, perception and understanding.

(k)   (b)Providing Cross-cultural Education

For diversified workforce, the employees are provided education in the field of management in different countries. The objective of this education is to provide knowledge to the employees relating to management of the companies in different countries.

(c)Providing Cross-cultural Coaching

When company is performing its business in different countries of diverse culture, it is faced with the task of solving many cultural issues. The knowledge of managers is not sufficient to

handle it effectively. They need coaching or consultation from experts of that country. If the coaching or consultation is provided to then it would bring changes in thinking, attitude, and problem-solving vis-a-vis cross-cultural issues.

7.8 TYPES OF CROSS-CULTURAL TRAINING

Different types of cross-cultural training are there to fulfill the objectives. These can be used individually or in combination. These are as follows:

(a) **Training for Dealing Cross-cultural Challenges**

(l)   Diversity of cultures is creating a lot of challenges and opportunities. The difficult situation is to deal with the challenges and to be become more effective in job preference. The training imparted   with the objective to deal with the challenges without any difficulty or less difficulty.

(b) **Training for Diversified Workforce**

Due to globalization in business activities, a lot of job opportunities are made available across the world. The multinational companies during their business have employed talented employees from different countries. The workforce due to this has become highly diversified. The management faces an uphill task to deal with this diversified manpower. For that purpose, the management is provided training to develop awareness regarding cultural elements, values and behaviour.

 (c) **Training on Specific Country**

 (m) When a company is having business in a particular country, there is need to know the culture of that country only. Training should be conducted to create awareness of culture of that country only. The training should be provided regarding geographical location, climate, culture, economy, behaviour of people of that countries, consumption pattern, social and moral values etc. This would create awareness among managers and help in dealing with the customers, clients, partners, employees and consultants more effectively.

 (d) **Training in Management Practices**

 (n) Training is provided to the managerial staff for managing the business activities across the world in diversified cultures and manpower. The different practices, methods, techniques, strategies and philosophy used by management team in different countries are highlighted.

 (e)Training for Conducting Negotiations

When business activities are performed across the world market, the management has to take a lot of decisions. For finalizing a deal relating to business they are involved in negotiation. For example, deciding partners, mergers, acquisition, joint ventures, dealers, vendors and employees the negotiation process is involved. It is very difficult to deal with negotiation with parties of diversified culture. In this type of training, awareness should be created regarding cultural backgrounds and negotiation skills developed to deal with cross-cultural parties.

7.9 CROSS-CULTURAL EDUCATION AND TRAINING EFFECTIVENESS

The effectiveness of the cross cultural education and training programme depends on many factors:

(a) Structure of the Programme

(o) Structure of cross cultural education and training programme is to be designed to meet the requirement of business in different countries. The contents of the programmes should be according to the objectives, target group, skills needed, duration, position, responsibility and locations. Contents, timing and duration of courses should be as per the requirements of the target groups. If proper care is not taken, then it may lead to mismatch and objectives of the programme would be defeated.

(b) Continuity of the Programme

The cross-cultural education and training programmes should be conducted till the objectives are fulfilled. These should not be stopped in between without achieving the objectives. Furthe,r one programme should be connected with the other programme in course curriculum itself.

(c) Quality of Programme

Quality means the pre decided standards of performance should meet properly and give satisfaction to the concerned parties. It can be said that quality is defined as fitness for use. When the programme is designed, implemented, evaluated and completed, it should be as per the pre-decided standards. There should not be any deviation anywhere. If any deviation is there, then immediately the remedial actions are to be taken.

(d) Consistency of Programme

(p) When conducting cross-cultural education and training programme, the delivery should be proper. From one course to another course, the standards of performance should be maintained. If quality is not maintained properly and regularly then the result would not be achieved.

(e)   Properly justified programme

(q)   The cross cultural education and training programme can be designed and implemented for creating awareness among employees regarding different cultures, motivating their participation and developing good working environment. The programme should be justified properly.

(r)

(s)   Suitable for Target Groups and easy to Measure

The structure of the programme should be designed in such a way that it is meeting the objectives of the programme. It may be for different parties such as managers, employees both in different locations. The contents, schedule, methods of conducting training programme, duration etc., should be such that it becomes suitable to the target group to fulfil the objectives of the training programme.

7.10 EVOLUTION OF MODERN-DAY WORKFORCE

During the period of foreign rule, British introduced industrialization and thereby heralded the advent of labour sector in this country. With the emergence of native industrialists, the labour sector expanded. The pace of industrialization and the expansion of labour sector were accelerated by the first and second world wars.

- In the early years the workers organized to obtain wages to meet limited needs for livelihood and convenience to work decently. Labour struggle became a part of national movement. The concepts of freedom, democracy, secularism and socialism, were indoctrinated in the labour movement, thanks to agitations for rights of workers.

- The trade union leaders of yesteryears played a glorious role in this respect. We are still striving to ensure social security measures envisaged in the directive principles of the Indian Constitution such as right to work, living wages, security in workplace etc. Today the economy of the nation itself is facing grave crisis due to the impact of globalization, and the labour sector is in the dark shadows of economic and social problems. The threats faced by the economy of the nation, industry, agriculture and thereby the labour sector are due to the impact of the global pressures and hence beyond our control. Yet we are compelled to defend ourselves to protect our economic and social security.

- Consequent on the grave crisis in the Indian economy, significant reforms based on liberalization, globalization was enforced from 1991. It was these economic reforms that dictated the industrial policy from then onward. Only after a couple of years of reforms that negative effects on other sectors of polity came to be felt, the most affected being the Labour.

- Modern day professions as we know them had their origin in the post-industrial age after World War II when most Western nations saw a long spell of growth. This era also saw the emergence of modern day consumerism. To cater to the emerging needs of the market, huge corporation built gigantic factories to manufacture products and serve the needs of consumers.

7.11 LABOUR MARKET DISCRIMINATION

Discrimination arises when

- The valuation in the market place of personal characteristics of the worker that are unrelated to worker productivity.

- These personal characteristics may be sex, race, age, national origin, religion, education or sexual preference.

- Labor market discrimination may take the form of different wage rates for equally productive workers with different personal characteristics.

- Labor market discrimination may also take the form of exclusion from jobs on the grounds of social class, union membership, or political beliefs Labor Market Discrimination.

- Discrimination is a cause of labour market failure and a source of inequity in the distribution of income and wealth and it is usually subject to government intervention e.g. through regulation and legislation.

Discriminatory treatment of minority groups leads to lower wages and reduced employment opportunities, including less straining and fewer promotions. The result is that groups subject to discrimination earn less than they would and suffer a fall in relative living standards why does discrimination occur in the labour market?

- Discrimination arises here because employers and workers have distaste for working with people from different ethnic backgrounds or final customers dislike buying goods from sales people from different races i.e. people prefer to associate with others from their own groups. They are willing to pay a price to avoid contact with other groups.

- Employer ignorance - Discrimination also arises because employers are unable to directly observe the productive ability of individuals and therefore easily observable characteristics such as gender or race may be used as proxies the employer through ignorance or prejudice assumes that certain groups of workers are less productive than others and is therefore less willing to employ them, or pay them a wage or salary that fairly reflects their productivity, experience and applicability for a particular job.

- Occupational crowding effects - Female and minorities may be crowded into lower paying occupations. There is little doubt that a permanent gap exists between average pay rates for females and males in the labour markets of UK, US, Africa, Europe & Asia.

7.12 FEATURES OF LABOUR MARKET

- A country like India has tremendous labor cost advantage as far as daily or monthly wage rates are concerned. But there are limitations due to poor quality of training and skills, non-professional approach, low productivity and too many labor laws.

- The labour market is deregulated and there is increased mobility of labour in global markets.

- Many other low cost countries like china, Mexico, Turkey, SAARC region neighbors, some north African and Latin American countries are moving fast on learning curve and will offer tough competition to Indian exporters in low cost labour advantage.

- The real labor cost will rise in countries like India erasing much of low cost advantage of labour

- Labour market demands are changing with greater emphasis on the quality of jobs.

- Labour market reforms are necessary to cope with the accelerating economic and social restructuring associated with globalization, technological processes and the development of an inclusive knowledge and information society and economy.

- In an era of globalization where capital, technology, high skills and high productivity play a major role in labour markets.

- In India, like in many other developing countries, the growth of labour force is accelerating and will remain high in the future also.

(1)   It needs rapid economic growth with effective and efficient utilization of labour by upgrading its skills to ensure development and employment generation.

(2)   Intervention is required in labour markets to promote employment and its quality.

(3)   Quality of work - including training, career prospects and work organization - makes a valuable contribution towards increasing employment and productivity.

(4)   Improvements in the quality of work may increase the efficiency of production processes by allowing employers to exploit fully the potential of new technologies.

(5)   They are further likely to increase employees' motivation and job satisfaction.

(6)   Upgrading the quality of labour force by pursuing suitable education and skill development policies.

(7)   Low quality of jobs and low productivity are directly attributable to low level of skills. The latter poses a serious challenge to integration of the labour force in world economy.

(8)   There is overwhelming evidence that whereas educated and skilled workers are generally able to derive some benefits of new opportunities as a result of globalization, it is the uneducated and unskilled workers on whom the burden of re-structuring falls.

(9)   Designing appropriate training systems is, therefore, an important means to deal with labour market instabilites like under employment, skill mismatch and redundancy.

(10)   Higher productivity of labour would, apart from dignity of labour, improve the living standards of workers and also help the industry in facing international competition.

(11)   An increase in overall productivity and skill up-gradation will lead to progressive absorption of large number of workers from informal or unorganized sector to the formal or organized sector and ensure rapid economic growth.

(12)   Quality of labour force also determines their employability abroad or in institutions of foreign origin including multinational organization.

(13)   Manpower development to provide rising labour force with skills and training according to the emerging demand pattern is essential to eliminate the mismatch between the supply of and demand for labour.

- Formal and informal compensation practices unique to the host country -

Determining home country for setting base pay of TCNs

7.13 Reward Management for TNCs

- A successful compensation strategy involves keeping expatriates motivated while meeting TNC/MCN goals and budgets. TNC/MNCs' HR managers must build an expatriate pay package by Meeting Corporate goals at home and abroad. Keeping expatriates motivates complying with company budgets.

This strategic perspective on the linkage between HRM and strategy is very vital for a TNC/MNCs' success. A TNC/MNC that can develop a highly trained, flexible, and motivated international workforce is at an advantage relative to its competitors, especially if that work force can be used strategically.

7.14 Summary

The phenomenon of globalisation has made the world a global market. When business activities are carried out in different countries, the companies come across different economies, political systems, cultures, markets, customers and employees. With the entry of MNCs, there is intermingling of employees throughout the world, leading to integration and interaction among various cultures. The differences are noticed in these and it is called diversity in cultures and markets.

The intermingling of workforce from different cultures has created cultural diversity, which is a feature of contemporary business organisations. Managers need to be aware about the issues and challenges related to cultural diversity as its proper management is vital to create a conducive environment for business. Managing a culturally diverse workforce requires a long-term, integrated effort. Success is possible with top management commitment, an inclusive view of diversity, actions based on a combination of legal, moral, and economic arguments, along with coordinated HRD efforts that promote diversity.

The labour market faces discrimination. Proper compensation strategies of TNCs can go a long way in promoting industrial peace and proper work environment. Labour market reforms are necessary to cope with the accelerating economic and social restructuring associated with globalization, technological processes and the development of an inclusive knowledge and information society and economy.

7.15 Self-Assessment Questions

1.Define Diversity. Describe the role of managers in managing diversity.

2.Explain the types of Cross-Cultural training.

3.Discuss the major issues in labour market.

7.16 Recommended Readings

Human Resource Development-Text and Cases by Ram Kumar Balyan and Suman Balyan

Human Resource Development in Theory and Practice by Geeta Bansal