ALL THE VERY BEST FOR YOUR EXAMS

SHORT NOTES FOR

CAIIB – ELECTIVE PAPER

HUMAN RESOURCE MANAGEMENT

Though we had taken enough care to go through the notes provided here, we shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents. Creation of these short notes is the efforts of so many persons. First of all we thank all of them for their valuable contribution. We request everyone to go through the Macmillan book and update yourself with the latest information through RBI website and other authenticated sources. In case you find any incorrect/doubtful information, kindly update us also (along with the source link/reference for the correct information).

Dr. K Murugan, DMS, MBA (Finance), MBA (HR), MCA, MSc (IT), CAIIB

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CAIIB – GENERAL INFORMATION

Consists of 4 papers :

I. Compulsory Paper

1. Advanced Bank Management
2. Bank Financial Management
3. Advanced Business & Financial Management
4. Banking Regulations and Business Laws

II. Elective Papers (Candidates to choose any one of their Choice)

1. Rural Banking
2. Human Resources Management
3. Information Technology & Digital Banking
4. Risk Management
5. Central Banking

- Only existing employees of banks who had cleared JAIIB can appear for CAIIB Exam.
- CAIIB exams are conducted in on-line mode only.
- The examination will be conducted normally twice a year in May / June and November / December on Sundays.
- The duration of the examination will be of 2 hours.
- **Examination Pattern** :
  (i) Question Paper will contain 100 objective type multiple choice questions for 100 marks including questions based on case studies/ case lets. The Institute may however vary the number of questions to be asked for a subject.
  (ii) There may be some numerical questions in some of the CAIIB subjects where, no options will be provided. These questions will not be in the MCQ pattern and the answer has to be keyed in by the candidate.
  (iii) The examination will be held in Online Mode only.
  (iv) There will be no negative marking for wrong answers.
  (v) Questions for the examination will be asked for:
    a. Knowledge testing
    b. Conceptual grasp
    c. Analytical/ logical exposition
    d. Problem solving
    e. Case analysis

- **Passing Criteria** :
  1. Minimum marks for pass in the subject is 50 out of 100.
  2. Candidates securing at least 45 marks in each subject with an aggregate of 50% marks in all subjects of examination in a single attempt will also be declared as having completed the Examination.
  3. Candidates will be allowed to retain credits for the subject they have passed in an attempt till the expiry of the time limit for passing the examination.

  Note : A candidate will be given 5 attempts for completion of exam (CAIIB) but, within a maximum period of three years, whichever is earlier, from the time he/she registers for the exam. These 5 attempts need not be consecutive.

- **"Class of Pass" Criteria :**
  - **First Class :** 60% or more marks in aggregate and pass in all the subjects in the FIRST PHYSICAL ATTEMPT.
  - **First Class with Distinction :** 70% or more marks in aggregate and 60% or more marks in each subject in the FIRST PHYSICAL ATTEMPT.
  - Candidates who have been granted exemption in the subject/s will be given **"Pass Class"** only.

- **Cut-off Date of Guidelines /Important Developments for Examinations** :
  - In respect of the exams to be conducted by the Institute for the Period from February to July of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December will only be considered for the purpose of inclusion in the question papers.
  - In respect of the exams to be conducted by the Institute for the period from August to January of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June will only be considered for the purpose of inclusion in the question papers.

- **Exam Fees**

Description	Fees*
First attempt fee	5,000
Second attempt fee	1,300
Third attempt fee	1,300
Fourth attempt fee	1,300
Fifth attempt fee	1,300

* Plus Convenience charges and Taxes as applicable.

Please Note: Candidates are required to Register for every attempt separately

SYLLABUS

The details of the prescribed syllabus which is indicative are furnished in the booklet. However, keeping in view the professional nature of examinations, all matters falling within the realm of the subject concerned will have to be studied by the candidate as questions can be asked on all relevant matters under the subject.

Candidates appearing for the examination should particularly prepare themselves for answering questions that may be asked on the latest developments taking place under the various subject/s of the said examination although those topics may not have been specifically included in the syllabus. Further, questions based on current developments in banking and finance may be asked. **Candidates are advised to refer to financial news papers / periodicals more particularly "IIBF VISION" and "BANK QUEST" published by IIBF.**

Module A: Human Resource Management

Fundamentals of HRM

Fundamentals of HRM; New Insights into HR Management; Ethics in Human Resource Management (HRM)

Organisational Behaviour

Behavioural Dynamics in Organisations; The Person – Job Fit; Group Dynamics; Leadership and Team Effectiveness; Some Contemporary Approaches to Leadership; Transformational Leadership; Human Resource Implications of Benchmarking; Quality Initiatives in Organisations; 'Quality Circle': A HR Strategy to Quality Improvement; 'Six Sigma': A Model for Improving in Business Processes; Kaizen Method; Positive Attitude: The Core Behavioural Capital of Organisations; Stress Management; Business Etiquettes

Organisational Change

Change and Development; Change Agent; Managing Change; John P Kotter's eight step to successful change; 'Responsibility Charting'

HRM in Indian Banks

Traditional Role of HRM in Indian Banks; Expectations from HR Department; Changing Profile of 'HRM' in Banks; Major HRM Challenges Facing Banks; Core Banking and People Challenges

Knowledge Management

Concept of Knowledge Management (KM); Significant Features of Knowledge Management; Knowledge Management in Banks; IT & Database Management

Module B: Building an HR Strategy

HR as a Strategic Player

HR as a Strategic Player & Strategic HRM; HR Strategy Formulation and Implementation; Need for a Distinctive HR Strategy; Creating Business Value Through HR Strategy; 'Factor Analysis' in HRM; Connecting 'Strategy' to Organisations; Strategy Execution; Aligning HR System with Decision Framework

CEO and his/her Team

Roles and Responsibilities of CEO; CEO and Talent Management; Executive and Line Managers; Succession Planning; 'Job Family': An Integrated Model for sustained Succession Planning & Talent Management; Human Resource Audit

Communication

Organisational Communication; Types of Communication; Barriers to Effective Communication; Steps for Effective Communication; HR and Communication

HR Functions

Human Resource Planning (HRP); Recruitment and Selection; Impact of Technology on Critical HR Functions; 'Social Media Policy' for Organisations : Need and Contents thereof; Compensation; Incentive Based Compensation; Attrition/Turnover Management; Employee Risk Assessment Systems in Banks

Performance Management

Performance Management System (PMS); Performance Appraisal System; 360-Degree Appraisal; Competency Mapping; Key Result Areas (KRAs), Performance Management Best Practices

Module C: Motivation, Training and Skill Development

The Learning Process

Human Implications of Organisations; The Learning Theory; The Learning Process; Employee Behaviour

Employee Motivation

Types of Motivation; Motivational Theories; Employee Attitude Development; Practical Applications of Motivation; Job Enrichment; Job Enlargement; Job Rotation; Job Satisfaction

Employee Development

Basic Objectives of 'Training'; Training & Development: Its Need; Concepts and differences of 'Training', 'Development' and 'Learning'; 'Training Need': Methods for Identification of Training Needs; Role and Impact of Training; Changing Face of Banking in India; Future of Bank Education in India

Training Methodology

Subject Matter of Training: 'Learning Organisations'; Training Methodology; Current Trends in Training; Types of Training; Benefits of Training; Training & Career Development; Soft Skills Training; Challenges in Training in Banks; Training Infrastructure in Banks; Talent Management; Creative Talent & Dynamic Leadership: A Winning Combination for Banks; Strategies to Hone Up Leadership Skills; Training for the New Generation; Return on Investment (RoI) on Training; Measuring the Success of Training; Best Practices in Training to Help Organisations

Module D: Personnel Management and Industrial Relations

Industrial Relations (Part A)

Personnel Function; Legal Aspects of Personnel Function; Legislation on Working Conditions; Industrial
Relations Code 2020; Legislation on Wages; Legislation on Social Security; Legislation on Employment and Training; The Changing Scenario

Industrial Relations (Part B)

Historical Background of Trade Union Movement; Trade Unions in Banks; Industrial Relations; Collective Bargaining

Employee Grievance Redressal and Discipline

'Grievance': Concept and Definition; Causes & Effects of 'Grievance'; Grievance Redressal Mechanism; Conflict Management; Management Dilemma

Workers' Participation in Management (WPM)

'Participation': Concept & Definition, Types; Methods of Participation; Indian Banking Experience on Workers' Participation in Management (WPM)

Employee Discipline (Discipline Management)

Discipline at Workplace; Discipline Management; Disciplinary Rules in Banks; Domestic Enquiry; Frauds in Banks; The Risk Attached to Delegation of Financial Powers; Need for Vigilance Department in Banks; Diversity and Gender Issues; Dealing with Cases of Sexual Harassment; The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH ACT)

Module E: Emerging Scenario in HRM

Contemporary Practices in Employee Engagement

Concept and Definition of 'Émployee Engagement'; Various Features and Characteristics of 'Employee Engagement'; Drivers of 'Émployee Engagement'; Need for Creative Strategies for Engaging Gen 'Y' Employees; Contemporary 'Employee Engagement' Strategies; 'Work From Home': Emerging New Normal in Organisations; Strategies to Keep Employees Engaged When They are Working From Home

(WFH); 'Hybrid Model' of working: Unifying the Physical and Virtual; 'U-Work' & 'Ópen2u': New and Novel Employment Models; Legal Frame-Work in India to Regulate New Models of Work

Organisational Culture & Creativity: New Imperatives
Definition and Characteristics of 'Individual Culture' and 'Organizational Culture'; Concept and Features of 'Individual Creativity' and 'Organisational Creativity'; Distinction between 'Creativity' & 'Ínnovation'; Impact of 'Culture' on 'Creativity' and Vice-Versa in Organisations; Essential Qualities of a 'Creative Leader/Manager'; Strategies to Create 'Ethical Organizational Culture'

'Corporate Sustainability' & 'Green HRM': A Social & Environmental Approach to People Management Concept of 'Corporate Sustainability'; Evolution from 'Strategic HRM' to 'Sustainable HRM'; Various Forms of 'Sustainable HRM'; 'Green HRM': An Environmental Approach to HRM; 'Green HRM' Practices in Banking Industry: Possibilities and Prospects; The Way Forward

'HR Analytics', 'HR Entrepreneurship' & 'AI-Based HR Solutions':
New HR Trends for Future 'HR Analytics': Conceptual Understanding; 'HR Metrics' vs 'HR Analytics'; Advantages and Disadvantages of 'HR Analytics'; 'HR Entrepreneurship': The future Buzzword; Introduction to 'Artificial Intelligence'; Role of 'Artificial Intelligence' in HR Functions

Leading in a 'VUCA' & 'BANI' Scenarios: New Approaches in 'Crisis Management'
'Crisis': Concept, Definition, Features & Sources; 'Crisis Management': Concept, Features & Need; Four-Levels of 'Uncertainty': Strategies to Manage; 'VUCA': Gravity-Driven Approach to 'Uncertainty' and 'Crisis Management' in Organizations; Evolution of 'BANI' Approach in Crisis Management; 'VUCA' or 'BANI': Which is to be the Vision for Organisations to Deal with the Crisis?; Typical Models of 'Crisis Management' Process; Role of HR in 'Crisis Management' Process; Leadership Role in 'Crisis Management'; Role of Employees in 'Crisis Management'

'Business Ethics', 'Corporate Governance' & 'Corporate Social Responsibility': A Winning Combination for Organisational Excellence
'Business Ethics': A Treasure of Trust; Areas of 'Business Ethics'; Theories of 'Business Ethics'; Characteristics of an 'Ethical Organisation'; 'Corporate Governance': Shareholders' Primary; Major Best Practices for Improving 'Corporate Governance'; Ethical issues in 'Corporate Governance'; 'Corporate Social Responsibility'(CSR): A Resolve Towards Commitment to 'Business Ethics' & 'Social Wellbeing; Various Models of 'Corporate Social Responsibility'; 'Corporate Social Responsibility':

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MODULE - A : HUMAN RESOURCE MANAGEMENT

Unit 1: Fundamentals of HRM

Introduction

Developing employees is an ongoing process and forms a major component of the HR function. Management is often described as 'oldest of the arts and youngest of the sciences'.

Core Elements of HRM

- People
- Management
- Behavioural Dynamics
- Uniformity of application

Objectives of HRM

- **Social Objectives:** To be ethically and socially responsible to the needs and challenges of the society while minimizing the negative impact of such demands upon the organization.
- **Organizational Objectives:** To recognize the role of HRM in bringing about organisational effectiveness; as a major constituent in achieving organisational objectives.
- **Functional Objectives:** To develop and maintain departmental contribution and level of services appropriate to the organisation's needs.
- **Personal Objectives:** To assist employees in achieving their personal goals, so as to enhance the individual's contribution to the organization.

Managerial Functions of HRM

- **Planning:** Planning is a pre-determined future course of action to achieve the desired results.
- **Organizing:** Organizing is a process by which a group of human beings allocates the tasks among its members, identifies relationships and integrates the activities towards achieving common goal.
- **Staffing:** Staffing is a process by which the various functional departments are optimally employed by cost effective Recruitment and Selection, to attract not the best employee but the best fit.
- **Directing:** Directing is a process of leading, supervising and guiding the personnel and activities of the organization.
- **Controlling:** Controlling is an activity of regulating, checking and verifying whether everything is in conformity with the laid down plans and objectives.

Operational Functions of HRM

- **Procurement:** HR Planning, Recruitment and Selection, Induction and Placement.
- **Development:** Training, Skill Development, Career Planning and Mentoring, Counselling.

- **Compensation:** Wage and Salary determination and administration.
- **Integration:** Integration of human resources and its values with organization.
- **Maintenance:** Sustaining and improving working conditions, motivation, employee communication.

Developmental Functions of HRM

- Retention Management
- Counselling or Advisory Management
- Change Management
- Employee Engagement
- Attrition/Turnover Management
- Talent Management

Employee Policies

It is a set of rules or guidelines for the organization and employees to follow in order to achieve a specific goal. A Policy is a Plan of Action.

Importance of Human Capital

- In an organizational context, human capital refers to the collective value of the organisation's intellectual capital (competencies, knowledge, and skills).
- The human capital can be defined as the knowledge and skills that individuals acquire through their life and use to produce goods, services or ideas for productive purposes.
- An economic history of human wealth can be divided into 3 eras, namely Agrarian era, Industrial era and the Knowledge era which is currently most widespread.
- In the Agrarian era, man and his immediate surroundings were the primary source of wealth, in the Industrial era, machinery and natural resources formed the source of wealth and in the current
- Knowledge area, it is the human capital that is the source of wealth.

'Human Capital is a core corporate asset, just like financial and physical assets'.

Human Resource Accounting

- Human Resource Accounting is defined as 'accounting for people as an organizational resource.
- It involves measuring the costs incurred by organisations to recruit, select, hire, train, and develop human assets.
- It also involves measuring the economic value of people to the organization'.
- It is the measurement and quantification of human organizational inputs such as recruiting, training, experience and commitment.

- The strength of the organization, therefore arises out of the efficiency of their operations, the processes and the expertise which has been developed by the employees.

Moonlighting

- Moonlighting means taking up a second job or multiple other work assignments apart from one's fulltime job.
- This topic comes in light, especially, in IT industries, where employees took other jobs, during after COVID-19, while working on 'Work-from-home' model.
- This is also termed as Dual Employment.
- The concerns about this emerging concept are data confidentiality breaches, loss of productivity, reduced employee engagement at workplace etc. Several Tech companies fired many employees engaged in moonlighting.
- Many other companies have cautioned their employees and raised their concerns on this, calling it an unethical trend.

Relationship between HRM (Human Resource Management), PM (Personnel Management), HRD (Human Resource Development)

- HRD is subsystem of HRM.
- Traditional Personnel Department being renamed as the HR
- Department with simultaneous change in the designation of 'Personnel Officers' into 'HR Officers'.

The Role of the HRD Professional

The traditional HR approach includes the following as major responsibility areas for the HR head:

- Planning
- Staffing
- Employee development
- Performance Management
- Employee Rewards
- Maintaining Quality of Work Life and Discipline

As a highly challenging and rewarding role (role of HRD), it is imperative that the person heading this function must also have the required profile.

Responsibilities and Tasks of HR Department

Human Resource Planning

- It is a process to forecast the requirement of Human resources.
- It is planning of right number of people at right place and at right time.
- It ensures the continuous supply of human resources in alignment with the company's strategic objectives.

Recruitment and selection

- According to Edwin Flippo, "Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization."
- Selection is the process of differentiating between applicants in order to identify and hire the most suitable candidate for the job.

Performance Management

- Review performance processes and evaluate performance to ensure that the tasks performed are in line with the Company's strategy.
- Put in place measurement systems for periodic reviews and correction.

Training and Development

- Design a comprehensive training plan for the organization.
- Implement the staff career development plans annually.

Compensation and Rewards

- Develop and implement a competitive remuneration strategy, updated annually, based on current best incentive practices.
- Design an Incentive plan to link rewards to performance.

Maintaining Quality of Work life and Discipline

- Develop and implement a healthy retention strategy.
- Continually monitor statutory compliance. and
- Ensure methods for creative work-life balance.

New Roles of HR Managers in Banks

- Counsellor
- Mediator
- Problem Solver
- Change Agent
- Management of Manpower Resources

Ethics in Human Resource Management (HRM)

Adopting ethical values in Human Resources Management function can improve the quality of people employed. Corporate Social Responsibility (CSR) practices in human resource management include valuing human capital, providing safe and healthy workplace and congenial work-life balance: embracing diversity in human resources and continual skill development for all employees.

- Ethics in HRM basically deal with the affirmative moral obligations of the employer towards employees to maintain equality and equity justice.

- Treating employees ethically can garner long-term employee trust and loyalty, which conveys a range of distinct advantages to employers.
- Generally speaking, the organisations which adopt and nurture good ethics at business shall also follow good HR ethics.
- In general parlance, 'Ethics' are moral guidelines/values which govern good behavior. So, behaving ethically is doing what is morally right.
- Behaving ethically in business is widely regarded as good business practice.
- To some people, businesses are interested in making money, and that is the bottom line.
- It could be called as capitalism in its purest form.
- Making money is not wrong in itself.
- It is the manner in which some businesses conduct themselves that brings up the question of ethical behavior.
- Good business and HR ethics should be a part of every business.

Unit 2: Organizational Behavior

Introduction:

- Organizational behavior is a field of study, which promises a great deals of importance in the years to come.
- Though the study of behavior has drawn the attention of psychologists for a number of years, its role in specific organizational situations has received their attention only in the recent past.
- The observation that works behavior is instrumental in determining organizational performance has made the organisations lay greater attention on their employees' behavior.
- The traditional view of considering the employee as just a hand in the 'organizational Wheel' has almost virtually disappeared. Organisations are constantly employing much needed humanistic approaches to motivate and retain them.
- As defined by Kossen, 'an organisations is a group of individuals coordinated into different levels of authority and segments of specialization for the purpose of achieving the goals and objectives of the organization.
- This definition to the concept of 'organization' reveals that organization is a group of individuals and as such individual and group dynamics are core to the organization and the study of 'organizational Behavior' as drawn from the behaviors of individuals and groups being operated in the organization, has assumed a great deal of importance.
- The structure of an organization denotes the formal hierarchical framework by which job tasks are divided, grouped, and coordinated.
- While most organisations start with a clear focus on levels and functions along with the people to man these functions, it takes a while before the units of the organisations get defined more clearly with a firmer statement of its policies, procedures, and goals.

Behavioural Dynamics in Organisations
Organization Charts:

- An organization chart is a simple and understandable representation of the formal organization structure.
- It is a formal record of the chain of command, along with titles assigned to the various individuals in the organization.
- It gives a clear overview of the shape and structure of an organization, captured in a visual form.
- It is a blue print for proper conceptualization, further thinking; a discussion board for further modifications without affecting the desired focus.

The organization chart well drawn, can give an insight in to the organisation's philosophy, its hierarchical structure, line and staff authority, authority and responsibility levels, chain of command, line of delegated authority, decentralization or otherwise in an organization as well as span of control.

- A casual look at the organizational chart will help an observer determine the position occupied by any person in the hierarchy and their relationships in the formal organization.
- The organization chart shows only formal relationships; the informal relationships are mostly transitory, flexible and dynamic and as such, they are not depicted on the chart.
- Organization charts can be divided into (i) master chats and (ii) supplementary charts.
- The master chart shows the entire formal organization structure, and the supplementary charts shows details of relationships, authority and the job-roles within the prescribed area of a department or major component of the organization.

Formal and Informal Organisations

An organization is said to be a formal organization when two or more than two persons come together to accomplish a common objective, and where, formal relationships, rules, and policies are established for compliance, and there exists a system of authority.

On the other end, there is an informal organization which is formed under the formal organization as a system of social relationship, high comes into existence when people in an organization, meet, interact and associate with each other.

Matrix Structure

In a matrix organization, teams are formed and team members report to two or more managers.

A matrix design is the result of combining a project design with a functional structure.

It helps to achieve economies of scale.

Advantages of Matrix Organization

- This form of organization retains the expertise and management skills of functional managers while executing the project.
- The expertise available can be applied in a most flexible and efficient manner to benefit a number of projects.
- Matrix project organization is a fascinating arrangement for the highly skilled professionals who want to work on new and challenging projects.
- The project manager can devote his/her time towards complex issues of the project and coordinate various tasks and priorities of the organization without being distracted by any other details of project implementation.
- Policies and procedures can be set up independently for each project provided that they do not contradict company policies and procedures.
- A strong technical base can be developed and more time can be devoted to complex problem-solving. Knowledge is available for all projects on an equal basis.

Disadvantages of Matrix Organization

- Each project unit operates independently.
- Functional managers may be biased according to their own set of priorities.

- People do not feel that they have any control when continuously reporting to multiple managers.
- Dual line of command can cause delay in decision-making and may create conflicts also.
- Difficulty in monitoring and controlling.

Divisional Structure

- In a divisional organization, corporate divisions operate as relatively autonomous businesses under the larger corporate umbrella. Made up of self-contained strategic business units each of which produces a single product, the controlling authority focuses on results, coordinates and controls the activities, and provides support services between divisions. Functional departments achieve division goals.
- A weakness however, is the tendency to duplicate activities among divisions.

Organic and Mechanistic Structure

- Organic organisations have a flat structure with only one or two levels of management, emphasizing a decentralized approach to management that encourages high employee involvement in decision making.
- This structure creates independent small businesses or enterprises that can rapidly respond to customers' needs or changes in the business environment.
- Unlike organic structure, mechanistic structure has tall structure, with clear chain of command.
- This structure is based on the Max Weber theory of bureaucracy. It has rigid rules and regulations and power is centralized.
- This structure has lost its essence with the changing needs of the organization and now organic structure is more in trend.

Functional Structure

Functional structures group similar or related occupational specialties or processes together under the familiar headings of finance, manufacturing, marketing, accounts receivable, research, human resources, etc. However, in this type of organisations, there is an avoidable risk of losing sight of its overall interests as different departments pursue their own goals.

While designing an organization structure, the following points need to be kept in mind:

- Identification of key activities which will produce desired results.
- Classification and grouping of the key activities.
- Analyzing the decisions required to be made at each level.
- Analyzing the relationship between jobs.
- Delegation of appropriate authority to enable the individuals to discharge their assigned duties and responsibilities.

Group Dynamics

- A group can be defined as several individuals who come together to accomplish a particular task or goal. Groups are good for both organisations and their members.
- Groups helps accomplish important tasks and they help maintain a high-quality workforce.
- Progressive managers are finding ways to utilize groups that benefit group members and organisations.
- In particular, groups offer the potential for synergy.
- The term ‘synergy’ refers to the creation of a whole that is greater than the sum of its parts.
- When synergy occurs, groups accomplish more than the total of their members’ individual capabilities.
- Group dynamics refers to the attitudinal and behavioral characteristics of a group and is concerned with how groups form, their structure and process, and how they function.
- Group dynamics is relevant in both formal and informal groups of all types.
- In an organizational setting, groups are a very common organizational entity and the study of groups and group dynamics is an important area of study in organizational behavior.

Group vs Team

Dimensions	Group	Team
Definition	Group is defined as two or more persons come together based on task, activities, interests etc.	Team is defined as two or more persons come together to achieve the goal/perform the task/ project.
Goal	May/May not Share a common goal	Share a common goal
Dependency	Independent	Interdependent
Nature	May/May not be formal in nature	Formal in nature
Focus	Focus is on achieving individual goals	Focus is on achieving collective goals

Group Development

- Group dynamics is concerned with why and how groups develop. There are several theories as to why groups develop.

- A classic theory, developed by George Homans, suggests that groups develop based on activities, interactions, and sentiments. Basically, the theory means that when individuals share common activities, they will have more interaction and will develop attitudes (positive or negative) toward each other.
- The major element in this theory is the interaction of the individuals involved.

- According to Tuckman's theory, there are five stages of group development: forming, storming, norming, performing, and adjourning. During these stages group members must address several issues and the way in which these issues are resolved determines whether the group will succeed in accomplishing its tasks.

- **Forming:** This stage is usually characterized by some confusion and uncertainty.
- **Storming:** In this stage, the group is likely to see the highest level of disagreement and conflict.
- **Norming:** This stage is characterized by the recognition of individual differences and shared expectations.
- **Performing:** Occurs when the group has matured and attains a feeling of cohesiveness.
- **Adjourning:** Not all groups experience this stage of development because it is characterized by the disbandment of the group.

Group Types

- One common way to classify group is by whether they are formal or informal in nature.
- Formal work groups are established by an organization to achieve organizational goals.
- Formal groups may take the form of command groups, task groups, and functional groups.
- Command groups which are often called as 'Permanent work groups', are specified by the organizational chart and often consist of a supervisor and the subordinates that report to that supervisor. An example of a command group is an academic department chairman and the faculty members in that department.
- In contrast, Task groups or 'temporary work groups' are created for a specific purpose - to solve a specific problem or to perform a defined task and typically disband once that purpose is accomplished.
- Task groups consist of people who work together to achieve a common task.
- Members are brought together to accomplish a narrow range of goals within a specified time period.
- Task groups are also commonly referred to as task forces.
- The organisations appoint members and assigns the goals and tasks to be accomplished.
- Examples of assigned tasks are the development of a new product, the improvement of a production process, or the proposal of a motivational contest.
- Other common task groups are ad hoc committees, project groups, and standing committees.
- Ad hoc committees are temporary groups created to resolve a specific complaint or develop a process.

- Project groups are similar to ad hoc committees and normally disband after the group completes the assigned task.
- Standing committees are more permanent than ad hoc committees and project groups.
- They maintain longer life spans by rotating members into the group.

- A functional group is created by the organisations to accomplish specific goals within an unspecified time frame.

- Functional groups remain in existence even after achievement of current goals and objectives.
- Examples of functional groups would be a marketing department, a customer service department, or an accounting department.
- Three common types of informal groups are 'Friendship groups', 'interest groups' and 'reference groups'.

- Friendship groups are formed by members who enjoy similar social activities, political beliefs, religious values, or other common bonds.
- Members enjoy each other's company and often meet after work to participate in these activities.
- For example, a group of employees who form a friendship group may have an exercise group, a movie club, or a cricket group that meets after every major India match to discuss and analyses the game.

- A reference group is a type of group that people use to evaluate themselves.
- According to Cherrington, the main purposes of reference groups are social validation and social comparison.
- Social validation allows individuals to justify their attitudes and values while social comparison helps individuals evaluate their own actions by comparing themselves to others.
- Reference groups have a strong influence on members' behavior. By comparing themselves with other members, individuals are able to assess whether their behavior is acceptable and whether their attitudes and values are right or wrong.

- 'Interest groups' consist of persons who share common interests; they may be job-related interests, such as an intense desire to learn more about computers and non-work interests such as community service, sports or religion.
- The existence of informal groups in organisations has its own advantages.
- First, they help people get their jobs done. Informal groups offer a network of interpersonal relationships with the potential to 'speed up' the work flow or 'gain favors' in ways that formal lines of authority fail to provide.
- Second, informal groups help individuals satisfy needs that are thwarted or let unmet in a person's formal group affiliations.

Group Structure:

Group structure is a pattern of relationships among members that hold the group together and help achieve assigned goals. Structure can be described in a variety of ways. Among the more comm considerations are group size, group roles, group norms, and group cohesiveness.

(a) Group Size:

- Group size can vary from 2 people to a very large number of people.

- Small groups of two to ten art thought to be more effective because each member has ample opportunity to participate and become actively involved in the group.
- Large groups may waste time by deciding on processes and trying to decide who should participate next.
- Group size will affect not only participation but satisfaction as well Evidence supports the notion that as the size of the group increases, satisfaction increases up to a certain point.
- In other words, a group of six members has twice as many opportunities for interaction and participation as a group of three people.
- Beyond 10 or 12 members, increasing the size of the group results in decreased satisfaction.
- It is increasingly difficult for members of large groups to identify with one another and experience cohesion.
- Although it is said that 'two heads are better than one', we are also warned that too many cooks spoil the broth'.
- Hence, the group size should not give rise to avoidable problems.

Group Roles:

- In formal groups, roles are usually predetermined and assigned to members.
- Each role will have specific responsibilities and duties.
- There are, however, emergent roles that develop naturally to meet the needs of the groups.
- These emergent roles will often replace the assigned roles as individuals begin to express themselves and become more assertive.
- Group roles can then be classified into work roles, maintenance roles, and blocking roles.
- Work roles are task-oriented activities that involve accomplishing the group's goals.
- They involve a variety of specific roles such as initiator, informer, clarifier, summarizer, and reality tester.
- The initiator defines problems, proposes action, and suggests procedures.
- Role conflict occurs when there is inconsistency between the perceived role and role behavior. There are several different forms of role conflict.
- Inter role conflict occurs when there is conflict between the different roles that people have.
- For example, work roles and family roles often compete with one another and cause conflict.
- Intra-role conflict occurs when individuals must handle conflicting demands from different sources while performing the tasks associated with the same role.

Group Norms:

- Norms are acceptable standards of behavior within a group that are shared by the members of the group.
- Norms define the boundaries of acceptable and unacceptable behavior.
- They are typically created in order to facilitate group survival, make behavior more predictable, avoid embarrassing situations, and express the values of the group.

- Each group will establish its own set of norms that might determine anything from the appropriate dress to how many comments to make in a meeting.
- Groups exert pressure on members to force them to conform to the group's standards.
- The norms often reflect the level of commitment, motivation, and performance of the group.
- Performance norms determine how quickly members should work and how much they should produce.
- They are created in an effort to determine levels of individual effort.
- They can be very frustrating to managers because they are not always in line with the organisation's goals.
- Members of a group may have the skill and ability to perform at higher levels but they don't because of the group's performance norms.
- For example, workers may stop working a production machine at 20 minutes before quitting time in order to wash up, even though they produced fewer items that day than management intended.
- The majority of the group must agree that the norms are appropriate in order for the behavior to be accepted.
- There must also be a shared understanding that the group supports the norms.
- It should be noted, however, that members might violate group norms from time to time.
- If the majority of members do not adhere to the norms, then they will eventually change and will no longer serve as a standard for evaluating behavior.
- Group members who do not conform to the norms will be punished by being excluded, ignored, or asked to leave the group.

Group Cohesiveness:

- Cohesiveness refers to the bonding of group members and their desire to remain part of the group.
- Many factors influence the amount of group cohesiveness. Generally speaking, the more difficult it is to obtain group membership the more cohesive the group.
- Groups also tend to become cohesive when they are in intense competition with other groups or face a serious external threat to survival.
- Smaller groups and those who spend considerable time together also tend to be more cohesive.
- Cohesiveness in work groups has many positive effects, including worker satisfaction, low turnover and absenteeism, and higher productivity.
- Evidence suggests that groups typically outperform individuals when the tasks involved require a variety of skills, experience, and decision making.
- Groups are often more flexible and can quickly assemble, achieve goals, and disband or move on to another set of objectives.
- Many organisations have found that groups have many motivational aspects as well.

- Group members are more likely to participate in decision making and problem-solving activities leading to empowerment and increased productivity.

Group Effectiveness:
Bringing together a group or team to address a problem or develop a solution is never easy, but talent managers can create more successful, powerful groups by focusing on the purpose - both of the individual and the group.
The measures of effectiveness of group depends largely on the characteristics of a group and its activities which are as under:

- Productivity,
- Satisfaction and attitudes,
- Attendance,
- Retention,
- Learning and adaption,
- Physical and mental well-being.

Leadership and Team Effectiveness:

- The term 'Leadership', in its common parlance, can be defined as the ability to persuade or influencing the behaviors or activities of an individual or a group towards the achievement of a goal in a given situation.
- Leadership process comprises three factors viz., leader, the follower/s and other situational variables.
- More often than not, it is observed that the terms 'Leader' and 'Leadership' are used interchangeably on a misplaced premise that these two terms denote the same meaning.

An analysis of the above definition of 'Leadership' provides certain basic characteristics which are as under:

- Leadership is a continuous process of influencing behavior of individuals or group of individuals with an objective to achieve the desired goal;
- Leadership is basically a personal quality which motivates the individuals to be with leaders; It is the outstanding aspect of management which manifests ability, creativeness, initiative and inventiveness which gains the confidence, co-operation and willingness of the people to work by organizing and building employee morale;
- In the process of leadership, there emerges a relationship between the leader and followers which arises out of functioning for a common goal;
- It is the ability to shape the attitudes and behavior of others, whether in formal or informal situations;
- It is the administrative acumen of the leader which can inspire and guide the followers in the right direction to get things done, make decisions and assume responsibility;
- Leadership is a function of the leader, the follower and other situational variables.

- It is a matter of dis-layering the barriers in a situation so that subordinates work with freedom and independence;
- Leadership is something a person does, something that emerges, that grows and that is achieved.

A team is defined as a reasonably small group of people, who bring to the table a set of complementary and appropriate skills, and who hold themselves mutually accountable for achieving a clear and identifiable set of goals.

Definition of a 'Leader'

- By its very definition, a 'Leader's is one who can influence others by virtue of his power, control, ability. intelligence or even charisma.
- According to Stephen P. Robbins and Timothy A. Judge's book on; Essential of Organizational Behavior.
- "Leadership is a process and the ability to influence a group toward the achievement of a vision, set and context" attends to a common goal within its group.

Team Effectiveness

- A "team" refers to the number of people who come together to achieve a common or shared goal. The members are interdependent to each other.
- It is different from the 'group'. A group refers to number of people associated with each other, may or may not be to achieve the common goal.
- The tasks are assigned to each member and they are not interdependent to each other.
- A team can be considered to be effective if their output is judged to meet or exceed the expectations of the people who receive the output.
- Ideally, the team should still be able to function effectively after they have completed their task and it should not be torn apart by dissension.
- Effectiveness is also judged by whether the team feels satisfied with its efforts.
- Above all, the team must be able to develop appropriate approaches to problem solving.

The following factors contribute to hard work, skill development and effective problem-solving strategies:

- The task itself should be motivating.
- The task itself should be seen as being worthwhile. It needs to be a whole piece of work with a clear and visible outcome so that people can feel a sense of ownership.
- The outcome of the task should be perceived as being important to other people's lives. It should affect others in the organization or impact the external customer.
- The job should provide the team with an opportunity for self-regulation.
- They should decide how the work is to be done. Meaningful feedback should be provided on the how well the team is performing.

Leadership and Team Building

"Managers are the basic resource of the business enterprise" says Peter Drucker.

"Managers are the most expensive resource in most businesses" he goes on to add, "and the one that depreciates the fastest and needs constant replenishment".

How well a manager manages business as well as people determines how successful the enterprise is. Early history of management defined a manager as someone, responsible to get work done from others.

Leadership and Management

- The most pernicious half-truth about leadership is that it is just a matter of charisma and vision; you either have it or you don't. However, leadership skills can be innate in person and they can also be acquired, and honed.
- But then leadership actually differs from management skills in a number of ways.
- Management is about coping with complexity; it brings order and predictability to a situation.
- But that no longer enough; to succeed, companies must be able to adapt to change.

Leadership, then, is about learning how to cope with rapid change.

- Management involves planning and budgeting. Leadership involves setting direction.
- Management involves organizing and staffing. Leadership involves aligning people.
- Management provides control and solve problems. Leadership provides motivation.

'Leader' Vis-à-vis 'Manager'

- In simple contrast, while the manager does the things right, the leader does only right things.
- The manager will have subordinates to supervise who may not follow the lead of the manager, whereas the leadership presupposes the existence of followers whose sense of commitment, loyalty and faith towards their leader and his directives are total and unconditional.
- The manager, being an administrator in the organization, must follow the organizational culture, conventions, rules and ethos lest his existence will be at stake.
- The manager, although expected to own the responsibility as a change agent, more often than not, becomes a party to the organizational resistance thereby tends to feel comfortable with the 'status quo'.
- On the contrary, the leader, being a potential change agent, constantly questions the 'status quo' in his positive endeavor to be more creative and innovative.
- It may be observed from the above that all leaders may be managers as well but all managers need not be leaders.
- While managers do different things in the organization, the leaders always do the things differently.

Leader vs Manager

Dimensions	Leader	Manager
Definition	A leader is the one in the charge, the person who leads from the front	Manager are defined as the who get the work done from other people to follow others in the organisation
Source of Motivation	Leaders' goals arise from self-motivation	Managerial goals arise out of necessities rather than desire
Risk	Leaders take risk	Managers control risk
Nature	Leaders, tolerate chaos and lack of structure and willing to delay closure in other to understand the issues more fully Leadership is qualitative	Managers embrace process, seek stability and control, and instinctively try to resolve problems quickly Management is quantitative

Leadership Develops Leaders:

- Some companies have consistently demonstrated an ability to develop people into managers.
- Recruiting people with leadership potential is the first step, followed by managing their career patterns.
- Individuals who are effective in large leadership roles often share a number of career experiences, starting with a significant challenge early in a career.
- Successful leaders almost always have had opportunities during their twenties and thirties to actually try to lead, to take a risk, and to learn from oath triumphs and failures.
- Popularity is not a requirement, but the ability to generate respect from the employees is, without a doubt, one of the most critical attributes.
- They must be relentless in their efforts, unconcerned about personal sacrifice of their time, and willing to go beyond normal expectations.
- Tough decisions are commonplace; uncharted territories will be the norm.
- Honesty and impeccable character are musts.
- Leaders get results.
- They make things happen.
- They continually advance a clear agenda, get others to buy in and move the organization to accomplish specific objectives.
- They are explicit, consistent, concise and sincere.
- They generally have an abundance of charisma although some leaders gain success with a quieter influence.
- Exemplary leaders take charge and are not afraid of responsibility or risk.
- Most people want to follow them.
- Good leaders develop openness, honesty, clarity of purpose and a sincere caring for the people they lead.

- They gain commitment and trust by demonstrating respect for the individual.
- They have a keen sense of understanding.
- They believe in their task, they understand the objectives, they communicate clearly and they honestly project the understanding that they need the efforts of everyone to succeed.
- It is all about believing in employees and their ability to create success.

Effective Leadership

- New research by the consulting firm Hay/McBay, which draws on a random sample of 3,871 executives selected from a database of more than 20,000 executives worldwide, takes much of the mystery out of effective leadership.
- The research found six distinct leadership styles, each springing from different components of emotional intelligence.
- Research indicates that leaders with the best results do not rely on only one leadership style; they use most of them in a given week-seamlessly and in different measure depending on the business situation.
- Thus, Coercive leaders demand immediate compliance, Authoritative leaders mobilize people toward a vision, Affiliative leaders create emotional bonds and harmony, Democratic leaders build consensus through participation, Pacesetting leaders expect excellence and self-direction and Coaching leaders develop people for the future.

The Six Leadership Styles by Goleman at a Glance

Here is a summary of the 6 leadership styles given by Goleman, their origin, when they work best, and their impact on an organisation's climate and thus, its performance.

Leadership Style

- Coercive
- Authoritative
- Affiliative
- Democratic
- Pacesetting
- Coaching

The leader's modus operandi

- Demands
- immediate compliance
- Mobilizes people towards a vision
- Creates harmony emotional bonds
- Forges consensus through participation
- Set high standards for performance
- Develops people for the future
- The style in a phrase

Term strength

- Most effective leaders use a collection of distinct leadership styles-each in the right measure, at just the right time. Such flexibility is tough to put into action, but it pays off in performance. And better yet, it can be learned.
- An authoritative leader states the end but gives people their own means.
- Leaders who have mastered four or more- especially the authoritative, democratic, affiliative, and coaching styles - have the best climate and business performance.
- Some of the modern leaders feel that there is no need to change the leadership style so long as the present leadership style sub-serves the purpose and able to get the things done from the followers.
- Situational Leadership Theory:
- This theory was propounded by Hershey and Blanchard in 1969 as Life cycle theory of leadership.
- Later on, this theory was named as Situational Leadership Theory.
- This theory says that one leadership style does not fit in all the situations.
- Leaders have to modify their styles according to the followers' willingness and ability.
- Willingness refers to intention and motivation to do the job task, whereas, ability refers to required skills and knowledge to perform the task at workplace.

There are four types of employees based on the willingness and ability.

- Low willingness, Low ability
- High willingness, Low ability
- Low willingness, High ability
- High willingness, High ability

This theory proposes that leaders deal with varying levels of followers' readiness by adjusting their relative emphasis on task and relationship behaviors.
That is, leaders should be able to place varying levels of emphasis on task and relationship with the people they are leading, depending on what is needed.
Accordingly, this theory suggests four leadership styles:

- Telling Style: this style is characterized by high task guidance, low-relationship style where the leader gives explicit directions and closely supervises the employees' performance.
- Selling Style: this style is characterized by high task guidance behavior, as well as supportive behavior.
- Participating Style: this leadership style provides opportunities to employees to participate in exchange of ideas and decision-making.
- Delegating Style: Delegating means assigning the work and responsibilities to the employees who deserve the same. This is suitable for employees who are high in ability and high in willingness.

'Managerial Grid' Theory of Leadership as Developed by Blake & Mouton:

- One of the most widely known approaches of leadership styles is the 'Managerial Grid' developed by Blake and Mouton.
- They emphasize that leadership style consists of factors of both the task-oriented and relation-oriented behavior in varying degrees. Their 'concern for' phrase has been used to convey how managers are concerned for people or production, rather than 'how much' production getting out of the group.

The managerial grid identifies five leadership styles based upon these two factors found in organisations, as shown here below:

Managerial Grid:

- Blake & Mouton have described the five leadership styles as follows:
- Impoverished- Leader has minimum concern for production and people - Laissez Faire leadership
- Task-oriented - Leader having less concern for people and more concern for production - Autocratic Leadership style
- Country Club - Leader having less concern for work and more concern for people - People oriented leadership style
- Team Builder - Leader having high concern for production as well as people - Team building leadership style
- Middle Path - Leader having adequate performance through balance of work requirements and maintaining satisfactory morale.

Some contemporary approaches to leadership

With many young professionals are making inroads into the leadership arena, many new leaderships styles are emerging with innovative and creative functional though process evidencing the fact that there cannot be an approach that one single style fits for all'. There has been another approach among the modern leaders that - 'Leaders should not lead, dictate from front not pushing from the back, but they should lead from the Centre'. If the leader wishes to lead from behind, he/she should ensure to adhere the following:

(i) Set goals and parameters
(ii) Enable innovation
(iii) Step forward in key moments

The leadership should aim to build a business and a career that can adapt to periodical changes.
This is one of the takeaways of several though processes of eminent leaders in the contemporary business world.

Strategic Leadership

The more uncertain your environment, the greater the opportunity-if you have the leadership skills to capitalize on it. Research at the Wharton School and at the authors' consulting firm, involving more than 20,000 executives, had identified six skills that, when mastered allow leaders to think strategically and navigate the unknown effectively. They are the abilities to:

- anticipate
- challenge
- interpret
- decide
- Align
- learn

Transformational Leadership

- This is yet another leadership style, though evolved decades back, it is still widely adopted by new generation leaders.
- The concept of transformational leadership started with James V. Downton in 1973 and was expanded by James Burns in 1978.
- In 1985, researcher Bernard M. Bass further expanded the concept to include ways for measuring the success of transformational leadership.
- This model encourages leaders to demonstrate authentic, strong leadership with the idea that employees will be inspired to follow suit.
- Transformational leaders inspire and motivate their workforce without micro-managing they trust trained employees to take authority over decisions in their assigned jobs.
- It's a management style that's designed to give employees more freedom to be creative, look to the future and find new solutions to old and existing problems and also visualize the type of problems that they encounter in future and evolve possible solutions today itself.
- Employees on the leadership track will also be prepared to become transformational leaders themselves through mentorship and training.
- This theory focuses on treating employees as human beings rather than just number.
- It is important for a leader to recognize that each employee is different and that they bring a different skill set, attitudes and behaviors and when leaders recognize that they can transform their team using emotions, ethics, goals and values, they can, in fact, begin to create a strong team.

Four Factors of 'Transformational Leadership'

There are four factors to transformational leadership, (also known as the "four I's"):

- Inspirational Motivation
- Intellectual simulation
- Idealized influence
- Individualized consideration

Each of the four components describes characteristics that are valuable to the "transformation" process.

When leaders are strong role models, encouragers, innovators, and coaches, they are utilizing the "four I's" to help "transform" their associates into better, more productive and successful individuals. Therefore, it can be very advantageous for leaders to apply the transformational approach in the workplace.

Qualities of a 'Transformational Leader'

- Encourages the motivation and positive attitudes and a culture of development among subordinates. Exemplifies moral standards within the organization and encourages others for the same.
- Fosters an ethical work environment with clear values, priorities and standards.
- Builds organization culture by encouraging employees to move from an attitude of self-interest to a mindset where they are working for the common good.
- Holds an emphasis on trust, authenticity, cooperation and open communication'
- Empowers followers to do what is best for the organization.
- Trusts the followers and allows the followers the required freedom.
- Strong role model with high values.
- Listens to all viewpoints to develop a spirit of cooperation.
- Creates a vision, using people in the organization.
- Acts as a change agent within the organization by setting an example of how to initiate and implement change.
- Helps the organization by developing other's contribution to the organization.
- Focuses on turning followers/subordinates into future leaders.

Transactional vs. Transformational Leadership

- Transactional Leadership heavily relies on motivating employees through rewards and punishments.
- It requires supervision, oversight, and performance-monitoring. This leadership model doesn't try to innovate.
- Instead, it's rooted in keeping things consistent and predictable over time.
- Errors and faults are closely investigated, and the overall goal is to create efficient, routine procedures.
- This style is best suited to departments or organisations that require routine and structured areas where businesses want to reduce chaos or inefficiency.
- But it doesn't allow for innovation or future planning the same way transformational leadership will.

- Whereas Transformational leadership, on the other hand, supports agile environments, especially where failure carries less risk.

- Transformational leadership covers a wide range of aspects within leadership and as such there are no specific steps for a leader to follow.
- Becoming an effective transformational leader is an iterative process.
- This means that conscious effort must be made to adopt a transformational style.
- Transformational leadership is a vital role for effective leaders because leader effectiveness determines the ultimate success of the organization.

Human resource implications of Benchmarking:

Benchmarking - Concept & Definition

- 'Benchmarking' is the process of comparing the business processes and performance metrics including cost, cycle time, productivity, or quality to another that is widely considered to be an industry leader and hence considered as the standard benchmark or best practice.
- Benchmarking helps to compare and understand where a given business is in relation to the recognized standard.
- The term benchmarking was first used by cobblers to measure people's feet for shoes.
- In 2008, a comprehensive survey on benchmarking was commissioned by The Global Benchmarking Network, a network of benchmarking centers representing 22 countries. Over 450 organisations responded from over 40 countries. The results show that:

The following is an example of a typical benchmarking methodology

- Identify the problem areas
- Identify other industries that have similar processes and shortlist organisations that are leaders in these areas
- Visit the "best practice" companies to identify leading edge practices

Types of Benchmarking

- Process benchmarking
- Financial benchmarking
- Performance benchmarking
- Product benchmarking

This process can sometimes involve reverse engineering which is taking apart competitors' products to find strengths and weaknesses.

- Functional benchmarking
- Best-in-class benchmarking
- Operational benchmarking

The Public Sector Banking sector, which is a major player in the Indian economy, obviously has a long way to go.

Some of the Latest Initiatives by Major Indian Banks on Technology/ Automation Front

- SBI takes lead in blockchain, to use it to prevent fraud
- New initiatives on technology/automation by Bank of Baroda

Role of Policymakers

Finally, policymakers have a vital role to play. They can enable players to increase customer reach in a cost-efficient way and drive economies of scale.

Quality Initiatives in Organisations

Total Quality Management (TQM) - Definition & Principles

- TQM is defined both a philosophy and a set of guiding principles that represent the foundation of a continuously improving organization. It is the application of quantitative methods and human resources to improve all the processes within an organization and exceed customer needs now and in the future.
- It integrates fundamental management techniques, existing improvement efforts, and technical tools under a disciplined approach.

Principles (Pillars) of Total Quality Management

- A committed and involved management to provide long-term top-to-bottom organizational support.
- An unwavering focus on the customer, both internally and externally.
- Effective involvement and utilization of the team work.
- Continuous improvement of the business and production.
- Benchmarking.
- Treating suppliers as their business colleagues.
- Establish performance measures for the processes.
- Involvement of employees in decision-making.

Quality Costs are defined as those costs associated with the no achievement of product or service quality as defined by the requirements established by the organization and its contracts with customers and society.

TQM Implementation Process

- Total Quality Management as a Large-Scale Systems Change, is seen primarily as a change in an organisation's technology and its way of doing work.
- In the human services, this means the way client servicing is processed, the service delivery methods applied to them and ancillary organizational processes such as paperwork, procurement processes, and other procedures.

- TQM also brings about a change in an organisation's culture, its norms, values, and belief systems about how organisations function.
- A fundamental factor is leadership, including philosophy, style, and behavior.

People's Expectations and Perceptions

- Many employees may see TQM as a fad, remembering past "fads" such as quality circles, management by objectives, and zero-based budgeting.
- TQM therefore must be related to key organizational problems, needs, and outcomes.

Sources of Resistance

Implementation of large-scale change such as TQM will inevitably face resistance, which should be addressed directly by change agents.

Relevance of TQM in Banking Industry

- Liberalization, Globalization and enormous Industrial growth and Technological Innovations perforce the organisations to evolve alternative business models with required flexibility and dynamism.
- In any Industry, irrespective of its activity, customer is the centre of operations and as such Customer focus is the competitive advantage.
- In order to attain utmost customer satisfaction, the business organisations are vying with each other to invent new approaches for product design and operational and marketing strategies.
- Since innovation and creativity has no standards and benchmarks, it is becoming extremely difficult for the organisations to catch up the customer expectations in terms of their likes, needs, desires and drives on the products as technology has created boundless expectations.
- This scenario has laid enormous impact on the organizational effectiveness and excellence.
- Since Banking is a service sector and mainly dealing with customers; despite making all in adapting new strategies and implementation procedures, sustainable development has become a major concern in banks.
- Banking industry caters to the needs of the vivid categories of people in the society.
- The service quality of commercial banks plays a dominant role in its success story.
- Providing the best service quality is viewed as the pre-requisite for the success in banks.

Business Process Reengineering (BPR)

- Business Process Reengineering (BPR) is one approach for redesigning the way work is done to better support the organisation's business goals and improve efficiency on all parameters.
- "Reengineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, service and speed" BPR focuses on processes and not on tasks, jobs or people.
- Reengineering starts with a high-level assessment of the organisation's mission, strategic goals, and customer demands. Basic questions are asked, such as "Does our mission need to

be redefined? Are our strategic goals aligned with our mission? Who are our customers?" An organization may find that it is operating on questionable assumptions, particularly in terms of the wants and needs of its customers.

- Only after the organization rethinks what it should be doing, does it go on to decide how best to do it.

BPR Implementation: Broad Guidelines

Prodo While BPR is associated historically with the manufacturing sector with specific processes and mix, a number of service industries have also successfully implemented BPR which can be universally by following these broad guidelines.

a. Envision new processes

- Secure management support
- Identify reengineering opportunities
- Identify enabling technologies
- Align with corporate strategy

b. Initiating change

- Set up reengineering team
- Define desired performance goals

c. Process diagnosis

- Describe existing processes
- Uncover deficiencies in existing processes

d. Process redesign

- Develop alternative process scenarios
- Develop new process design
- Design HR architecture
- Select IT platform
- Develop overall blueprint for action and gather feedback

e. Reconstruction

- Develop/install IT solution
- Establish process changes

f. Process monitoring

- Performance measurement, including time, quality, cost, IT performance
- Link to continuous improvement

Business Process Re-engineering (BPR), is the radical redesign and transformation of strategic organizational systems to enhance the efficiency and productivity of these systems.
BPR always questions the 'status quo'.

BPR & HR Management

- Business Process Re-engineer (BPR) involves the radical redesign of core bus ness processes to achieve dramatic improvements in productivity, cycle times and quality. In Business Process Reengineering, companies start with a blank sheet of paper and rethink existing processes to deliver more value to the customer.
- They typically adopt a new value system that places increased emphasis on customer needs.
- Companies reduce organizational layers and eliminate unproductive activities in two key areas.

(i) ISO 9000 Facts

- Originally published in 1987 by the International Organization for Standardization (ISO), a specialized international agency for standardization composed of the national standards bodies of 90 countries.
- Underwent major revision in 2000.
- Now includes ISO 9000:2000 (definitions), ISO 9001:2008 (requirements) and ISO 9004:2000 (continuous improvement).

The revised ISO 9000:2000 series of standards is based on eight quality management principles that senior management can apply for organizational improvement:

- Customer focus
- Leadership
- Involvement of people
- Process approach
- System approach to management
- Continual improvement
- Factual approach to decision-making
- Mutually beneficial supplier relationships

(ii) ISO 9001:2015

- ISO 9001:2015 sets out the criteria for a quality management system and is the only standard in the family that can be certified to (although this is not a requirement).
- It can be used by any organization, large or small, regardless of its field of activity.
- In fact, there are over one million companies and organisations in over 170 countries certified to ISO 9001.
- This standard is based on a number of quality management principles including a strong customer focus the motivation and implication of top management, the process approach and

continual improvement Using ISO 9001:2015 helps ensure that customers get consistent, good quality products and services, which in turn brings many business benefits.

- The ISO 9000 family addresses various aspects of quality management and contains some of ISO's best-known standards. The standards provide guidance and tools for companies and organisations who want to ensure that their products and services consistently meet customer's requirements, and that quality is consistently improved.

Standards in the ISO 9000 family include:

- ISO 9001:2015-sets out the requirements of a quality management system
- ISO 9000:2015 - covers the basic concepts and language
- ISO 9004:2009 - focuses on how to make a quality management system more efficient and effective
- ISO 19011:2011- sets out guidance on internal and external audits of quality management systems.

(iii) Certification to ISO 9001:2015:

- Checking that the system works is a vital part of ISO 9001:2015.
- It is recommended that an organization performs internal audits to check how its quality management system is working.
- An organization may decide to invite an independent certification body to verify that it is in conformity to the standard, but there is no requirement for this.
- Alternatively, it might invite its clients to audit the quality system for themselves.
- Some of the functional areas in Banks which have been subject to the certification under ISO Standards are: Training & Development, Customer Service, Marketing of products & Services, Change initiatives, Customer satisfaction, etc.

(iv) Potential benefits:

- ISO 9001:2008 covers an extensive range of requirements and seeks to improve the quality of all of the organisation's management activities, which has the potential to result in some substantial overall organizational improvement.
- ISO 9001:2008 is one of the most nationally and internationally known quality standards that affirms the independent approval of a management system designed specifically to deliver high levels of customer satisfaction.
- It has the potential to improve internal and external accountability and communication of management and production procedures.
- ISO 9001 certification can help an organization qualify for a tender or to achieve preferred supplier status, typically in the western countries.

(v) Potential limitations

- Pursuing the standard has the potential to be expensive in terms of start-up and running costs and has the potential be time consuming to implement.
- There is less flexibility than other tools and it is much more difficult to use in smaller parts of for single issues.
- Its origins are in the industrial sector and whilst the latest version, has friendly for service organisations it may be less suitable for socially enterprising organisations.
- The vast majority of ISO standards are highly specific to a particular product, material, or process.

(vi) Resources needed

Leadership

Senior individuals in an organization will need to be fully committed.

Proficiencies or skills:

- Training in understanding the standards may be required.
- Actions taken to meet implementation to the requirements are left to the organization itself.
- The organization then needs to address the issues needed to comply with the standards.

The ISO requirements cover a wide range of topics

- Management commitment to quality.
- 'Customer' focus.
- Adequacy of an organisation's resources.
- Employee competence.
- Process management (for production, service delivery and relevant administrative and support processes).
- Quality planning.
- Design, purchasing, monitoring and measurement of its processes and products.
- Processes to resolve customer complaints.
- Corrective/preventive actions.
- A requirement to drive continual improvement of the organization.
- A requirement to monitor 'customer' perceptions about the quality of the goods and services it provides.

Staff time

While this may vary depending on the size of the organization and the change that must be implemented, estimates from organisations and consulting bodies indicate that it can take between 6 and 18 months to implement.

Procedure

- Once a decision has been taken to get a function, process or a branch as in the case of banks, certified under the appropriate ISO series, the management appoints an internal champion as the Management Representative (MR) who will liaise closely with the external consultant and all the concerned officials in various sections.
- Each procedure that is covered under the scope for ISO certification is carefully documented with paras and sub-paras with clear numbering so that reference to any procedure is accurate and once completed, gets a sign off by the departmental head as well as the MR.
- Thereafter, all activities of the section are carried out strictly in accordance with the laid down procedure. For example, if it is mentioned that the customer relations executive in the bank would pick up a phone call within 2 rings, compliance can be monitored easily.
- Any deviation has to be rectified as per a laid down procedure by the specified authority.

'Quality Circle': HR Strategy to Quality Improvement:

- Participative methods in the workplace are one way to improve both the work environment for employees and productivity and quality for the company.
- Quality Circle is one such employee participation method.
- It involves the channelization of skills, capabilities, confidence and creativity of the workforce through cumulative process of education, training, work experience and participation.
- It also implies the creation of facilitative conditions and environment of work, which creates and sustains their motivation and commitment towards work excellence.
- Quality Circles have emerged as a mechanism to develop and utilize the tremendous potential of people for improvement in product quality and productivity.

The objectives of Quality Circles are multifaceted.

- **Change in Attitude:** From "I don't care" to "I do care". Continuous improvement in quality of work life through humanization of work.
- **Self-Development:** Bring out 'Hidden Potential' of people. People get to learn additional skills.
- **Development of Team Spirit:** Individual Vs Team - "I could not do but we did it" Eliminate inter departmental conflicts.
- **Improved Organizational Culture:** Positive working environment, total involvement of people at all levels, higher motivational level and participative management process.

A Quality Circle has an organizational structure as under, for its effective and efficient performance.

- **A steering committee:** This is at the top of the structure. It is headed by a senior executive and includes representatives from the top management personnel and human resource development people. It establishes policy, plans and directs the program and meets usually once in a month.
- **Coordinator:** He/ She may be an HR or Administrative officer who co-ordinates and supervises the work of the facilitators and administers the program me.

- **Facilitator:** He/ She may be a senior supervisory officer. He/ She co-ordinates the works of several quality circles through the circle leaders.
- **Circle leader:** Leaders may be from lowest level workers or Supervisors. A Circle leader organizes and conducts Circle activities.
- **Circle members:** They may be staff workers. Without circle members the program me cannot exist. They are the lifeblood of quality circles.

QC Implementation:

- Explain the concept to the employees and invite them to volunteer as members of Quality Circles.
- Nominate senior officers as facilitators, form a steering committee.
- Arrange training of coordinators, facilitators in basics of Quality Circle approach, implementation, techniques and operation. Facilitator may provide training to Circle leaders and Circle members.
- Training to include, brief orientation program me for top management, training of facilitators as well as Circle leaders and members.

The operation of quality circles involves a set of sequential steps as under:

- Problem identification
- Problem is clarified and analyzed by basic problem-solving methods.
- Generate alternative solutions
- Prepare plan of action for converting the solution into action plan and implement solution as a test case.
- The management evaluates the recommended solution. Then it is tested and if successful, implemented on a full scale.

QC in Banks

- As for banks, the following excerpt from the Canara Bank website is illustrative of the bank's approach.
- Quality Circle is a voluntary group of employees in the same work area, coming together, working as a team, solving work related problems resulting in self-development and organizational benefit. The concept has been built on the basic foundation of "Participative work culture" with motivation and involvement of employees at grass roots level exploring their potentials, creativity and capabilities.
- With a view to provide greater exposure and wide experience, Quality Circles which have successfully completed their projects are nominated:
  - To participate in Bank's Apex Quality Circle Contest.
  - For presentations at external forums like - Local Unit Conventions and Annual National Convention on Quality Circles (NCQC) organized by Quality Circle Forum of India (QCFI).

'SIX SIGMA': A model for improving in business processes

- ❖ Six Sigma is a fact-based data driven structured methodology that is used to create breakthrough improvements in business processes with a strong focus on customer needs.
- ❖ It is used to solve tough business problems when the root cause of the problem or the solution is not known.
- ❖ Six Sigma is the most powerful methodology that is currently available to attack and eliminate "pain" areas within company.
- ❖ Six Sigma has been deployed in all types of industries including manufacturing, IT, ITES, services, healthcare, design, BPO etc. Some companies that have realized huge benefits are GE, Motorola, Caterpillar, Microsoft, Ford, Wipro, HP, etc.
- ❖ Six Sigma began in 1986 as a statistically-based method to reduce variation in electronic manufacturing processes in Motorola Inc in the USA.

Development of Six Sigma:

- ❖ In the mid-1980's engineers in Motorola Inc in the USA used 'Six Sigma' an informal name for an in-house initiative for reducing defects in production processes, because it represented a suitably high level of quality.
- ❖ Certain engineers felt that measuring defects in terms of thousands was an insufficiently rigorous standard.

A team of managers ('Black Belts' normally) who 'own' these processes is responsible for:

- ❖ identifying and understanding these processes in detail, and also
- ❖ understanding the levels of quality (especially tolerance of variation) that customers (internal and external) expect, and then measuring the effectiveness and efficiency of each process performance - notably the 'sigma' performance - i.e., the number of defects per million operations.

Most practitioners and users of Six Sigma refer to Motorola's early DMAIC acronym (extended since to DMAICT) as a way of reinforcing and reminding participants what needs to be done.

Six Sigma DMAIC and DMAICT Process Elements:

- ❖ D- Define opportunity
- ❖ M - Measure performance
- ❖ A - Analyze opportunity
- ❖ I - Improve performance
- ❖ C-Control performance, and optionally
- ❖ T - Transfer best practice (to spread the learning to other areas of the organization)

Six Sigma in India - The Dabbawallas of Mumbai:

- The best-known example of six sigma in operation in India is the efficiency of the Mumbai dabbawalla which has been studied and documented from around the world. Forbes, The US-based business magazine rates the lunch-box carriers of Mumbai on a par with Motorola.
- The dabbawallas ferry 1.5 lakh lunches daily with the help of simple codes.
- It was an unusual story by Forbes Global, a marked departure from its sought-after macro-economic reviews and corporate analyses. The US-based business magazine recently zeroed in on Mumbai dabbawalla - The lunch logisticians who deliver 1.5 lakh lunch boxes to hungry office-goers every day have in the past found mention in the Indian press, but the Forbes story was the first time an international organization had analyzed them scientifically and rated them as if they comprised a corporate body. And the conclusions were more than flattering.
- The dabbawallas scored a 6 Sigma performance rating, a term used in quality assurance if the percentage of correctness is 99.999999 or more. In simple words, this means one error in six million transactions. a benchmark reserved for blue-chip companies like Motorola. For the humble dabbawalla, it was a treasured feather in his Gandhi cap. But the ground realities for him not changed.
- His story begins every sultry Mumbai morning at 9 a.m. sharp. The doorbell rings at the Balkar residence in Dahisar, a far-flung suburb, in a ritual that is being played out simultaneously in thousands of
- Mumbai homes. Vrinda Balkar hands over an aluminum container with piping hot lunch for her husband to a middle-aged man wearing the regulation white cap. In an hour's time, the man will have collected 30 such dabbas (lunch boxes) to pass on to a waiting colleague at the local railway station.
- It's not easy covering so many houses quickly in a city like Mumbai. The heat and the crawling peak-hour traffic make reaching a home a task in itself.
- At each stop, the dabbawalla has to park his cycle at the gate, go to the client's flat which invariably means an elevator ride up a high-rise, collect the lunch and then come down again. But it is a part of the daily grind. Just as it is for his colleague who sweats it out in the crowded local train to reach, say, south Mumbai's Church gate terminus by 11.30 a.m.
- There groups of team members effortlessly sort out the tiffin’s; thousands of them in less than 10 minutes-while others pack their carts with the boxes and dash off to the office districts.
- By noon, Palekar and thousands like him have warm food in front of them. The entire process is reversed after the meal and Balkar’s dabba reaches home well before he does.
- Behind this reliable-as-clockwork system is a relay of 4,500 hardworking dabbawallas and a simple but effective coding system. The residential address, office address, railway stations of delivery and pick up are all crunched into a small series of letters and numbers, hand-painted on each client's tiffin.
- For instance, Balkar’s lunch would carry the coding 3MC4, 3 for the carrier who delivers in Nariman Point, MC for his office in Mafatlal Centre and 4 for the floor his office is located on. In another code below it, 10 is the number for the Church gate station where the tiffin is

offloaded and D for Dahisar station where it was collected. So advanced, and so loved by the people, is the service that you can order it from online grocery store webrishi.com.

- Despite such facilities and efficiency - a level which Forbes noted "western businesses can only aspire to" - the service comes at an amazingly cheap fee of Rs. 150 a month, the price determined somewhat by the recession in the business. From its peak days in 1955 with deliveries of over two lakh tiffins per day, the century-old trade received its first blow when bank employees began leaving home early with the change in office timings in the late 1960s.
- The rapid closure of mills in the 1980s-'90s also robbed the dabbawalla of his largest clientele, the mill workers.
- Now, canteens and food courts in the office districts have taken their toll.

Six Sigma in Indian Banks:

- New age banks are becoming more quality and cost-conscious; six sigma is increasingly getting popular.
- ICICI Bank, HDFC Bank and some of the back-office operations of MNC banks have initiated the six-sigma process for specific activities in the bank. While Citibank has six sigma running as a worldwide initiative, HSBC has started the process for its Indian operations.

Kaizen Method

- Kaizen is a Japanese word which means "improvement". It refers to the continuous efforts by the employees of each and every level in the organization to improve the quality.
- This works under '5S' technique - Sort, set in order, Shine, Standardize and Sustainability.
- Initially it was developed for housekeeping but later it was adopted as a sound management practices by the organizations. The details about these '5S', are mentioned below:

1. Seri (Sort) - The first step is decluttering.

- The decluttering process is done to remove the unnecessary items from the desk or the organization.
- Remove the unused items.
- Assess the difficulties in achieving the goals and remove those obstacles.

2. Seaton (Set in order) - it includes:

- Arrange the things in order.
- Priorities the work, which work is important, which work can be deferred, in order to handle the workload efficiently.
- Proper process should be followed to avoid confusions and manage time efficiently.

3. Seizo (Shine) - this step talks about the cleanliness:

- The workplace such as desktop, offices should be clean to induce positive vibes.
- Machines and equipment should be clean and maintained regularly to prevent early deterioration

4. Suketus (Standardize) - this step talks about the standardization:

- F.W. Taylor also talked about standardization in Scientific approach of management. mentioned that standardized processes should be followed to do the work in efficient manner
- It means work should be done in standard format to save the time and avoid the errors.

5. Shusuke (Discipline and Sustainability) - It includes:

- Rules and regulations should be followed at workplace.
- Dedication should be embraced and castigation should be avoided.
- The work should be done in a sustainable manner avoiding the wastage of resources.

Positive Attitude': The Core Behavioural Capital of Organisations

- The performance of human beings is the product of two factors i.e., 'ability' and 'willingness' of the employees towards the work assigned to them.
- Strategies to Build and Sustain 'Positive Attitudes' in Organisations
- Individuals form their instinctual attitudes that last for a lifetime during their childhood.
- Doubtlessly, it would be comparatively earlier for the people to acquire positive attitude during their formative years.
- In order to build and maintain a positive attitude, one should become aware of the principles that build a positive attitude, desire to be positive and cultivate the discipline, dedication and commitment to practice those principles.
- Attitudes are often learnt from people with whom a person interacts and the same is translated into action.

- Identification of employees with negative attitudes and to counsel them
- Disseminate the need for imbibing Positive Attitudes
- Effective communication of policies and decisions that may influence assessment of employee's performance
- Creating a healthy Organizational climate

Stress Management

- To achieve success in Human Resource Management (HRM), it is very essential to understand the amount of stress being carried by the human beings in the ever-changing and challenging lifestyles of the people.
- Growing urbanization gave rise to mechanical life-styles of masses with either limited or no cultural avenues to enjoy upon.
- All these factors led to increase in stress among the masses both in their personal life and also at work arena which is required to be sustained with no alternative to completely avoid it.
- It is, in this context, study of managing stress and its various facets has assumed a great deal of importance.
- Stress is a fact of life, irrespective of personality and occupation of any individual.

- One cannot avoid stress, but can learn to manage it so that it doesn't manage the individual.
- Changes in our lives-such as going to college, getting married, changing jobs, or illness-are frequent sources of stress.

Whatever may be the cause, the stress has the following features:

- It is a physical and/or mental process originated from the body response out of the physical and psychological events individuals experience;
- It is a part of life and if exceeds it becomes difficult to cope with;
- It has positive as well as negative effects on the individuals;
- It has a cumulative effect. If stress is not managed well on time, the hardships one faces in forthcoming period will add upon to the existing stress.

It may be observed that as the life is full of challenges and choices, stress has since become an inseparable part of life.

Hence, it would be rather incorrect to say that stress can be eliminated but the same can only be tolerated and managed diligently so as to avoid negative effects of the same.

Coping Strategies for Stress

- The personality, behavioral patterns and attitudes of individuals largely influence the response to stressful situations.
- As it may not be possible to avoid altogether such situations from the environment and basic instincts of the individuals, everyone should suitably equip with certain strategies to manage such stress within the threshold level so as to avoid negative effects of the stress.

The following are some of the coping strategies to manage the stress levels

- To adopt effective time management techniques by proper planning the schedule of daily work priority-wise;
- To learn to relax by taking up a hobby, physical & mental exercise by way of morning walk, yoga, meditation etc.
- So as to feel physically and mentally relaxed;
- To set up a flexible plan in the life by setting goals that are achievable. Keeping over expectations than the ability to achieve creates stress and as such it is advisable to keep the expectations at a realistic level;
- To learn to get along with other people and to maintain inter-personal relations; To learn to face the things as it comes in the life;
- To get physical examination in frequent intervals and to take adequate medical care; To encourage upward communications in the organisations;
- To define the job roles properly without any ambiguity:
- To enhance employee participation in decision making process;
- To have required resilience in selection and placement of personnel so as to ensure that high-stress jobs are entrusted only to experienced individuals;

- To delegate the authority down the hierarchy and to empower the subordinates with an objective not to penalize them for mistakes but enable them to develop and prosper;
- To practice positive thinking, develop best skills, attitudes & behaviors and to be innovative creative and practical approach.

While we can't avoid stress, we can learn to manage it and develop skills to cope with the events or situations you find stressful.

Business Etiquettes

- 'Business Etiquette' is a set of manners that is accepted or required in a business or profession.
- The basic definition of Business etiquettes is that it is the forms, manners, and ceremonies established by convention as acceptable or required in social relations, in a profession, or in official life. Etiquette is respect, good manners, and good behavior.
- It is not just each of these things, but it is all of these things rolled into one.
- Etiquette is a code of behavior that delineates expectations for social behavior according to contemporary norms within the society or groups.
- These codes were instituted during the days of ancient chivalry, but as years have flown by, they have been modified to a great degree, many of them being quite obsolete while others have changed entirely.
- Business etiquette is important because it creates a professional, mutually respectful atmosphere and improves communication, which helps an office serve as a productive place.
- Employees feel delighted about their jobs when they feel respected, and that translates into better customer relationships, customer delight as well which translated into improved business volumes and profitability.
- Proper etiquette is important in a social setting, but it is equally crucial in a business setting.
- Banks being service organisations, as discussed above, maintaining proper etiquettes at workplace and also while delivering service and augmenting business is very essential as, any deficit in etiquettes by the workforce at large will reflect badly on the organization and business.
- In order to achieve business success, one must be able to adapt to an ever-changing situation and act with confidence.
- Displaying proper etiquette will get an individual noticed and, obviously, being noticed is great for business.
- Improving your business etiquette can have a positive impact on your career.
- Remember to use common courtesy.
- Adopt the attitude that considers others' needs and feelings on priority over that of yours.
- This behavior leads to good manners and common courtesy, thereby improving your business etiquette.

- It is in this context, at least a brief study of business etiquettes is considered important and quite essential.

Scope of Etiquettes at Workplace/Business

- Since the etiquettes are relating to behaviors, conduct and attitudes, strictly speaking, the term 'Etiquettes" has no boundaries.
- For the purposes of our present study, let us focus on five important elements of business behavior: Work Behavior; Meeting People; Telephone Etiquette; Dining Etiquette; and Etiquette for Correspondence. Hence, all these workplace etiquettes generally rally around the following aspects of the individual worker:
  - Treatment to clients and customers
  - Treatment to colleagues, co-employees and superiors
  - Clarity and sophistication in communication with colleagues, superiors, clients and customers etc.
  - Conduct during telephonic and mobile conversations
  - Conduct at workplace or office
  - Conduct during business meetings
  - Nature of communications - verbal, non-verbal, written including e-mail and WhatsApp modes
  - Adhering to dress code
  - Conduct during lunch/dinner
  - Conduct during business-sponsored social events
  - Conduct during training sessions

Let us examine briefly as to what are the behaviors expected under -'Work Etiquettes' (which is most relevant in organizational context out of above broad areas).

Work Life Balance:

- Maintaining a healthy work-life balance is not only important for health and relationships, but it can also improve your employee's productivity, and ultimately performance.
- In simple words, if your people don't view work as a chore, then they will work harder, make fewer mistakes and are more likely to become advocates for your brand.
- Businesses that gain a reputation for encouraging work-life balance have become very attractive especially when you consider how difficult it can be to attract and retain younger workers these days.

Work Etiquettes

The following behaviors and principles can be followed at work environment to reflect good work etiquettes

- Maintain proper Time Management

- Exhibit proper behavior and attitude
- Be conscious about office behavior
- Be knowledgeable about the Organizational policies, rules and regulations etc. - both written and unwritten
- Be as Professional as possible
- Accept challenge with resolve and commitment
- Be flexible in approach/attitude but without losing your individuality

Unit 3: Organisational Change

Introduction

- Change management is a systematic approach to dealing with change, both from the perspective of an organization and on the individual level.
- Change management has at least three different aspects, including: adapting to change, controlling change, and effecting change.
- These aspects if considered, exhibit an employee concern.

Organizational Change - Concept, Definition, Scope and Features

- Organizational Change is the modification in any or all the internal environment of the organization like organization's structure, technology, physical settings and human resources.
- Innovation and experimentation of new methods and process also affect changes in technology.
- Studies conducted in Industrial Psychology and organizational Behavior reveal that the physical facilities like Buildings, Ventilations, Coloring, Internal Design, Space configurations, etc., do influence the employee productivity.

Change and Development

- Change management is defined as the methods and manners in which a company describes and implements change within both its internal and external processes.
- This includes preparing and supporting employees, establishing the necessary steps for change, and monitoring pre- and post-change activities to ensure successful implementation.
- Thus, organizational change management has become important in communications about business, organisations, leadership and management.

Strategies for Managing Resistance to Change

- Resistance to change can be defined as any obstacle that becomes an impediment to implementing change.
- The source of resistance is often individuals or groups, but it can also be systems or processes that are outdated or that fail to fit current business conditions.
- According to Kotter and Schlesinger proposed six crucial techniques for overcoming the resistance to changes.

These are :

- Widespread Education and Improving Communication.
- Facilitating Participation and involvement.
- Support and Facilitation.
- Agreement & Negotiation.
- Co-optation & Manipulation.
- Coercion-Both Explicit and Implicit.

Emerging 'Change Initiatives' in Banking Industry

- While the above sums up the dynamics of change in the organizations in general; the Banking Industry, which occupies an important segment in the business and economic world, has no exception to these emerging transformations that are taking place in the external environment.
- In the first place, the concept of 'mass banking' (retail) which was the main theme of Nationalization of Banks during 1969 has gradually been shifted towards 'class banking' and the concept of 'Profitability' has become the 'new mantra' in the Banking World.
- Class banking is followed by mass retail banking, which is when banks offer standardized products and services to their customers.
- Banks have begun to explore new areas and innovative business opportunities like Universal Banking, Any Where and Any Time banking, Tele-banking, installation of ATMs, etc.
- Further, one of the issues being widely debated in the banking circles is the probable mergers and acquisitions - both vertically and horizontally - in the Banking industry, in pursuit of secondgeneration reforms in the financial sector.
- A horizontal merger is when a company acquires another company that is a direct competitor.
- A vertical merger is when a company acquires another company that isn't a direct competitor but operates within the same supply chain
- The banks, of late, laid greater attention to the whole gamut of Human Resource issues like revamping of HR Policies - Recruitment, Salary Packages, Training & Development, Promotion, Transfer, Welfare, etc., so as to create responsive attitudes amongst the rank-and-file.
- The concept of 'downsizing' to make the organizations 'lean and meaningful' so as to reduce the ever-increasing establishment costs, has since resulted in introduction of 'Voluntary Retirement Scheme (VRS)' in the Banking Industry, in midst of stiff resistance from the Bank Unions.
- Government's resolve to reform entire gamut of Labor Laws with an objective to keep pace with rest of the economy etc., may usher a new era and set proper tone to the emergence of Darwin's theory - 'Survival is the fittest' - in the functioning of Unions, thereby, giving an entirely new twist to the Labor-Management relations in Banking Industry.
- Further, in the recent past, the banks have also taken steps for instituting Call Centers, selling third party products like Insurance Policies, Wealth Management products, etc.
- These initiatives are squarely come under the broader canvas of 'Change Management' of the banks.

Top Trends in Change Management

The top trends with regards to organizational change as per Proscar’s 2009 edition of the Best Practices in Change Management benchmarking report is the most complete body of knowledge available on change management.

Given below are the findings in a summary form.

Trend:

- Change management competency building - more knowledge and training opportunities at all levels.
- Use of methodology and tools - structured approach to the people side of change.
- Change saturation - feeling the consequences on various levels of having too much change occurring.
- Establishment of a change management group - organizational structure to support change management.
- Management of the portfolio of change - tracking, managing and prioritizing competing initiatives.

Responsibility for Managing Change:

Responsibility for managing change is with management and executives of the organization - they must manage the change in a way that employees can cope with it.

CHANGE AGENT:

In view of their proximity to the people, managements normally choose the HR manager as the Change agent.

The Hay/McBay group, an international consulting firm specializing in the competency field have identified change management as increasingly important for organizations of the future.

Dave Ulrich has completed extensive research in this area as well. His research, validated by HR professionals and their line manager "clients", showed that successful change agents had the ability to:

- Diagnose problems
- Build relationships with clients
- Ensure that the Vision is Articulated
- Solve Problems
- Implement Plans to Achieve Change Goals
- Pressure for change
- A clear, shared vision
- Capacity for change
- Action and performance

The most important contributions to be made through the change agent role are those that sustain the organization's current performance and assure its future performance by:

- Enabling people to work effectively as they plan, implement and experience change.
- Increasing people's ability to manage future change.

Managing Change

Various Phases in Implementing Planned Change

A 'Planned Change' is one, which effected in a planned manner after assessing the need for change.

- For this purpose, detailed plan has to be worked out as to when and how these changes will be carried out.
- On the contrary, an 'Unplanned Change' is one which occurs spontaneously or at random manner.

- An Industrial Strike occurred in the organization resulting into spontaneous declaration of lock out by the management, is an example for an unplanned change.
- The various studies on the organizational change suggest that any planned change effort in organizations can be viewed as a threephase process.

- The first phase is the preparatory stage in which the management has to create a felt need for change among the workforce.
- This is a stage in which the system shall be suitably prepared to start the change.

- The second phase is the stage in which the actual change is initiated and carried out by the management.
- This can be done by:
  - Identifying new and more effective ways of doing things.
  - Choosing appropriate changes in tasks, people, culture, technology and structure
  - Taking appropriate and suitable steps to put these changes into action.

In the context of proposed changes, where both favoring forces and resisting forces are operating may, often, confront with any one of following three situations:

- In the first place, if the 'favoring forces' far outweigh the 'resisting forces', management can push 'favoring forces' while overpowering 'resisting forces' and as a result of which the planned change initiative can be implemented.
- In case, the 'favoring forces' and 'resisting forces' are equal, management can push up the 'favoring forces' and simultaneously can convert the 'resisting forces' into 'favoring forces' through proper communication/education or using other strategies, thereby, the change initiative can be implemented.
- In case, the 'resisting forces' are stronger than the 'favoring forces', management may strive to weaken the resisting forces by converting most of them into 'favoring forces' through proper strategies and may go ahead with implementation of the planned changes.

The third and the last phase of the change process is the stage in which the management should ensure that the planned change so introduced in the organization conforms to the objectives of the change process and it stabilizes as fast as possible.

This can be done by:

- Creating acceptance and continuity for the new behaviors, attitudes or work processes, etc.
- Providing necessary resource support – human and finance.

John P Kotter's eight step to successful change

- John Kotter's highly regarded books 'Leading Change' and the follow-up "The Heart of Change' describe a helpful model for understanding and managing change.
- Each stage acknowledges a key principle identified by Kotter relating to people's response and approach to change, in which people see, feel and then change.

Stages of Kotter's model

1) A rising sense of urgency (Increase urgency)
2) Putting together the team (Build the guiding team)
3) Getting the vision right
4) Communicating (Communicate for buy-in)
5) Getting things off the ground (Empower action)
6) Concentrating on goals for the near term (Create short-term wins):
7) Not giving up
8) Adapting to new circumstances (Make change stick)

Responsibility Charting
Definition & Concept

Responsibility Charting is a technique for identifying functional areas where there are process ambiguities, bringing the differences out in the open and resolving them through a cross-functional collaborative effort.

It is:

- A method of assigning role and defining the interrelationship of roles for specific decisions and tasks.
- A foundation for sound delegation.
- A basis for holding people accountable for their roles in specific decisions and tasks.
- A decision matrix or grid with actual and potential stakeholders (those involved in or affected by a decision or task) listed horizontally and decisions or tasks listed vertically.

Use of Responsibility Charting

- Identify individual and team roles and inter-relationships.
- Clearly state procedural specification of individual and team and set time frames.
- Understand and clarify roles and expectations.
- Improve accountability, delegation, communication and teamwork.

Key Elements of Responsibility Charting

- Decisions or tasks.
- Stakeholders.
- Level of participation of each stakeholder in each decision of task.

Analysis of a Responsibility Chart

A complete analysis of responsibility charting should be done in collaboration with all important members.

A quick look at the codes in the chart can address the following questions:

A. Do too many "Don't know" indicate the need for more structural and procedural specification?

B. Do the project directors have too many responsibilities?

C. Is there a sufficient level of participation by the collaborative members to promote "ownership" of decisions?

D. How can one use the structure and procedures of collaboratives to promote higher levels of participation?

The responsibility chart itself could be shared and approved by the various committees and boards.

Unit 4: HRM in Indian Banks (Part-I)

Traditional Role of HRM in Indian Banks

- The qualitative changes in staff composition, skills required, absorption of functionally skilled personnel, retaining staff in the face of competition, and in dealing with a host of problems arising out of massive and sudden expansion in the last few decades have not been given the attention they deserve.
- There is a move afoot to entrust some of the banks with the entire responsibility for HR functions, such as wage negotiations and recruitment.
- The last few years witnessed an exodus of qualified and experienced staff.
- The environment of vigilance inquiries and the problems on account of frequent transfers might have led these qualified and experienced staff to decide to opt out with the introduction of pension schemes.

- The introduction of Golden Handshake voluntary retirement scheme in the year 2000 has made the public sector banks virtually bleed a very sizeable portion of their performing personnel.
- Even after the introduction of the voluntary retirement scheme, the problem of overstaffing has not been totally solved.
- The overstaffed cadres still remain with the banks and the areas where there is more manpower requirement have been further depleted in strength due to this scheme.

The task before the HR departments is to reorient themselves quickly and to get on with work immediately.

1. Human Resource Planning:

Human Resource Planning (HRP) is the process by which an organization ensures that it has the right number and kinds of people, at the right place, at the right time, capable of effectively and efficiently completing those tasks that will help the organization to achieve its overall objectives.

Human resource Planning process generally comprises of the following steps:

- Assessing current human resources.
- Assessing future business expansions and projections and new business lines, etc.
- Assess and forecast of number and type of human resources additionally required to meet the above business forecasts.
- Assessing the internal and external HR supply sources.
- Acquiring people at right time from within and outside as per the pre-drawn estimates.
- Making the people available at required places at right time.

2. Recruitment and Selection:

- Under this function, the HR Department has to make plans to acquire the human resource as per the estimates arrived under HR Planning as explained above.
- It has global as well as national recruitment programs, where in around 100 graduates are recruited each year on a management trainee program across all businesses, functions and countries.
- Selection of employees is based on knowledge, skills and talent.
- There are several challenges in recruitment, particularly in banking sector.
- In today's scenario, not many people aspire for a bank job.
- Also, many employees are recruited as generalists so training/ skilling assumes importance.
- Bringing together people of various background & diverse educational qualifications is another challenge while recruiting people at banks.

3. Training & Development:

Development is critical to the bank's future business success and the bank's performance is linked to people development amounting to investing in the future.

Training here is a partnership between the employee and the Bank.

The Bank provides a framework within which the employee can identify the training and development needs.

The Bank has a unique one year training period for fresh graduates during which the employee can expect to experience a blend of core and discretionary elements, through exposure to the following:

- Induction, the process that introduces the new entrant to the bank, the employee's own business or function and particular department.
- Training in specific products and technical skills.
- On the job training (OJT) post the initial exposure, to all operational areas including a systems training.
- Work-based assignments in respective business or function, i.e., doing a job in a particular department for a period of time.

4. Employee Welfare:

- The Bank believes that the health and well-being of their employees and their families is important.
- Concerned not only about the physical health of their employees, but also of their mental and emotional well-being, the Bank has policies and practices that provide for a safe and healthy working environment.
- Government of India has mandated Public Sector Banks to spend an amount up to 3% of their net profits towards staff welfare activities.
- The Government of India has mandated to form Staff Welfare Committees in the banks to administer to devise and administer the staff welfare schemes in the respective banks suiting the needs of their employees within the allocable funds.

- In the wage settlement of 2015, a uniform Medical Insurance Scheme has been implemented through Health insurance, not only for the serving employees but also those retired and also to the family members of deceased employees.
- Thus, all employees and their immediate family members are covered under a comprehensive Mediclaim policy.
- Further, scholarships instituted for employee-children.

5. Compensation:

- In Public Sector Banks, the compensation and wages are covered by the bilateral agreements/settlements being entered at Industry level, i.e., at Indian Banks Association (IBA) after obtaining necessary mandates to this effect from individual banks.
- The compensation package provided to the employees can be divided into two categories; one for the sales personnel who are compensated on their ability to meet their targets and the other for executives who are responsible for the overall functions of the Bank.
- Performance at all levels is closely monitored and feedback provided to staff on areas of improvement and linked to both financial and non-financial rewards.
- The bank also provides various incentives in the form of bonuses to encourage the employees and motivate them to continue with their high performance.
- These include Spot Award, Surprise Awards, Best Performer Award and Service Quality Awards.

6. Performance Management:

- Performance management is the process through which managers ensure that employee activities and outputs are in sync with the organisation's goals.
- Typically, in Public Sector Banks (PSBs), a Uniform set of Performance Appraisal formats as devised by the Government of India, (with some permitted freedom for amendments) is being followed with various Key Responsibility Areas (KRAs) and Management Dimensions different for each category or scale of officers.
- These formats are the tools for measuring the performance of officers against budgets on annual basis.
- These systems are so transparent in the sense there has been an in-built procedure for intimation of ratings to the concerned officers.
- However, in Private Sector Banks, a number of measures and tools are used for the implementation of PMS (Performance Management System).
- There has been a constant desire on the part of the Public Sector Banks to introduce 360-degree Performance Management System which envisages for appraisal by- subordinates, peers, customers and superiors.

Expectations from HR Department

- Due to the ongoing process of economic globalization and liberalization of financial sector ,The business environment is now no more static, or predictable though controlled and governed under a strong regulatory framework.
- Similarly, Bank Management, has no more remained a mere "Man" and "Money" Management but translated into complex managerial system of which "Knowledge" has become the critical ingredient in the fast changing banking business.

Following are the major factors, which led to the change in the profile of banking business over a period, particularly in last one decade.

- Deregulation of Banking operations, Entry of Private Sector Banks, Foreign Banks etc.
- Introduction of Prudential Norms for Asset classification and Income Recognition vis-à-vis stipulations for greater transparency in financial statements, disclosures, etc.
- Stipulation of Capital Adequacy Ratio.
- Extensive use of computer and information technology.
- Global alignment of Indian Economy.
- Increased dependence on real time MIS.
- A highly demanding customer base.

Major HRM Challenges Facing Banks

- A key focus of the human resource management is expected in the role of Staffing, Performance Management, Succession Planning, Talent Management, Training and Skill Development, and Compensation that will greatly affect business strategies of the future.
- Retention of key talents is already becoming a major challenge in all the banking sectors be it the PSU, private or MNC banks.
- A number of bright bankers have moved on to the financial advisory services sector (broking, wealth management).

The HR strategy for banks must therefore address the following major issues:

- HR planning must illustrate the process of developing human resource available from all sources.
- The recruitment process must be done strategically to source the correct talent mix for an early fit for the position.
- The selection process should emphasize ways of minimizing errors in employee selection and placement to improve the bank's competitive position.
- An effective training program to define expectations, actual training needs, develop competencies and grow talent for the future need of the bank.
- To handle Performance Management function with more rigor so as to distinguish 'Performers' and 'Non-performers' with a genuine intention of transforming the 'non-performers' through 'carrot and stick' approach.

- To ensure 'Job-man fit' by placing 'right man on the right job' through robust 'Competency Mapping' systems.
- To evolve well-knit policies and procedures for employee engagement and retention of key talents so as to address attrition issues timely and effectively.
- To prepare them to take higher responsibilities.

Changing Profile of 'HRM' in Banks

- As discussed, it is the Human Resource that makes the other factors of production to function effectively to attain the organizational objectives.
- Although, HRM has been focusing on developing the people, the dynamics of people management cannot be separated from the attitudes of the people, which in turn are conditioned by the value system and organisational culture.
- Efforts are afoot to convert the HR department into a profit center by ensuring that the return on investment on human asset exceeds the cost involved therein.
- The line managers have realized that they are no more merely supervisors but have to shoulder more responsive roles including the role of HR change agent.
- The growing customer needs and expectations are effectively addressed by the banks through elimination of unwarranted intermediary hierarchical tiers, redefining reporting relationships facilitating quicker decisions and by properly empowering employees at various levels.

Changing Role of HRM

- The personnel departments, which are fire-fighters in some banks, are charged with duties of putting out industrial relations fires and to ensure that industrial relations problems do not otherwise compromise the position of management.
- Part of the present problems crippling our personnel departments can be traced to the personnel managing these departments themselves.
- They lack essential skills in developing manpower plans, building up appraisal systems, and looking far ahead, keeping in mind the changing time as well as the ever-looming competition.
- Nor is staff, competent enough to handle such tasks, readily available.
- An innate belief that availability of manpower in a country with growing unemployment should not pose any problems is the basis for the neglect.

Changing Mindset

- The HR functionaries need to break out of the present mentality and acknowledge that adherence to the rules and their implementation is the key to their success.
- The banks can ill afford adherence to irrelevant rules.
- While staff shortage may be an issue, the solution should lie in better use of technology which if harnessed well, can actually make up for the shortage, with better MIS and prompter action.
- Emphasis has to shift from fire-fighting to developing executives for tomorrow.

Core Banking and People Challenges

- Core banking is a banking service provided by a group of networked bank branches where customers may access their bank account and perform basic transactions from any of the member branch offices.
- Core banking is often associated with retail banking and many banks treat the retail customers as their core banking customers.
- Businesses are usually managed via the corporate banking division of the institution.
- Core banking covers basic depositing and lending of money.
- Normal Core Banking functions will include transaction accounts, loans, mortgages and payments. Banks make these services available across multiple channels like ATMs, internet banking, mobile banking and branches.
- The core banking services rely heavily on computer and network technology to allow a bank to centralize its record keeping and allow access from any location.
- Core banking Solutions (CBS) packages in banks are developed by external software vendors like TCS, Infosys etc. that allowed core banking solutions to be operational in banks.

Core Banking Solutions (CBS)

- Core Banking Solutions is a new jargon frequently used in banking circles of India.
- The advancement in technology especially internet and information technology has led to new way of doing business in banking.
- Technology has helped cut down time, work simultaneously on different platforms and increased efficiency.
- The platform where communication technology and information technology are merged to suit core needs of banking is known as Core Banking Solutions.
- Here, computer software is developed to perform core operations of banking like recording of transactions, passbook maintenance, interest calculations on loans and deposits, customer records, balance of payments and easy facilitation of withdrawals with the use of anywhere banking.
- This software is installed at different branches of bank and then interconnected by means of communication lines like telephones, satellite, internet etc.
- It allows the user (customers) to operate accounts from any branch if it has installed core banking solutions.
- This new platform has changed the way banks are working.
- Now, many advanced features like regulatory requirements and other specialized services like share (stock) trading are being provided.
- Core banking solutions have helped revolutionize banking in India.

Core Banking around the World

- ❖ In a number of developing countries such as India and others in Asia, it is only recently that core banking has caught on as the IT infrastructure necessary for such services did not exist in these countries until recently.
- ❖ The Public Sector Banks, stifled as they were by the stranglehold of the unions, had for years, been able only to use what was termed as Advanced ledger posting machines, which were basically a mirror image of the ledger accounts.
- ❖ A quantum leap in technology happened with the advent of the new generation banks in 1993.
- ❖ Competition and a sure loss of business to the new banks, as far as the younger generation of wage earners were concerned, spurred the nationalized and old private banks also to push hard with computerization.
- ❖ Long back from today, all the Nationalized Banks in India have been brought under Core Banking platform and thus have been serving its large cliental with ease and with speed of thought.
- ❖ Further, almost all the Cooperative banks in India started to use and offer centralized Core Banking solutions.

The three standard software used are

- ❖ Flex cube from influx Solutions,
- ❖ Finacle from Infosys
- ❖ B@ncs from TATA Consultancy Services

- ❖ Surprisingly, in countries such as Japan, core banking is still in its early stages.
- ❖ Although having autonomous reign over their currency for over half a century, the consumers themselves do not see much use for such services - low demand, thus less services.
- ❖ It is only within the last decade that banks started placing ATMs outside the bank premises.
- ❖ Many of the bank services must be done in person at the account holder's registered branch.
- ❖ Japanese banks rely heavily on paperwork and physical evidence, such as the personal chop or Inka - thus rendering core.

Unit 5: Knowledge Management (Part-I)

Introduction

- Knowledge: What we know is knowledge. The state of knowing about something or being familiar with something.
- In the world of banking, while the banks are presently operating in the buyers' market in which the customer loyalty and customer delight continue to hold key to the business growth and profitability, such value addition to the customer satisfaction can be effectively achieved through application of right knowledge at right time and place.
- Banking is steadily shifting from 'labor-intense enterprise' to 'knowledge-driven economy' and as such in the futuristic outlook, the effectiveness and success of the banks largely depends on the level of intellectual capital which they could build up and nurture.
- This necessitates the banks, not only to acquire young talents potent with new and up-to-date knowledge and skills in abundance, but also to retain such talents by employing attractive HR interventions.
- In other words, the banks need to handle a new area of management, i.e., "Knowledge Management" as the 'Management` of the 'Knowledge' is the key to manage all other areas of management.

Concept of Knowledge Management (KM)

- Some researchers have defined knowledge in the context of knowwhy, know-what, know-who and know-when, in order to relate it with managing knowledge concepts.
- For instance, Van den Bosch and Van Wijk presented a conceptual framework of managerial knowledge integration.
- Know-what can be defined as something people carry round in their minds and pass on to each other.
- In contrast, Know-how embraces the ability to put Know-what into practice.
- The term 'knowledge' is one of the more confusing aspects of KM.
- The terms 'information' and 'data' are often used as synonyms for the term knowledge. In fact, they are different from one another.
- Data in their simplest form consist of raw alphanumeric values.
- Information is essentially processed data. Knowledge is the understanding, interpretation, and application of information.

Types of Knowledge Management

- Basically, knowledge is of two types.
- They are explicit and tacit knowledge.
- Explicit knowledge includes facts, procedures, rules, and other information that can be shared through written documents, databases, manuals, and standard operating procedures.

- Tacit knowledge refers to the knowledge, skills, and abilities an individual gains through experience that is often difficult to put into words or otherwise communicate.
- The term 'explicit knowledge' can be defined as that component of knowledge which can be codified and transmitted in a methodical and prescribed language. For example, documents, databases, webs, e-mails, charts, etc.
- On the other hand, 'tacit knowledge' is personal, intuitive, contextual, and difficult to formulize, and record or articulate. It is built out of experience and is stored in the minds of people.
- The companies where KM initiative is already in place and practiced with success may be called Knowledge Intensive Firms (KIF).
- A Chief Knowledge Officer (CKO) as is called, is mainly assigned the task of managing the reservoir of knowledge residing in the individual employee and setting up a mechanism by which knowledge is shared by all concerned that would otherwise remain in some remote department of the company.

The key drivers for KM initiative are:

- Rapid advances in the field of Information and Communication Technology (ICT) which has revolutionized the way in which businesses are being carried out.
- Extremely high business competition arising because of the globalization of economies worldwide; this is particularly relevant in emerging economies like India.
- Increased complexity of business and complexity of management.
- Faster pace of innovation because of growing industry competition.
- Increased mobility of workforce.
- Growing recognition across all industries regarding the need and significance of ongoing and lifelong learning, etc.

Significant Features of Knowledge Management

- KM initiatives can substantially contribute towards cost cutting, product and process innovations, competitiveness, and hence can ensure improved operational efficiency as well as better systems, procedures and internal control systems.
- KM can tremendously improve the competency profile of the employees in an organization in respect of their skills and knowledge levels. It facilitates continuous learning and updating of skills and knowledge.
- Unlike in case of physical assets which deteriorate in value over a period of time, organizational value gets enhanced progressively as KM is used.
- KM initiatives can significantly contribute towards creation and addition of value in organisations. In many knowledge intensive companies in US, for example, the real value is as high as 10 times of their book value.

- KM initiatives can significantly contribute towards customer service to a large extent and can support CRM initiatives considerably. All new generation banks in India owe their quick growth to the better use of technology and the consequent collective knowledge base.
- KM can provide inputs in assessing the risks associated with a loan proposal and hence can help in taking more informed and objective credit decisions. Latest developments like Knowledge Discovery and Data Mining (KDD) software have further revolutionized the field.
- KM initiatives can inculcate a habit of continuous learning among the workforce to drive the organization towards a 'Learning Organization'. A 'Learning Organization' is an organization which is not only skilled in creating, acquiring and transferring knowledge but also at modifying behavior to reflect new knowledge and insights.

People Dimensions of Knowledge Management

- Technology usually dominates the KM initiatives because it is the most visible and tangible of the three components of KM - people, process and technology.
- However, if people and processes are not set in place there is no guarantee that people will use technology to promote KM in the organization.
- Knowledge Management (KM) programs are bound to fail if not supported by leaders through their active participation.
- Organizing knowledge fairs and knowledge workshops bring people together so that they can share experiences.
- An organization should be able to induce the behavioral change among people who are the contributors and users of knowledge.
- It requires strong leadership to bring in cultural changes, set the right direction, and continuously monitor the progress.

Knowledge Management in Banks

- For entire Banking, Finance and Insurance (BFSI) Sector, understanding the importance of Knowledge Management as a competitive tool helps assist them in being more contemporary.
- As from the bank's perspective, it is important to be well informed when dealing with customers who may be equally knowledgeable.
- Peter Drucker had renamed employees as “knowledge workers” and stressed on Knowledge Management because Knowledge management prevents the organisations collective knowledge from perishing while the individual employee's knowledge will help the organization achieve optimum organizational efficiency.
- The essence of business is to convert its knowledge into goods and services required by the customer. Importance of Knowledge Management in Banks:
- The term knowledge itself is in a banks' context - the difference between ordinary and the extraordinary handling of any task.
- The application of knowledge and the practice of knowledge management as a precise science can give excellent results in any bank, whether in the public or private sector.

- Though, KM is not a new concept for Indian Banks it was not viewed as an important managerial function of banks.
- This was mainly because banking was mainly "Follow the Rule" and "Command and Control" style of management.
- Competition and the need for better operational efficiency have led banks to adopt a more KM based approach to all operational areas.
- Though the banks have recognized the importance of knowledge management, they are facing problems while implementing this concept.
- Having worked for long periods under a controlled environment, a typical closed mindset has developed among those who manage banks.
- The traditional work culture in the banks has encouraged a "Command and Control" approach which has discouraged innovation and the desire for a better knowledge base.
- The first step for banks would be to create the required mindset among employees, they should be reoriented to appreciate the nuances of KM by taking advantage of Technological,
- Infrastructural, Financial and Management resources that are available to the organization.
- KM guides the personnel in being able to deliver projects in time in a cost-effective manner which is critical in a service industry like banking.
- The importance of KM in Banks is best recognized with the fact that some banks have recruited 'Chief Knowledge Officer (CKO)' in the rank of Asst. General manager/Dy. General Manager who is exclusively responsible for managing the entire portfolio of KM.

KM Model for Banks

- Banks can follow the DIKAR model, which is recommended strongly for the software industry.
- This model is different from the usual approach in the sense it starts from the end i.e. from the results, which is a reverse process.
- In the DIKAR model, since results are kept at the very top and one works backwards, there is greater possibility of achieving the desired results.
- In that sense, DIKAR is turned upside down and approached as
- RAKID where:
    - [D = DATA, I = INFORMATION, K = KNOWLEDGE, A = ACTION , R = RESULT]
    - R = Ensuring Worthwhile Results.
    - A = Taking effective action such that the effects of which generate data.
    - K = Procuring the knowledge which is the basis for the above.
    - I = Having the necessary information which is reflected to produce.
    - D = Accordingly data is collected, stored and processed to create the above information.

Activation of KM in Banks

- Problems in effective KM processes are mostly related to behavioral areas and can be solved with the help of intensive use of technology.

- Free communication methods get established, and more participative management is encouraged: it is also essential to give way to the "Command and Control" style of working and encourage participative attitude among employees.
- Another area of difficulty in effective implementation of KM endeavors in banks is the reluctance on the part of certain employees who are 'Knowledge Islands' to share their knowledge among the workforce and also use such knowledge for the general good of the organization.

Implementation of 'Knowledge Management Systems' in Banks

- The knowledge concerned with banks include: understanding of their operations, i.e., savings, advance intermediation and risk management in an active market setting characterized by rapid economic changes.
- The banking culture, knowledge acquisition, learning and innovation are all important aspects of the knowledge Management Practices in Banks.
- In the preparatory stage, banks help the employees make an effort to understand the critical business processes within.
- Value chain audit and knowledge chain creation audit is conducted in order to measure the creation of knowledge and sharing of culture.
- An exercise is carried out to pinpoint the current and future knowledge requirements.
- Tacit and explicit knowledge management systems are developed, which are aligned with the organizational goals. KM is used for developing a new or customizing an existing scheme or product with suitable enabler technology.
- Considering the high rate of attrition in the IT Sector which is a highly knowledge-based industry, some of the world-class players in this industry said to have introduced certain incentives and rewards for encouraging its employees to share knowledge, besides incorporating the aspect of 'Contribution to Corporate Memory/Intellectual capital' as one of Key Result Areas (KRAs) in their Annual Performance Appraisal.

Application of Knowledge Management in Banks

- The increased thrust of service orientation in banks have brought in considerable use for technology as knowledge management plays a pivotal role in not only securing to protect the customer base but also broad basing it in the long run.
- The storage of data created in respect of customers of a bank would help study the customer's financial standing and behavioral pattern, whether the customer fully depends on a bank for all his transactions or only for few transactions and reasons for selecting another for may be higher value transactions.
- Customer Experience Management (CEM) which involves understanding the customers, their preferences, dislikes as also reasons for choosing another bank, could all, form a major decision-making tool.

- The ultimate objective of instilling the effective Knowledge Management Systems in the banks, is to meaningfully apply such acquired knowledge for the business development.
- The success of such meaningful application of knowledge in the organization largely depends on the concerned employee's attitude and also the organisation's rules and policies.

Knowledge Management Applications in Banks Present & Future

- While the banks in India, both under public sector and private sector, are endowed with adequate intellectual capital, in general they are yet to adopt KM as a strategic weapon for gaining competitiveness.
- Right from the grass root level to the top management, the need for adoption of KM initiatives for survival as well as sustained business growth and competitiveness, has to be understood by all.
- Worldwide, all progressive organisations, including many reputed banks and consultancy firms, have already recognised knowledge of their employees as the most valuable asset; and knowledge of the organization as the most valuable and strategic resource.
- With liberalization and globalization of business, competition has become the very core of business success or failure of firms.
- Actually, KM can facilitate competitiveness of a product significantly; because it can contribute, towards putting into practice all the three Porter's generic competitive strategies viz.
  (a) Cost Leadership (no frills).
  (b) Differentiation (creating uniquely desirable products and services).
  (c) Focus (offering a specialized service in a niche market).

The Future

Banks will see themselves appointing Chief Knowledge Officers (CKO) who would be responsible for the implementation of the KM concept effectively in the near future.

IT & Database Management

- In banks, the Data Management is done through application modules driven by information technology.
- A Database Management System (DBMS) is a computer software application that interacts with the user, other applications, and the database itself to capture and analyze data.
- Technology is an enabler that can impact cost cutting, and other processes aimed at rendering quality and quick service to the customer.
- The Centralized Data Warehouse where the data of all customers of the branches of a bank is stored-should be in a position to provide readily the required information called for, as undue delay would tell upon the quality of service.
- New technologies are also making knowledge less dependent on the direct contribution by employees as the only means of acquiring new knowledge such as:

- Data mining allows for gaining new knowledge by analyzing past performances.
- Video conferencing, application sharing and electronic meetings are useful knowledge sharing enablers.

Some of the commonly used KM tools and technologies as a part of their Database Management Systems are as under:

1. Online Discussion Forums
2. Online conferencing and collaborations
3. Instant messaging
4. Document and Content Management
5. Web Intelligence

Role of Contemporary Information Technology Tools in Knowledge Management

- Knowledge Management (KM) has become the key factor for the success of all organisations.
- Information and Communication Technologies (ICTs) are technologies which facilitate the management to share knowledge and information.
- Thus, knowledge sharing is facilitated through information and communication technologies including computers, telephones, email, databases, data-mining systems, search engines, videoconferencing equipment and many more.

The following contemporary technologies contribute in organisation's knowledge management environment:

1. Intranets: Intranets is used wide spread across organisations for sharing dynamic information. Intranet can be divided into two components namely, the technology infrastructure and web server.

2. Dashboards: A dashboard is a visual display of the most important information needed to achieve one or more objectives; consolidated and arranged on a single screen so the information can be monitored at a glance.

Some of the key characteristics of a dashboard are:

- All the visualizations fit on a single computer screen - scrolling to see more violates the definition of a dashboard.
- It shows the most important performance indicators/ performance measures to be monitored.
- The displayed data automatically updated without any assistance from the user.

3. Document management systems: These systems are mainly used for creating, processing and reviewing documents.

4. Groupware and Workflow systems: Groupware is a type of computer software that helps group members work together by sharing information, communicating, coordinating work, and collaborating.

Workflow systems are a series of activities that are necessary to complete a task, with each step having a specific step before it and after it.

As an example, proposal generation system can be considered where workflow system facilitates preparation of structure and ordered information and its review.

5. Brain storming applications: These are used to convert tacit knowledge into explicit knowledge. These applications are useful knowledge creating tools that help in categorizing, organization and identifying knowledge resources.

6. Data warehousing and mining tools: Organizations create data warehouse and provide the managers with data mining tools to take decisions based on increasingly complex set of data.

Artificial Intelligence (Al) in Banking Industry: Prospects and Benefits

- Artificial intelligence (AI) is not new to banking. Through machine interaction and learning, natural language can be processed and decisions made faster and more accurately than was possible in the past.
- One of the outcomes of artificial intelligence is that machine learning improves over time as more data is processed and more positive results achieved.
- The benefits of AI in banks are widespread like back-office operations, customer experience, risk management etc.
- Suddenly, banking organisations can work with large histories of data for every decision made.

Adoption of Al in Banking

- Most banks and credit unions are in the early stages of adopting AI technologies.
- According to a survey conducted by Narrative Science in conjunction with the National Business Research Institute, 32% of financial services executives surveyed confirmed using AI technologies such as predictive analytics, recommendation engines, voice recognition and response.
- Based on the Narrative Science survey, 12% of the overall group weren't using AI yet because they felt it was too new, untested or weren't sure about the security.

Data, Data, Data

- Data is being collected, analyzed and applied to solutions more extensively and faster than ever before.
- Al makes it possible to automate vast amounts of data, analyzing and applying it at record speeds.
- The good news is that many data firms now have the capability to do a 'workaround', collecting data from across the organization.

The Benefits of Al in Banking

- Today, Al is primarily utilized for risk management and fraud detection.
- Most banks are still in the process of expanding AI across their entire organization using features such as AI bots, digital payment advisers etc.

Enhanced Customer Personalization

- In Digital Banking Report, The Power of Personalization in Banking, it was found that consumers want to share their personal information if they can receive custom advice, offers and service based on this shared insight.
- Personalized communications and advice as enabled by AI can be reflected by robo advisors - online wealth management services that provide automated, algorithm-based portfolio management advice without the help of a human counterpart.

Fraud Detection

- One of the earliest uses of artificial intelligence in banking was around fraud detection.
- According to Narrative Science, "For example, Feed Zai use machine learning to evaluate transactions and millions of data points in real-time.
- The company maintains an operational model and a challenger model that it constantly evolves as threats change.
- When the challenger model becomes more effective, it replaces the first model and a new challenger is created.

Database Management - Adding Value to Customer Services in Retail Banking

- The financial services too have undergone several changes with changes in business environment.
- The databases of the clients can play a very important role in customizing the services and hence adding value to it.
- Today we have a host of Nationalized, Public sector and Private sector banks that are ready to cater extensively to the needs of the customer.
- Banks are no longer restricted to any particular arena of Finance.
- With rapid changes in the economic environment, Indian banks have diversified into several sectors, viz.: Consumer/Retail banking, Corporate Banking, Rural Development, Industrial Development, etc.
- Again, Indian Banking Sector is no longer restricted to Indian Banks alone.
- A number of Foreign Banks, e.g.: Citibank, ABN Amro have found Indian markets as highly attractive and profitable avenues for their business.

Customer Knowledge: Relevance in Knowledge Management

- The decisions include customer segmentation based on various parameters, studying the behavior of customers based on their track record in respect of facilities already availed, launching various innovative and "tailor made" products to different customer groups/ segments, etc.
- Firms are vying with each other for enhancing their customer service by putting in place latest management practices like Customer Relationship Management (CRM).

- Customer Relationship Management (CRM) is a term that refers to practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, with an objective of improving business relationships with customers and assisting in customer retention.
- KM along with sufficient IT support can be used as a powerful enabler of CRM.
- KM for Business Innovation: KM contributes substantially to bring about both product and process innovation.
- The basic point behind product innovation or process innovation being such factors as changing customer tastes, preferences, aspirations, profitability considerations etc.
- KM systems can make development of new products and processes very fast as well as very cost effective.
- KM for assessing loan risks: Modern KM systems make use of latest Knowledge Discovery and Data Mining (KDD) software.
- These systems can extract unknown useful information from different databases and use the same in the given application.
- Accordingly, these systems can predict the repayment behavior, credit risk of loans and hence, help take sound credit decisions.

Knowledge Analysis

- It is not easy to identify what knowledge differentiates between one bank and another.
- The process of identifying specific skills contributing to the success of a firm is called knowledge analysis.
- It is not an easy subject. Constant practice is required for its development.
- Leadership among banks will depend on which bank leads in knowledge.
- In the 70s and 80s, Citi Bank in India was considered quite dynamic because of its innovative products (based on knowledge).

IT in Banks: The Historical Perspective

- By 1930, the banking inquiry committee established the Reserve Bank of India, who was given the supreme power of monetary control over the rest of the scheduled banks.
- Further, this was followed by the establishment of the Development banks, Co-operative Banks, Regional Rural Banks, etc.
- With so many banks now prevalent, the customer has a large choice in front of him.
- Attracting the customers and retaining them is then a challenging task necessary for survival.
- In 1993, a historic settlement was entered into by and between the management of banks under the auspices of Indian Banks Association (IBA) and the representative Trade Unions agreeing to allow large scale technology absorption in banks (computerization).
- However, it is essential for the banks to be able to maintain the data in a proper manner so that it can be processed in the required manner.

- Proper processing can help banks to understand explicit, implicit and implied meanings to evolve clear trends and patterns of customer behaviors.

Definition of Database Management in Banks

- In simpler terms, 'Database Management' is "a collection of related data organized for efficient retrieval and manipulation".
- The names of customers in the database could be obtained from internal and external sources.
- They may also have been created to meet specific requirements of the bank.
- Most organisations now make or try to make optimal utilization of the database in its marketing activities and in the upgradation of the quality of its services.
- Such kind of marketing is termed as the Database Marketing.
- Database marketing can be defined as "A Direct marketing technique emanating from the use of data collection on actual and prospective customers".
- Since banking in its core, a service industry, most transactions are dependent on the type of relationships that the banks share with those who trust them.
- In other words, relationship marketing can be termed as the pillars of bank stability.
- One of the direct and earliest application of the databases was by Mailers or Booklets of information to all customers that would advertise the bank and give information of products/services.

Database Management Methodology

Among the various methods used by Banks the world over are:

- Segmentation Techniques.
- Custom clustering.
- Data mining technologies.
- Online Analytical Processing Methods.
- E-Retail.
- Database Conquest Marketing.
- Telebanking.
- Call Center and Call Processing Units.

As discussed above, in banks, the Data Management is done through application modules driven by information technology.

A Database Management System (DBMS) is a computer software application that interacts with the user, other applications, and the database itself to capture and analyze data.

A general-purpose DBMS is designed to allow the definition, creation, querying, update, and administration of databases.

Data Mining

- 'Data Mining' (sometimes called data discovery or knowledge discovery) is the process of analyzing data from different perspectives and summarizing it into useful information - information that can be used to increase revenue, cuts costs, or both.
- Data mining software is one of the numbers of analytical tools for analyzing data.
- Technically, data mining is the process of finding correlations or patterns among dozens of fields in large relational databases.
- Knowledge generation can be done through formative experiences, analysis and research of the data.

- Each bank wants to attract the masses to them and they are all in the race for customer acquisition and retention and for the low-cost CASA deposits.
- New private banks in India have reached a fair level of development as far as systems and its implementations are concerned.

MODULE – B : BUILDING AN HR STRATEGY

Unit 6: HR as a Strategic Player (PART-I)

Introduction

- HR professionals build staffing, compensation, training, and other programs and policies that focused on employees and kept companies legally compliant.
- Over the last few years however, HR professionals have worked to become business partners and to align their work with business strategies.
- They have been coached to spend time with general managers and with their counterparts in sales, marketing, and manufacturing to ensure that HR work helps deliver business results.
- This transformation in HR philosophy has been driven by the imperative necessity for HR goals to embrace corporate goals.
- Under this scenario, the HR function cannot be in isolation but it has to function in tandem with the goals of each and every business vertical.

HR as a Strategic Player

- The balanced scorecard is a strategic planning and management system which takes into account nonfinancial aspects of corporate performance, such as customer satisfaction and business processes, to create a complete picture of how the company is likely to perform in the future.
- The balanced scorecard is used to reinforce good behaviors in an organization by isolating four separate areas that need to be analyzed.
- These four areas, also called legs, involve learning and growth, business processes, customers, and finance.
- The balanced scorecard is used to attain objectives, measurements, initiatives and goals that result from these four primary functions of a business. An organization may use the balanced scorecard to implement strategy mapping to see where value is added within an organization.
- A company also utilizes the balanced scorecard to develop strategic initiatives and strategy objectives.
- Strategic HRM also involves placing right people at right place, rewarding the deserving performers and reskilling & upskilling people.

The Four Legs of the Balanced Scorecard

- Information is collected and analyzed from four aspects of a business.
- First, 'learning and growth' are analyzed through the investigation of training and knowledge resources.
- This first leg handles how well information is captured and how effectively employees utilize the information to convert it to a
- competitive advantage over the industry.

- Second, 'business processes' are evaluated by investigating how well products are manufactured.
- Operational management is analyzed to track any gaps, delays, bottlenecks, shortages or waste. Third, 'customer perspectives' are collected to gauge customer satisfaction with quality, price and availability of products or services.
- Customers provide feedback regarding if their needs are being met with current products. Finally, 'financial data' such as sales, expenditures and income are used to understand financial performance.
- These financial metrics may include receivables, financial ratios, budget variances or income targets.
- These four legs encompass the vision and strategy of an organization and require active management to analyze the data collected.
- Therefore, the balanced scorecard is often referred to as a management tool, not a measurement tool.

Some of the major points to be covered while formulating strategy are as under:

- How strong is the linkage between the HR activities and the business strategy?
- Does HR take an active part in the overall corporate strategy?
- HR to play a vital support role by getting the best out of every single human resource that the organization invests in.
- HR to create an environment for optimizing the full potential of employees.
- HR to put in place a structure and approach whereby continuous improvements are possible in all major activities where people strengths converge so as to arrive at the best fit for the right job.

Developing Strategy

HR needs to build a strong team of professionals with their own areas of strength.

For HR to command the respect of all others in the corporate, the following should be the constitution of the HR department:

- **The Resourcing Expert:** Who is able to identify each and every potential recruit as a considerable value add to the organization.
- **The Developer:** Every HR professional must believe in the Pygmalion Effect. (situations where high expectations lead to improved performance and low expectations lead to worsened performance).
- **The Behavioral Specialist:** They should be a good mind reader, a specialist in body language and must have a good network to catch up with the grapevine.
- **The Value Creator:** HR must be able to develop a people's analysis to understand frustrations, if any and design a motivational approach to assist the marketing team.

HR Transformation

- Changing any single HR practice (staffing, training, appraisal, teamwork, upward communication) does not create a transformation.
- Unless the entire array of HR practices collectively adds value for key stakeholders, transformation has not occurred.
- Transformation requires integrating the various HR practices and focusing them jointly on value-added agendas in intangibles such as customer connection, organization capabilities, and individual abilities.
- In presentations on HR strategy, a method has been evolved to ask six random participants to complete the following statements as fast as they can:
  - Our goal is to be a ----------------------
  - We will do this by leveraging ------------------
  - And we will ensure that we anticipate --------------
  - And we will invest in ----------------------
  - And we will be known for ----------------------
  - And we will work with unyielding ----------------------

Filling in these six blanks with the first thing that comes to mind and then connecting these statements to a vision generates an amazingly plausible HR strategy statement that can convert a statement of desire and actual transformation from corporate rhetoric to actionable steps.

'Strategic HRM': Concept and Features

- In simple terms, "Strategic HRM' (SHRM) is a process by which an organization utilizes the knowledge, skills and abilities of its employees in formulation and execution of its business strategy.
- In the context of new facets of organisations more so of service oriented like banks, pursuing Strategic HRM is paramount in as much as the employees, being partners in the progress, have larger
- stakes in the organisations and as such if they are involved in formulating the business strategies, they will exhibit more commitment to its successful implementation.

The essential features of SHRM can be summarized as under:

- There is an explicit linkage between HR policy and practices and the overall organizational environment.
- It focuses on an organisation's human resources as the primary source of the organisation's competitive advantage.
- The activities of SHRM emphasize the HR programs, policies, and practices as the means through which the organisation's people can be deployed to gain a competitive advantage.
- The pattern and plan of SHRM envisage a congruence between HR strategy and the organisation's business strategy (vertical fit) and between all HR activities (horizontal fit).

- The people, practices, and planned patterns are all purposeful, directed towards the achievement of the organisation's goals.

Premise of HR Value

- As for customers, the HR professional's interest must create value in the products and services customers receive. For shareholders who are worried about shared returns and growth, HR must create organisations that deliver results today and an assurance and confidence that results will be delivered in the future.
- HR professionals need a perspective that is compatible with and distinct from other business perspectives.
- An HR perspective that is both unique and powerful is one that establishes the linkages between employee commitment, customer attitudes, and investor returns.

When HR professionals view the market environment, they should address the following questions:

- What are the organizational capabilities that my company must have to create products and services that result in our customers' taking money out of their wallets and putting it into ours instead of giving it to our competitors?
- What skills and abilities do our people need so that they can understand and respond to short-term and long-term market demands?
- How do we invest in HR practices that deliver business results and how do we organize HR activities to deliver maximum value?
- How do we ensure that HR professionals will know what to do and have the skills to do that?

HR New Roles
Broad Function Each Role:

Role Board Function

- Core People Role Selection, orientation, career development, motivation, compensation, welfare services, retention & attrition.
- Organizational Value-Add Role HR technology services, creating a learning work-environment, organizational. Development & consulting.
- Business Transformation role Creating flexible work culture, aligning HR initiatives to business strategies, implement organizational change & transition with ease, assess return on investment on human capital.

HR Strategy Formulation and Implementation
The seven – Step Model for Using HR as a Strategic Business Asset:

Evolution of HR Strategy:
The HR role within a firm has evolved over the past century quite dramatically:

1. The traditional perspective was to view HR or the earlier personnel department as being purely administrative -- administering benefits and payroll.
2. In the 1990s, HR started to be seen as a strategic asset from several perspectives:
- Personnel - Hiring and developing exceptional employees.
- Compensation - Rewards for exceptional performers.
- Alignment - Executing whatever management wants.
- High-performance - Using HR to achieve greatness.

Strategy Implementation:
To be able to correctly identify where HR creates most of its value, HR managers must understand the business intimately and in detail.
This will allow the return on investment (ROI) in HR to be calculated using these three steps:
- Step 1 - Identify all potential costs: Costs comes in various combinations such as Fixed - don't vary with production levels, Variable - those that change directly with the level of output and sunk the total resources invested in a project.
- Step 2 - Identify the likely benefits: Every expenditure must find a corresponding revenue generation; and investment on human assets, should also correspond to contribution by high-performing employees as opposed to the output of low-performing employees.
- Step 3 - Calculate the ROI of the program: The ROI can be expressed as a percentage or counted in cash terms; or in time slots, indicating the amount of time required before the program recovers its costs.

Calculation of ROI on Human Capital
To calculate the ROI of human capital, divide the organisation's net revenue --- gross revenue after deducting operating expenses, salaries and benefits --- by the cost of salaries and benefits.
To calculate the ROI of a particular program, you must first calculate the value of the specific program itself, then divide it by the costs of implementing the program.
For example, if a training program of speed production of a factory line results in an increased amount of product, calculate the value of the additional product and divide that by the costs of providing the training and materials.

The HR Strategic Measurement System
Most HR managers divide their key efficiency metrics into two categories:
- **Core efficiency measures** - significant expenditure items which make no direct contribution to the firm's strategy implementation.
- **Strategic efficiency measures** - HR activities and processes designed to produce HR deliverables such as cost per new hire, costs per trainee hour, HR expenses per employee.

Need for a Distinctive HR Strategy

- A great human resource strategy provides a compelling and convincing business case for aligning people and organization with business strategy.
- It commands the attention of management and builds the necessary commitment for required resources and support for implementation.
- The importance of people to organizational success has multiplied as businesses have become more knowledge and technology driven.
- As a result, most strategy gurus emphasize the importance of the "individualized corporation".

Corporate Strategy and HR Strategy

- Most groups have focused on HR as an area for change - the Aditya Birla group and the RPG group are two examples of prominent business houses that have made visible and substantive interventions in the HR arena towards increasing professionalism, independence in operational decision-making, greater transparency in performance measurement, and market-linked compensation.
- For companies with otherwise strong HR strategies like the software majors, the new challenges for HR are likely to be on a fresh dimension of corporate strategy - mergers and acquisitions.
- Research on the success and failure of M&A has consistently found post-merger integration especially on the people front to be a significant factor in the success of a merger or acquisition.
- Considering the importance of HR portfolio for leveraging the same to the overall Corporate objectives, many of the global institutions of high repute like, World HRD Congress, Institute of Directors, Government of India, Greentech Foundation, etc., have since instituted 'HR Excellence Awards' whereby the organisations which have excelled in overall HR and/or in various functions of HR are selected through a committee comprises of HR/Corporate professional of high eminence on yearly basis and confer such awards, in appreciation of the valued contribution of HR to their respective organizational development.

Individual Development Plan (IDP)

- An IDP starts with an annual conversation between a manager and a staff member that is transformed into an action plan of realistic steps the employee can take to help him or her build a desired skill, better use of existing talents, or prepare for a career goal.
- IDP is complementary to the annual performance management process and encourages employees to invest in their work and themselves, contributing to greater job satisfaction.
- IDP is a process you direct, in partnership with your manager, to enhance your professional growth by:
  - Setting goals for professional development.
  - Identifying ways to learn or improve in important competencies you will need now or in the future to achieve these goals.

- Identifying your strengths, talents , passions and planning & ways to use them on the job.

Creating Business Value Through HR Strategy
Highlights of 'Deloitte HR Framework' Model:

- Based on the HR Strategy Framework, Deloitte is uniquely positioned to assist the organization to strengthen its strategic role and contribution of its HR function to ensure the execution of business strategy.
- The 10-step approach positioned by Deloitte helps organisations to define and execute an effective HR strategy as well as develop and deliver services and capabilities that today's organisations need to survive and grow.

Deloitte HR Strategy Framework
The aforesaid framework explains each of these strategies and the various steps involved therein, as under:

1. Define human capital value
Step 1: Understand the business strategy
Step 2: Define HR strategy

2. Align HR products and services
Step 3: Segment HR customers
Step 4: Prioritize HR investments
Step 5: Design HR services

3. Deliver value
Step 6: Ensure right HR service delivery model
Step 7: Establish right HR capabilities
Step 8: Improve HR operational excellence continuously
Step 9: Build HR brand
Step 10: Measure impact of HR products and services

Generation Employees for Business Value Creation

- The ability of the banks to survive in the constantly increasing competitive scenario, largely lies on how these banks make use of these agile competencies - both IT and educational - to leverage for the business development.
- In order to attain this, the banks have to identify, tap and groom these talents by placing them in the jobs best suited according to their potential, caliber and expertise, etc.

Unit 7: CEO and His/ Her Team (Part-I)

Introduction

The "chief executive officer" (CEO) is the singular organizational position that is primarily responsible to carry out the strategic plans and policies established by the Board of Directors.

In business without a board of directors (sole proprietorship, partnership, etc.), the CEO is the singular organizational position (other than partnerships, etc.) that sets the direction and oversees the operations of an organization.

But of late, the position of Managing Director (MD) is being attached to the same incumbent executive (CEO) in addition to the designation of 'CEO'.

This executive, thus, holds two roles i.e., Chief Executive of the Organisations which is an administration function and also the Managing Director who directly reports to the Board of Directors.

Roles and Responsibilities of CEO

Ask what a chief executive does and you will likely be told that he "plans", "organizes", "coordinates" and "controls".

In fact, these four words date back to 1916, when Henry Fayol first described the executive's job and do not describe management work at all.

As entrepreneur, the manager takes responsibility for bringing about change/new ideas in the organization.

Here, we deal with strategic decisions, objectives and priorities.

The CEO schedules the own time according to own priorities, designs the organization structure, in effect deciding who will do what; and authorizes all its important decisions.

Decisions related to crises, problems, and major opportunities must be overseen and integrated by the chief executive.

The chief executive officer is the overall, primary management and has leadership role in the organisations.

Therefore, it is critical that chief executive officers have strong knowledge and skills in a wide variety of areas.

In general, the duties and responsibilities of the CEO include the following:

- To lead, in conjunction with the Board, the development of the company's strategy.
- To lead and oversee the implementation of the company's long and short-term plans in accordance with its strategy.
- To ensure the company is appropriately organized and staffed and to have the authority to hire and terminate staff as necessary to enable it to achieve the approved strategy/Goal.
- To ensure that expenditures of the company are within the authorized annual budget of the company.
- To assess the principal risks of the company and to ensure that these risks are being monitored periodically and managed timely and effectively.

- To ensure effective internal controls and management information systems (MIS) are in place.
- To ensure that the company has appropriate system to enable it to conduct its activities both lawfully and ethically.
- To ensure that the company maintains high standards of corporate citizenship and social responsibility wherever it does business.
- To act as a liaison between management and the Board.
- To communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public.
- to ensure that the Directors are properly informed and that sufficient information is provided to the Board to enable the Directors to form appropriate judgments.
- To ensure the integrity of all public disclosure by the company.
- To develop Board agendas in consultation with the Chairman.
- To request that special meetings of the Board be called when appropriate.
- In consultation with the Chairman, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting.
- To sit on committees of the Board where appropriate as determined by the Board.

CEO and Talent Management

Talent management is the process by which an organization identifies, manages and develops its people for now and for the future.

It is concerned with:

- Developing a strategy to determine what the organization needs to meet the demands of the business plan.
- Establishing processes to measure competence - required and available.
- Identifying ways to obtain and retain those who are critical to success.
- Establishing suitable approaches to deal with those who no longer fits for organization requirement.
- Measuring the impact these strategies have so that policy can be continually updated and refined to deliver high performance, now and in years to come.

Talent management differs from previous HR processes for hiring, training, and retaining employees and indeed from HR itself-in several key ways:

- Where hiring, training, and retention before were centralized in the HR department, with talent management many of these duties are federated to the front-line managers actually leading the employees in question.
- In this way, the whole organization is responsible for, and has a stake in these activities.
- HR is more administrative-focused, dealing with pay, vacation days, benefits, and complaints, while talent management is almost singularly-focused on helping and improving the top talent in the organization. Think professional development vs. tracking attendance.

- Talent management is strategic, often manifesting as a companywide long-term plan closely associated with overall business goals, while HR is more tactical, dealing with the day-to-day management of people.

The CEO's Role in Talent Management

CEOs spend substantial time in activities to build leadership capability, but HR's role is to connect these in a coherent strategy based on business needs.

The key findings of one of the research projects done by a globally acclaimed firm shows:

- A quarter of the executives interviewed spend at least 30% of their time on talent management and another eight estimated their commitment to be at least 20%.
- While they engage in development activities and succession planning, much of there is relatively ad hoc and does not stem from a formal plan explicitly linked to corporate goals.
- While they say that strong talent management leads to improved financial performance, they do not measure Rol (Return on Investment) explicitly.
- Top executive says that performance reviews are a key part of their companies' approaches to talent management, ensuring their organisations identify the best candidates and spot weaknesses in their executive pipeline.
- A few firms also use formal assessments to determine leaders' readiness for future jobs and support key placement or promotion decisions.

Key Features of CEO-led Talent Management

- All of the firms evaluate executives annually or more frequently using scores and documenting the outcomes.
- CEOs hold follow-up meetings to discuss results and determine what programmers and job experience their subordinates need to improve on their weaknesses.
- HR advises on what programming is most appropriate from a range of options, including off-site retreats, classroom and Internet learning, executive coaching and formal mentoring.
- Most of the executives mentor their direct reports and others on a more informal basis.
- Good talent management promotes people based not only on their performance but also on the manner in which they have made their mark.
- Talent management was traditionally the domain of HR and the role of the CEO and COO was intermittent and distant.
- Two factors largely account for increased CEO involvement in the past few years:
  1. The shift in focus towards intangible assets such as talent
  2. Increased board scrutiny in relation to both ethics and performance.

Succession Planning

Thinking ahead is a cardinal rule of business.

In addition to monitoring the daily operation of the business, one needs to think about the future.

- And, as difficult as it may be, it is important to envision the day when the present boss is no longer in charge.
- Most organisations that have grown to large size today started as proprietary concerns with generations of the same family occupying pivotal positions.
- Succession planning is a process for identifying and developing new leaders who can replace old leaders when they leave, retire or die.
- In business, it entails developing internal people with the potential to fill key business leadership positions in the company.
- Succession planning and management is an essential component of the broader human resources planning process.
- It involves an integrated, systematic approach for identifying, developing, and retaining capable and skilled employees in line with current and projected business objectives.
- Succession Planning Process is an end-to-end exercise and encompasses five steps, as explained hereunder:
  - STEP 1. Identify Key Areas and Positions
  - STEP 2. Identify Capabilities for Key Areas and Positions
  - STEP 3. Identify Interested Employees and Assess Them Against
  - STEP 4. Develop and Implement Succession and Knowledge Transfer Plans
  - STEP 5. Evaluate Effectiveness

Planning for Succession

- The transition from one senior executive to another can be a smooth, productive process or it can be a bumpy ride for all concerned.
- Such transitions are especially delicate operations when the outgoing CEO has been in place a long time and is leaving a personal and indelible imprint on the organization.
- It is important that these transitions leave all concerned with a good feeling about the people and the company.
- Facilitating these transitions requires considerable expertise. Given below are some points that help:

  (a) Every organization is different, even within the same industry or segment.

  (b) Employees at all levels, but certainly at the senior management level need to be prepared for the inquisitiveness of a new executive.

  (c) Work with the new executive to develop and publish a communications plan for the first 60–90 days so everyone knows roughly what to expect.

  (d) The incoming executive should produce an organization assessment and proposed action plan.

Managerial Succession Planning

Methods of managerial succession plans may vary.

Most successful programs include top managements involvement and commitment, high-level review of succession plans, formal performance and potential assessment and written development plans for individuals.

A typical succession planning involves the following activities:

- Analysis of demand for managers and professionals.
- Audit of existing executives, future likely supply from internal sources.
- Individual career path planning.
- Career counseling.
- Accelerated promotions.
- Periodical evaluation of performance of the incumbent.
- Performance related training and development.
- Strategic recruitment for filling in gaps at top positions.

'Job Family': An Integrated Model for Sustained Succession Planning & Talent Management

- The experiences gained over decades in organizations like banks reveal that although introducing and encouraging specialization in vital functional areas need to be augmented to foster healthy succession.
- But branding some functional areas and key talents as 'Specialists' has failed to yield required impetus as, the career path for specialist category of officers has suffered limitations in comparison to the mainstream officers.
- Resultantly, there has been a sharp increase in attrition rate of specialized officers thereby the efforts of organisations in building an effective succession especially in key role jobs have suffered greatly, hampering the business plans.
- It is therefore, increasingly felt a need to develop a succession in key job roles in a way that the organisations can attain the benefit of creating a healthy succession pipe-line by retaining the key talents without branding/classifying such job roles as 'Specialized categories' thereby ensuring that such individuals should not suffer in their career advancement by way of restrictions in their careerpath.
- Due to such an approach, the individual feels job satisfaction as he continues to leverage his skills in the functional area which he is professed without hampering his career advancement.
- This thought which aims to overcome the problems in creating and building effective succession pipeline; has led to adopt the concept of 'Job Families' in the broad context of Succession Planning.

Concept and meaning of 'Job Family'

Job family, as the name suggests, is grouping of job with similar characteristics.

It is a grouping of roles that have a similar nature of work and utilize a similar skill set, but that require differing levels and specializations of skill, effort or responsibility (e.g. Accountant vs. Payroll Specialist, both in the Finance and Business family).

They typically focuses on common competencies, skills and knowledge and may relate to having a similar purpose or process.

The key characteristics of job families include :

- Number of Job Families: Organisations generally employ a maximum of 15-20 job depending upon the nature of business and purpose of job families and the variety of roles they assign.
- Career progression: Job families allow employees to more easily identify the organization, which enhances an employee's ability to move across job functions within a job family.
- Job Family clearly differentiates from other functions: This concept ensures that each job differentiates from other jobs/roles which are outside the Job Families.
- Characteristic/trait similarity in each role of 'Job Family': All the roles in a particular 'Job Family' will have identical characteristics/traits viz., same level of knowledge, skills and competencies for each level in the career hierarchy and related behaviors and attitudes.
- Improves talent and creativity: Since the employees posted in such job families are continue to work/function in such jobs/sub-jobs, job family framework enhances the creativity and builds healthy talent pipeline.

'Job Family' Framework in Banking Industry

Considering the fact that the job roles that are performed across the Banking Industry are almost similar, and also looking at the areas of key talents and core business matrixes, the following is the illustrative list of the business/ administrative areas in which the concept of 'Job Family' can be introduced in Banks:

- Risk Management.
- Wealth Management.
- Information Technology & Data Analytics.
- Agri Finance/Credit.
- Developmental HRM.
- Treasury & Forex Management.
- Accounts Management.
- Marketing & Sales (including CRM).

The above list is illustrative but not exhaustive as the individual

It should be clearly understood that 'Job Family' concept per se is not a substitution for 'Specialist category' specially, in some of the areas like Law, Taxation etc. as they are the core specialized areas and as such, grooming internal talents (from mainstream officers) through 'Job Family' concept may not yield desired results.

Human Resource Audit

An HR audit is a tool for evaluating the personnel activities of an organization.

The HR Audit is an overall quality control check on HR activities in a division or company and an evaluation of how these activities support the organisation's strategy.

Regardless of the type of company or the size of the HR department, the HR Audit is a simple, yet comprehensive tool to analyses and improve HR's effectiveness as a function.

The audit is made up of four main steps:

- Define desired HR practices for the organization.
- Assess current practices against the criterion that has been established.
- Analyze the results.
- Establish improvement goals and take action.

This simple four-step approach can be repeated as the annual planning and goal setting process occurs within the company.

Progress can be measured against goals and a continuous improvement cycle naturally unfolds.

Objectives of HR Audit

- To clarify desired practices of HR work and roles within the organization (HR Department, Line Managers).
- To evaluate current effectiveness and establish a baseline for future improvement.
- To assess current knowledge and skills required of HR practitioners.
- To improve performance levels for key customers within the organization.

Benefits of HR Audit

- Improvement of the professional image of the HR department.
- Encouragement of greater responsibility and professionalism among members of HR function.
- Clarification of the HR department's duties and responsibilities.
- Bringing uniformity in HR policies and practices.
- Installing HR best practices in the organization.
- Ensuing timely compliance with legal requirements.
- Reduction of HR costs through more effective personnel procedures.
- A thorough review of the department's information system.

The Audit Process

Defining Audit Statements

- Definition of desired HR practices can occur through a variety of ways.
- A good starting point is to take some time and reflect on the legal requirements and programs that the department must administer.

- Next, consider the areas of responsibility and traditional HR practices covered by the function:
- They may include HR Planning, Staffing, Performance Management, Employee Relations, Compensation and Benefits, Training and Development, Safety and Wellness, Employee Surveys, and Communication.

Assessing Current Practices

- With the list of statements completed, the assessment of current practices demands looking for evidence that supports or refutes each statement made.
- Evidence may take the form of policies and procedures, output from employee surveys, interviews with key customers, data collection from a Human Resource Information System, reports issued to regulatory departments, etc.

Analyze the Results

- It is important to recognize strengths and opportunities for improvement.
- As results are reviewed, themes will emerge around specific HR areas.
- Reviewing the data in a variety of perspectives is helpful to formulate a picture of overall HR performance against the audit.
- It can reflect the positive effect of actions taken in previous years as well as provide information for future actions.

Establish Improvement Goals and Take Action

- The ideal time to complete an audit is just prior to the annual planning process.
- The audit information in hand, can be used to advantage when setting next year's goals.
- There are two aspects of setting goals:
  1. Maintenance of current good practices
  2. Development of improved practices.

Examples of Improved HR Measures Using the Audit Process

- Development and sharing of Total Compensation Philosophy.
- Reduction in the time taken for filling open positions.
- Control over employee turnover rate.
- Percentage of current employees trained.
- Reduction in response time of administrative requests.
- Prompt action on Employee Engagement survey results.
- Succession/replacement planning.
- HR's contribution to Business results.

The HR Audit can be a powerful lever of change for the HR department as well as the organization.

Unit 8: Communication (PART-I)

Introduction

- The word communication may have its roots in the Latin words 'communicate' which means 'to share' or 'communis' which means 'common'.
- This means that the act of communication requires more than one unit or entity, and something needs to be common between these two or more entities that both need to have some interest in and control over.
- It can be vertical (between different organizational levels) or horizontal (among members of the same level).

Organisational Communication

- Organizational communication as an academic discipline embraces the study of symbols, messages, media, interactions, relationships etc.
- Some of the main assumptions underlying much of the early organizational communication research were:
- Humans act rationally: Sane people behave rational ways, they generally have access of the information needed to make rational decisions.
- Communication is primarily a mechanical process, in which a message is constructed and encoded by a sender, transmitted through some channel, then received and decoded by a receiver.
- Organizations are mechanical things, in which the parts (including employees functioning in defined roles) are interchangeable.
- What works in one organization may not work in another similar organization though individual differences can be minimized or even eliminated with careful management techniques.
- In the early 1990s Peter Senge developed new theories on organizational communication.
- These theories are "learning organization" and "systems thinking".

Communication Approaches in an Organization

- Organizational communication can be classified according to its media, i.e., 'Formal and Informal Communications'.
- Formal Communications are those which are a part of the recognized communication system of the organization.
- Example. Staff meetings, Union-Management meetings, Branch Managers' conferences.
- Informal communications are those which take place inside and outside the organizations in an unstructured manner.
- These informal communications grow out of the social interactions among people who work together.

'Upward communication & downward communication' is yet another classification:

- Upward communication, which essentially relates to organizations, originates from a subordinate to his superior in the form of complaint, grievance, suggestion or feedback.
- Downward communication, which also called as 'Top-down approach' to communication, moves from top to bottom i.e., from superior to subordinate in organizations.
- Such communication takes in the form of instructions, guidelines, orders, corporate goals, etc.

Communications Patterns

- By this, we mean the patterns and methods that the members of an organization employ to pass on information to the desired nodes (people) in the organization.
- Communication networks, are the regular patterns of person-toperson contacts that we discern as people exchange information in a human social system.

Direction of Communication

- Formal communication as they occur in traditional military organizations, include messages which have a "one-way" directional characteristic.
- In the military organization, the formal communication proceeds from superior to subordinate, and its content is presumably clear because it originates at a higher level of expertise and experience.
- Military communications also carry the additional assumption that the superior is responsible for making his communication clear and understandable to his subordinates.
- “Juniors should be seen and not heard," is still an unwritten, if not explicit, law of military protocol.

Although management recognizes that prescribed information must flow both downward and upward, managers may not always be convinced that the two-way method should be encouraged.
On the basis of a number of experiments, Leavitt formed these conclusions:

- One-way communication is faster than two-way communication.
- Two way communication is more accurate than one-way communication.
- Receivers are more sure of themselves and make more correct judgments of how right or wrong they are in the two-way system.
- The sender feels psychologically under attack in the two-way system, because his receivers pick up his mistakes and oversights and point them out to him.
- The two-way method is relatively noisier and looks more disorderly. The one-way method, on the other hand, appears neat and efficient to an outside observer.

Important Theories on Communication

- Shannon and Weaver Model of Communication: This model is specially designed to develop the effective communication between sender and receiver.

- Also, they find factors which affect the communication process called "Noise".
- The model deals with various concepts like Information source, transmitter, noise, channel, message, receiver, information destination, encode and decode.

Fayol's thoughts on organizational Communication:

Henri Fayol explains his theory by using 4 sets of principles. These sets of principles explain the following:

- How an organization should be structured.
- How mangers should handle their power.
- How employees are rewarded.
- Employee's attitudes.

Chester Barnard's thoughts on organizational communication

- The channels of communication should be definitely known.
- There should be a definite formal channel of communication to every member of an organization.
- The line of communication should be as direct and short as possible.
- The line of communication should not be interrupted while the organization is functioning.
- Every communication should be authenticated.

Types of Communication

Interpersonal Communication:

- interpersonal communication, is the process of face-to-face, communication, between individuals. Such communication may take several forms.
- Messages may be verbal (that is, expressed in words), or they may not involve words at all but consist of gestures, facial expressions, and certain postures ("body language").
- Non-verbal messages may even stem from silence.
- Non-verbal content always accompanies the verbal content of messages. This is reasonably clear in the case of face-to-face communication. As Virginia Satir has pointed out, people communicate symbolically (for example, through their clothing or possessions) or through some form of body language.
- In messages that are conveyed by the telephone, a messenger, or a letter, the situation or context in which the message is sent becomes part of its non-verbal content.
- Example, if the company has been losing money, and in a letter to a supplier, the message indicates considerable financial difficulties, this could construe to mean that the company is in deep trouble and some people's jobs could be in danger.

Verbal and Non-verbal Communication

- Most communication as we understand is verbal through the use of words, written, by way of mails and writing.

- But a more important form of communication is the non-formal one where body language plays a vital role.
- The communication about this non-spoken communication, which tells us something about the relationship between people, is called Meta-communications.
- To make the meaning of our words clear we use body language.
- Body language is a language without spoken words and is therefore called non-verbal communication.

Modern Communication Issues

An obvious communication issue in this modern world relates to electronic messages, such as email and instant messaging.

Modern communication can be a double-edged sword.

It's capable of demotivating and alienating employees, as well as building an atmosphere of distrust and enmity in the organization.

Here are some simple issues which the organizations should overcome:

- Lack of awareness/ignorance
- Lack of clarity in tone
- Disconnect between sender and receiver in Internet/Email communications
- Not seeking feedback
- Speaking more and listening less
- Reacting instead of responding
- Using communication as a weapon
- Underestimating your audience

Barriers to Effective Communication

- Perhaps the most common communications problem is managements' (leaders' and managers') assumption that because they are aware of some piece of information, then everyone else is, too.
- Another frequent problem is managements not really valuing communication or assuming that it just happens.
- With today's increasingly diverse workforce, it is easy to believe the information that has been communicated but the way they get interpreted may be different from what was intended.
- When personnel are tired or under stress, it is easy to do what is urgent rather than what is important. Misunderstanding is a common occurrence and again can get too late before the correct picture emerges.
- As organizations grow, their management tends to focus on matters of efficiency.

Following are some of the general barriers that may affect the organization in many ways:

- Badly expressed messages
- Faulty Translations

- Inattention
- Loss by transmission and poor retention
- Vague and un-clarified assumptions
- Emotional or psychological barriers
- Dis-trust of communicator
- Noise
- Personal factors
- Un-conducive organizational Climate.

Communication & Customer Relations

- In the today's business world, the sustenance of long-term customer relations are largely depend on the ethical dimensions and values concerning communication and customer relations.
- Ethical Values serve to distinguish between good and bad, right and wrong, and moral and immoral.
- In the context of communication and customer relations, there are three cardinal principles which require to be imbibed by any good business organization.
- They are - Adequacy, Transparency and Consistency.

Steps for Effective Communication

- Unless management comprehends and fully supports the premise that organizations must have high degrees of communications, the organization will remain stilted.
- Effective internal communications start with effective skills in communications, including basic skills in listening, speaking, questioning and sharing feedback.
- A key ingredient to developing effective communications in any organization is each person taking responsibility to assert when they do not understand a communication or to suggest when and how someone could communicate more effectively.

Strategies to Support Effective organizational Communication

Downward Communication:

- Ensure every employee receives a copy of the strategic plan, which includes the organization's mission, vision, values statement, strategic goals and strategies about how those goals will be reached.
- Ensure every employee receives an employee handbook that contains all up-to-date personnel policies.
- Develop a basic set of procedures for how routine tasks are conducted and include them in standard operating manual.
- Ensure every employee has a copy of their job description and the organization chart.
- Regularly hold management meetings even if there is no formal agenda.

- Ensure all employees receive yearly performance reviews, including their goals for the year, updated job descriptions etc.

Upward Communication:

- Ensure all employees give regular status reports to their supervisors. Include a section for what they did last week, will do next week and any actions/issues to address.
- Use management and staff meetings to solicit feedback. Act on feedback from others. Write it down. Get back to it -- if only to say you can't do anything about the reported problem or suggestion, etc.
- Respect the "grapevine." It is probably one of the most prevalent and reliable forms of communication.

Cross-sectional communication

- As a management philosophy and corporate objective, the organization has to encourage a cohesive and cordial communications with peer departments and cross-section of business verticals.
- The advent of 'Call Centre' initiatives by the banks is the best suited example to demonstrate cross-sectional communication channels being furthered by the banks.
- These call centers are the effective channels to facilitate quick and effective response to customers for resolution of their grievances with timeliness.

HR and Effective Communication

- From an HR viewpoint, effective organizational communication contributes to learning, teamwork, safety, innovation and quality of decision-making in organizations.
- In an age of increased competition for talent, communication has become a strategic tool for employee engagement, satisfaction and retention.
- In fact, effective organizational communication contributes directly to employee and organizational learning, an essential factor for competitive advantage.
- Different generations speak different languages in terms of expectations, what they want from work and life.
- Generation 'X' seeks a clear balance between work and life; and Generation 'Y' desires to view work and personal life as a smooth integration without separation. They can all share the same vision but the outlooks and the ways and paths to attain success are different.
- Therefore, HR has a great role in instilling effective communication suiting to the varied needs of the different generational employees in the organization.

Unit 9: HR Functions

Introduction

Before the beginning of the task, HR need to have a clear definition of the mission and goals of the department and secondly, what role they will play as "head" of the HR function. Once direction is clear, there are some key "audit" issues that they need to focus on.

- The current head count of employees, is all documentation with regard to their personal details complete, are such details stored in their personnel files and are they current?
- Has someone framed policies and procedures? Are they up-todate? Are they followed?
- Does the company have an employee handbook and are all relevant rules and regulations communicated to all employees?
- How dynamic is the compensation structure, does it give scope for incentivizing performance?
- Does the company have in place policies dealing with sexual harassment, workers' compensation, safety, benefits, discipline, etc.?

HR role, the following new functions have to be owned by the HR as an impetus to 'SHRM' (Strategic HRM).

- Core People Role.
- Organizational Value-Add Role.
- Business Transformation Role.

Human Resource Planning (HRP)

HRP is a process, by which an organization ensures that it has the right number and right kind of people at right place, at the right time, capable of effectively and efficiently completing those tasks that will help the organization achieve its overall objectives.

HRP System

A comprehensive HRP System keeps in mind the following elements:

- The organization's growth plans.
- Current and possible future trends in business.
- Gaps in current manpower in terms of numbers and capabilities.
- The employment scenario and availability of the desired profiles.
- Approach towards cost effective sourcing of candidates.

Various Steps Involved in HRP

- Analyzing organizational plans
- Demand Forecasting
- Supply Forecasting
- Estimating the net human resource requirements
- In case of future surplus, plan for redeployment, retrenchment and lay off.

- in case future deficit, forecast the future supply of human resources from all sources.
- Plan for recruitment, development and internal mobility and career progression of future supply will be inadequate with reference to future net requirements.

HRP Process

- Once the manpower gaps have been identified, the next stage is the sourcing process with serious thought given to internal as well as external hiring, the methodology to be used for both along with
- the training to be given.
- In the process of estimating the future quantity and quality of people required, the basis should be annual budget and long-term corporate plans.

Demand forecasting is based on the following factors:

Internal Factors

- Business projections
- Budget constraints
- New products and services
- Attrition rate

External Factors

- Competitive environment
- Job market scenario
- Economic climate
- Technology changes
- Social Factors

Recruitment & Selection

- Employer branding is the process of promoting a company, or an organization, as the employer of choice to a desired target group, one which a company needs and wants to recruit and retain.
- In Banks, the ethical and moral values of the employees are very important as, banks deal with the public money and as such the employees should possess ethical and moral values.

Recruitment Process:

- The recruitment strategy takes into account the potential of current and future employees to sustain and improve on business levels, build an image for attracting the best talent and maintain the competitive edge throughout.
- Recruitment function includes finding, developing the sources of prospective candidates and attracting them to apply for jobs.

Internal Recruitment

Advantages	Disadvantages
1. Less Costly.	1. Traditional approach.
2. Candidates already oriented towards organization.	2. Candidates' current work may be affected.
3. Organizations have better knowledge about internal Candidates.	3. Politics play greater roles.
4. Employee morale and motivation is enhanced.	4. Morale problem for those not promoted.

External Recruitment

Advantages	Disadvantages
1. Benefits of new skills and talent.	1. Better morale and motivation associated with internal recruiting is denied.
2. Benefits of new experiences.	2. Costly method.
3. Compliance with reservation policy becomes easy.	3. Chances of negative and costly errors of wrong recruitment.
4. Scope for resentment and heartburn are avoided.	4. Adjustment of new employees takes longer time.

Selection

Selection is the process of picking up individuals (out of the pool of job applicants) with requisite qualifications and competence to fill jobs in the organization.

Difference between Recruitment and Selection:

Recruitment	Selection
1. Recruitment refers to the process of identifying and encouraging prospective employees to apply for jobs.	1. Selection is concerned with picking up the right candidates from a pool of applicants.
2. Recruitment is said to be positive in its approach as it seeks to attract as many candidates as possible.	2. Selection on the other hand is negative in its application as it seeks to eliminate as many unqualified applicants as possible in order to identify the right candidates.

Selection Process - Steps Involved:

1. Screening and Preliminary Interview
2. Selection Tests
3. Personal Interview
4. Reference and Background Checks
5. Selection and Job offer

Selection

Essentials of a Good Selection Practice

- Detailed job descriptions and job specifications prepared in advance and endorsed by HR and line management.
- Trained panel of interviewers, with special emphasis on behavioral event interviewing.
- There should be some standard with which a prospective employee may be compared.
- Line managers involved at all possible stages.
- All newly appointed candidates are put through a well-designed training program.

E-Recruitment

- E-Recruitment which also known as "Online recruitment", is the use of technology or the web-based tools to assist the recruitment processes.
- The tool can be either a job website like naukri.com, the organization's corporate web site or its own intranet.
- Many big and small organizations are using Internet as a source of recruitment.
- They advertise job vacancies through worldwide web (internet).
- The job seekers send their applications or curriculum vitae (CV) through an e-mail using the Internet.

Compelling Reasons to Choose E-recruiting

- It is highly cost efficient and promises increased ROI.
- It gives accessibility to a big pool of resumes compared to other methods like newspaper ads.
- Easy and efficient way of recruiting.
- Reduced complexity, reduced paper work and streamlined workflow.
- Establishes efficient communication channel between recruiter and candidate.

How E-recruitment changed the way HR functions

- Jeff Taylor, Monster.com founder and CEO says, "The Internet's impact on recruiting has been astronomical. The Net lets companies hire faster.
- Don't have to wait for your ad to run in the Sunday classifieds or for resumes to arrive by mail.
- The Internet lets you reach applicants more cost effectively than any medium ever has."
- Forrester research says that the online recruitment industry has grown from being a $1.2 billion industry to $7.1 billion by 2005.

Latest Trends in Corporate Recruitment

- Corporate Talent Networks:
- Social Sourcing
- Recruiters as Sources not Recruiters
- A Barrage of New Assessment Science

- Building an End-to-End Talent Brand

An Innovative job-search model of recruitment

- Google announced on 17th May 2017 it's launching a job search engine in the U.S. focus on all types of jobs - from entry-level and service industry positions to high-end professional jobs.
- The company said that Google for Jobs will initially partner with LinkedIn, Facebook, CareerBuilder, Monster, Glassdoor, and other services.
- The search engine will have a number of tools that will help you find the right jobs for you.

Role of Recruitment Agencies from the Point of the Company and Prospective Candidate:

Recruitment agencies work in a number of different ways. Initially, a company will get in touch with them (Recruitment agencies) to say they (company) have a role on offer.

The recruitment agency will then either:

- Look at their current database, to find matching candidates.
- Post the job online to source applicants with the right skills.

The recruitment consultant will act as the middle-man between prospective candidate and the recruiter, sending in the candidate's CV and putting the candidate forward for an interview.

He will also get put forward for positions that he wouldn't otherwise has heard about.

Other benefits of using a recruitment agency include:

- CV and cover letter advice.
- Expert interview coaching.
- Constructive feedback from each interview and employer.
- Specialist advice for your chosen field.
- Being put forward for any relevant roles that come up positions.

Penalty on recruiting agency for not ensuring willing applicants

- The selected candidate refuses to join the organization or, having joined the organization opts to exit within a short period, i.e., say, within 6 months, certain amount is recovered from the concerned agency as a penalty for not ensuring willing applicants.
- Hence, the recruitment agency has a more responsible role in ensuring that the applicants are more inclined and loyal towards the concerned company.

Executive Management Hiring through 'Video Interviewing': Process & Benefits

Many of the new generation private banks are using 'video Interviews' as an effective methodology for selection of people for the top-notch positions.

Here are three benefits for using the video interview to hire the executives the company :

- Connect Personally:
- Find The Right Skills
- Easier Coordination

Impact of Technology on Critical HR Functions

Information Technology Software for Mass Recruitment

Some of the modern recruitment techniques and tools that can help recruiters and managers raise their hiring numbers are as under:

(A) Sourcing

- Reddit
- GitHub
- Facebook Graph Search
- Network monkey
- 1-Page
- LinkedIn/Twitter

(B) Referrals

Zao: Zao is an employee referral software. It provides an easy-touse platform for managing referral rewards and incentives as well as social recruiting. The interesting part is that it does all this using innovative gamification technology. (Gamification is the process of adding game-like elements to non-game activities to motivate people to achieve goals.)

(C) Job posting

- Indeed
- Jobs2Careers

(D) Candidate management

Workable: Workable is an Applicant Tracking System (ATS) that automates and streamlines company's recruiting process.

(E) Task management

Trello: Trello's interface makes it easy to track processes, tasks and even candidates.

(F) Selection

- Spark Hire
- Hire Vue
- Gap jumpers
- Survey Monkey

(G) Onboarding

- Kin
- Namely
- BambooHR

Usage of Payroll Management Software

Payroll software is a tool that aims to restructure and automate the method of paying the employees of a company, making the task of processing payroll less time-consuming and convenient.

1. Advantages of Payroll Management Software to Business growth:
   - Effective Costing
   - Notifications and Updates
   - Employee Calendars
   - Pay slips
   - Time Saver
   - Negligible Errors/Mistakes
   - Customer Services

2. Important features of a Payroll Management Software:
   - Customization
   - Payroll Management
   - Generate Pay Slips
   - Employee Management
   - HR Management System

Human Resource Information (Management) System (HRIS/HRMS) and Its Practical Applications, Key Functions and Benefits:

Human Resource Information System (HRIS) is a software through which organizations can take care of all HR processes and unify employee data in a single system.

Key functions of HRIS/HRMS

1. Benefits and welfare administration
2. Payroll Handling
3. Employee Record Handling
4. Recruitment
5. Training & Development
6. Performance Management
7. Attendance Management

Benefits of HRIS/HRMS

- Ability to quickly apply higher selection standards to a number of applications.
- Improvements in training capabilities through integration with Learning Management System (LMS).
- Reduction of errors in payroll and employee information database.
- Improved time and attendance tracking abilities and accuracy.

- Ability to make more informed decisions in real time by using analytics and integration of organizational data.
- It improves the productivity of HR personnel and make the HR processes more dynamic and resilience for faster adoption of changes that may take place within and outside the organization.
- It reduces errors and maintain required Compliance.

Other benefits of HRIS/HRMS, which are directly relating to HR processes and profitability are:

- It is cost effective. It saves you the expense of actually hiring someone to take care of physical copies of data and records.
- Obtaining information becomes a very speedy process as all you need to do is type in what you're searching for.
- As this data is entered manually by the person with authority, you can trust it to be accurate. It's going to show exactly what was entered without any errors.
- The benefit of HRIS system is that it's a one-stop solution to all your queries.
- It becomes easier to compare and analyze data in order to generate timely reports for every employee.
- The quality of these reports is raised too with increased accuracy.

Internet and social media as Modern Communication & Feedback Tools in Organizations:

- Intranet/Social Intranet
- Chat Rooms, Private and Group Messaging
- Discussion Forums:
- Internal Blogs, Video and Audio:

Let's take a look at the differences in these digital communication tools

a) Instant messaging (IM): Instant messages are commonly used for recreation but are now widely used within business organizations for employee-employee messaging or employee-management messaging.

b) Chat rooms: Whether business or casual, private or public, chat rooms are forums for specific groups of people to interact and receive notifications.
Many chat rooms are based on a shared topic or characteristic.
For example, there are chat rooms for specific age groups and interests.

c) Bots: A chat bot or chat robot is software that can interact with users using chat mechanisms, whether a person is using IM or has joined a chat room.
Popular examples of these messaging tools are Slack, HipChat and Skype.

d) Discussion Forums:

A discussion forum can bring together management and employees and allows for an open discussion on any topic (usually set up and monitored/moderated). It can also help in knowledge dissemination and bring the workforce together.

Discussion forums will also facilitate knowledge sharing.

e) Internal Blogs, Video and Audio:

The internal blog is a place where employees can share ideas and experiences fast and an informal fashion.

Internal blog advantages can include:

- Broadcasting and highlighting an employee's knowledge about a certain topic or area of organization.
- It promotes open discussion and collaboration among the workforce.
- There are some employees who will be more likely to speak up in a virtual environment than face-to-face.
- It connects employees across departments.
- It keeps the staff up-to-date on important information and company updates.

'Social Media Policy' for Organisations: Need and Contents Thereof

The HR function has to frame such policy which is transparent, legally valid and employee-friendly.

Some of the common points/terms which encompass the 'Social Media Policy' of companies:

- Not to use the company logo or company branding on any social media platform without prior approval from the concerned authority of the company.
- Not to communicate anything that might damage the company's reputation, brand image, commercial interests or the confidence of its customers.
- Not to represent or communicate on behalf of company in the public domain without prior approval from the concerned authority of the company.
- Not to post any material that would directly or indirectly defame, harass, discriminate against or the company, staff member, supplier or customer.

Compensation

Compensation is the remuneration received by an employee in return for his contribution to the organization. It is an organized practice that involves balancing the work employee relation by providing monetary and non-monetary benefits to employees.

Components of Compensation System

Compensation systems are designed keeping in minds the strategic goals and business objectives and on the basis of certain economic factors as well as the job work and responsibilities.

For good working relationships, it is essential to set fair and appropriate salary levels and benefits.

Grading and Salaries: There are three key issues to take into account when considering salaries:

- Salaries should be consistent with the organization's grading structure - the higher the grade the higher the salary. This ensures that the principle of equal pay for equal work is followed.
- Salaries should be fair. Consider what other similar organizations are paying people for carrying out similar jobs.
- The grading and salary system should be transparent and easy to understand. This means that staff can clearly see where their salary fits within the organization's overall grading and salary structure.

Types of Compensation:

- Compensation provided to employees can be direct in the form of monetary benefits and/or indirect in the form of non-monetary benefits known as perks, incentives, variable pay, etc.
- A good compensation package is important to motivate employees to increase organizational productivity. Salary is just a part of the compensation system.

Strategic Compensation:

- Strategic compensation is determining and providing the compensation packages to the employees that are aligned with the business goals and objectives.
- In today's competitive scenario, organizations have to take special measures regarding compensation so as to help retain valuable employees.

Cost to Company (CTC)

- Cost to company (CTC) is a term for the total salary package of an employee.
- It indicates the total amount of expenses an employer (organization) spends on an employee during one year.

A typical model of CTC is dealt here under for conceptual understanding of CTC
Components of salary

- Basic salary
- Allowance
- Perquisites
- Reimbursement
- Transport facility

CTC = direct benefits + indirect benefits + saving contributions.
Whereas, Take Home Salary = direct benefits - employee PF – other deductions if any - income tax.

Incentive-Based Compensation

Incentives are monetary benefits paid to employees in recognition of their outstanding performance. They are defined as variable rewards granted according to variations in the achievement of specific results.

Advantages of Incentive Based Compensations

- Incentives are important for inducement and motivation of workers for higher efficiency and greater output.
- Employee earnings go up, resulting in enhanced standard of living of employees.
- Productivity increases and production capacity is also likely to increase, even with reduced supervision.
- Companies can reduce the burden of fixed costs by keeping a portion of the remuneration as variable.

Disadvantages of Incentive Based Compensation:

- Tendency to bypass quality in pursuit of increased output for higher incentives.
- Sometimes employees may disregard security regulations due to payment by results approach adopted for higher incentive figures.
- Overworking may affect employee health.
- Can demotivate employees not in a position to earn higher incentive due to sectional differences.

Attrition/Turnover Management

Attrition, in Human Resource terminology, refers to the phenomenon of the employees leaving the company.

It is usually measured with a metric called attrition rate, which simply measures the number of employees moving out of the company (voluntary resigning or laid off by the organization).

Staff turnover or Employee turnover refers to the number or percentage of workers who leave an organization and are replaced by new employees.

Compensation and Employee Attrition

Following are six practical steps managers can take to improve employee engagement:

- Help employees view their pay as more than base salary increases and bonuses and understand that total rewards also include recognition, meaningful work and career opportunities.
- Understand what truly engages and motivates employees. It is often much more than money as different people value different rewards.
- Clearly communicate the link between performance and rewards. Clearly explain the reasons for the reward and the amount of the reward.
- Ensure that performance assessments and total rewards appropriately differentiate the best, solid and weakest performers.
- Assess and improve the organization's work climate by training managers to motivate employees.
- Use feedback as a gift - make it meaningful and give it often.

Arresting Attrition:
Banks, insurance and financial advisory firms went on a hiring spree with some giants in these sectors hiring up to 500 new staff every month.
Besides maintaining a large head count, these aggressive players were also faced with the need to replace at least 30% of staff who left within 6 months on the job.
The attrition rate in the BPO sector touched a peak of 50%, Retail was close behind with a 35% attrition rate while Insurance and banks were losing over 20% of staff in the highly demanding sales sections.

Reasons for the heavy attrition:
- Heavy pressure of work without adequate rewards.
- Inadequate training.
- Poor working conditions.
- Limited scope for career growth.
- Inadequate salary.
- Stress leading to health problems.

Organizational behaviors and culture also play a critical role. They are among the decisive factors for sustenance of talent in an organization. They give confidence to any employee to prosper and flourish.

Top 10 Ways to Mitigate Attrition in IT/ITES Industry:
1. Build people skills of middle management
2. Focus on Capability building and creating an eco-system
3. Communication on Compensation & Benefits
4. Engage employees over & beyond their day-to-day job
5. Provide Growth Opportunities and communicate about them
6. Managing expectation of employees is a key
7. Provide opportunities for skill up-gradation through training
8. Career Pathing plays a key role
9. Creating Training Academies with in and also do tie up with institutions
10. Effectiveness of Reward & Recognition

Attrition in Banking
- The banking sector went through two major levels of attrition during the last decade.
- The PSU and old private banks lost a considerable number of bright staff, due to their badly executed VRS scheme.
- As new recruitment was frozen till 2008, they had to put up with shortage of staff at most locations with no end in sight to the problem of attrition.

- However, at times, the banks, more so, the Public Sector Banks have been worrying about attrition of key talents like, Treasury Managers, Wealth Managers, Credit experts, etc.

Employee Risk Assessment Systems in Banks

- Risk Assessment is a systematic method of looking at work activities, considering what could go wrong, and deciding on suitable control measures to prevent loss, damage or injury in the workplace.
- The assessment should include the controls required to eliminate, reduce or minimize the risks.
- Going by the increasing trend of frauds attributable to insiders in banks, there is an imperative need for strengthen the people risk assessment strategies so that the danger spots can be found out through early signals as revealed by such assessment tools and timely corrective actions can be taken.

Maintaining Effective Relationship between Employees & Employer

- The relationship between employer and employee is primarily determined by the actions and attitudes of the employer.
- For instance, the employer generally sets the tone for whether the climate in the work environment will be casual, professional, regimented, creative, etc.
- The atmosphere that the employer desires to create will, therefore, determine whether the employer/employee relationships are healthy and productive.
- According to Nesco Resource, "When employees have a strong, healthy relationship with their employers, the entire company benefits.
- Studies show that employees who have mutually respectful relationships with their employers are more likely to be happy, loyal, and productive in the long-run."

Unit 10: Performance Management

- **Performance Management** is the systematic process by which the organization involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of its mission and goals.
- It is the process of identifying, evaluating and developing the work performance of employees so that the company's goals and objectives are more effectively achieved.

- **Performance Management System (PMS)** is a formal, structured system of measuring, evaluating job related behaviors and outcomes to discover reasons of performance and how to perform effectively in future so that employee, organization and society all benefit.
- The most familiar aspect of PMS is the performance appraisal
- Traditionally, PMS refers to the process of establishing goals, assessing employees and implementing the annual performance appraisal process.
- The goal of performance management is to create a consistent, fair and equitable process for the establishment of performance standards across an organization.

Performance Management Cycle (PMC):
This Performance Management process generally includes, Goal Setting, Planning, Monitoring, Developing, reviewing, analyzing & rewarding.

Some Salient Points Associated with Performance Management:
1. Development of individual goals
2. Alignment of goals across the organisations
3. Manager assessment of performance
4. Employee self-assessment of performance
5. Peer or 360° assessment of performance
6. Competency assessment - often called assessment of "potential"
7. Coaching and development – related to planning for future career positions

These seven processes form and enhance the relationship between managers and employees.

Performance Appraisal System
Performance Appraisal which is the most visible form of the performance management system, is a developmental tool used for all round development of the employee and the organization.
Performance is measured against such factors as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-operation, judgment, versatility and health. Assessment relates past as well as potential performance.
Driven by today's competitive business environment and the changing demographics of the workforce, organisations of all sizes are implementing integrated talent management strategies.

The concept of the integrated talent management integrates the business strategy, the human resources strategy, talent management processes and the organizational culture.

Various Steps Involved in Performance Appraisal Process

- Establishing Performance Standards
- Communicate Performance expectations to concerned employee
- Measure Actual Performance
- Compare actual performance with standards
- Discuss the Appraisal with the Employee
- Initiate corrective Action

Techniques/Methods of Performance Appraisals

Numerous methods have been devised to measure the quantity and quality of performance.
Each of the methods is effective in a relative manner for various organisations.
Broadly, all methods of appraisals can be divided into two different categories.

1. Past Oriented Method

- Rating Scales
- Trait Analysis
- Forced Choice Method
- Forced Distribution Method
- Critical Incidents Method
- Confidential Records
- Pen Portrait

2. Future Oriented Method

- Management by Objectives (MBO)
- Assessment Centre Approach Method
- Behaviorally Anchored Rating Scales (BARS)

Use of Performance Appraisals

In the organisations, generally, Performance Appraisals are used as vital input for the following HR processes:

- Promotions.
- Confirmations.
- Training and Development.
- Compensation reviews.
- Competency building.

Goals of Performance Appraisals

General Goals	**Specific Goals**
Developmental Use	Individual needs Performance feedback Transfers and Placements Strengths and Development needs Salary
Administrative Decisions/Uses	Promotion Retention/Termination Recognition Layoffs Poor Performers identification
Organizational Maintenance	HR Planning Training Needs Analysis Organizational Goal achievement HR Systems Evaluation Reinforcement of organizational priorities
Documentation	HR Records and individual dossier Legal Requirements

360-Degree Appraisal

- 360-degree appraisal was first developed by General Electric (GE), USA in 1992. Today it is used by all major organisations.
- In India, it is used by Wipro, Infosys, Reliance Industries, etc.
- An appraisal made by top management, immediate superior, peers, subordinates, self and customers is called 360 Degree Appraisal.
- So, employee gets feedback of their performance from everyone around him (6 parties).
- This method is very reliable because evaluation is done by many different parties.
- This method is mostly used to evaluate the performance of the employees.
- However, it is also used to evaluate other qualities such as talents, behavior, values, ethical standards, tempers, loyalty, etc.
- However, on the negative side, receiving feedback from multiple sources can be intimidating, threatening as it is likely that multiple raters, not trained in the system may be less adept at providing
- balanced and objective feedback.

Competency Mapping

- A Competency is an underlying characteristic of a person which enables him to deliver superior performance in a given job, role or a situation.

- Finding the right fit for the right job has always been a matter of concern for most organisations.
- In managerial terms, the right profile is a combination of several traits, such as behavior, knowledge, attitudes, etc.
- A well-established practice to ensure the right fit, is to map the competency of the person against the competency profile defined for a given position.

'Core Competence': Concept and Features:

A Competency is an underlying characteristic of a person which enables him to deliver superior performance in a given job, role or a situation.

The term "core competency" was coined by the leading management experts, CK Prahalad and Gary Hamel in an article in the famous Harvard Business Review.

'Core competence' is a unique skill or technology that creates distinct value to their capabilities.

The organizational unique capabilities are mainly personified in the collective knowledge of people.

Some core competencies that firms might have include technical superiority, its customer relationship management, and some processes that are vastly efficient.

Some examples of organizational competencies and how they get described and derived:

- Analytical Thinking
- Key Behavioral Indicators
- Generic Competencies
- Managerial Competencies
- Technical/Functional Competencies

Concept & Features of 'Competency Mapping'

- Competency Mapping is the process of identifying (key) competencies for a particular position (role or task) in an organization and then using the result for various HR processes including job-evaluation, recruitment, training and development, performance management and succession planning.
- After completing the competency profiles, consider adding the next level of detail: proficiency levels.
- For some organizations, this step is optional, but those looking to generate greater success within an overall talent development strategy should include this.
- As proficiency levels represent the company's expectations for mastery across all of the different competencies within a profile and armed with this information, employees are better prepared to make progress in their careers.

Key Result Areas (KRAs):

- Key Result Areas are set of activities derived out of short-term objectives.
- KRAs refer to general areas of outcomes or outputs for which the department's role is responsible.

- The Individual Performance and Development Plan has two component parts, the Performance Plan and its related Individual Development Plan.
- The Performance Plan is constructed by the manager and employee together, focusing on priority-setting for the performance management cycle and, working co-operatively through four-step process:
  1. Agreeing upon Key Results Areas.
  2. Agreeing upon Performance Objectives.
  3. Agreeing upon Key Performance Indicators and their associated Performance Targets.
  4. Agreeing upon Action Plans.

Identifying KRAs helps individuals to:

- Clarify their roles.
- Align their roles to the organisation's business or strategic plan.
- Focus on results rather than activities.
- Communicate their role's purposes to others.
- Set goals and objectives.
- Prioritize their activities, and therefore, improve their time/work management
- Make value-added decisions.

Steps for Arriving at KRAs

- Talk to individual team members, gather information.
- Identify their day-to-day activities and hence, derive key result areas.
- Document them and allocate a timeline.
- Communicate KRA's to the team members.
- Revisit progress of an individual on these KRA's periodically.
- Critically review performance against each of these KRAs periodically (preferably quarterly).
- Facilitate correction in case of deviations.
- Observe, measure, discuss and appraise.

Key Performance Indicators (KPIs)

a) In order to measure if the KRAs are achieved, some Key Performance Indicators (KPI) are developed.
b) A KPI is a specific, agreed measure of achievement within a KRA, which go on to make up the goals and objectives measured under the performance appraisal process.
Key characteristics of KPIs are that they are objective, independent and standardized measures of performance, not ratings or judgments of performance.
They may be QUANTITATIVE or QUALITATIVE.
The measure is activity based rather than outcome based, as these KPIs will often be more suitable to routine repetitive functions.

c) KPIs are usually Specific, Measurable, Attainable, Realistic and Time-bound (SMART), which help to determine if and how much the KRAs are met.

KPIs Should be:

- Quantifiable.
- Quality oriented.
- Time specific.
- Cost effective.

Quantity:

- Number of units produced/published/sent/received/processed/ deadlines met.
- Contacts per hour/day/week.
- Cost reduced.
- Resources increased.

Quality:

- New innovative ideas introduced.
- Benefit Increased.
- Error rate or reworks.
- Grievances of employees.
- Conflicts.
- Returned goods.

Cost:

- Variance against budget.
- Amount spent vs. benefit.
- Utilization of funds.
- Wastage of funds.

Time:

- Speed of delivery (emergency response), etc.
- Reduction in number of minutes/hours/days, etc.
- Deadlines and schedules met.
- Average call response time.

MODULE – C : MOTIVATION, TRAINING AND SKILL DEVELOPMENT

Unit 11: The Learning Process

The Learning Theory

- Learning is acquiring new knowledge, behaviors, skills, values, preferences may involve synthesizing different types of information, leads to change in behavior.
- Learning theory may be described as a body of principles
- Learning involves development of adaptive capabilities per the organizational requirements and changing environment.. The three important elements of learning are:
  1. Learning involves behavioral change.
  2. Changes resulting from growth and maturity are not considered as learning.
  3. Behavioral change should last for a long time.
- Learning is a process of acquisition of knowledge, tastes and attitudes.
- Learning may occur consciously or without conscious awareness.
- Given below are some of the most common methods under which human beings learn:
- Play has been approached by several theorists as the first form of learning.
- Children play, experiment with the world, learn the rules, and learn to interact.
- Learning is a specific change or modification in behaviour involving the nervous system as a result of experience with an external event or series of events in a individual's life.

Non-associative learning

It is a variety of learning in which the behavior and the stimulus are not paired or linked together. It is of 2 types:

1. Habituation.
2. Sensitization.

1. Habituation - The response to repeated (harmless) stimulus decreases over time.
2. Sensitization - The response to repeatedly exposed stimulus increases over time.

Associative learning

It is defined as learning process in which a new response becomes associate with a particular stimulus. It is of two types:

1) Classical conditioning.
2) Trial and error learning.

Classical conditioning

It is defined as a conditioned response to a neutral stimulus after having been paired repeatedly with an unconditioned stimulus. E.g. Pavlov's Dog experiment.

Trial and error learning

- In trial and error learning an animal tries again and again to achieve the goal, keeps eliminating errors and one day learns to perform it without any error. E.g. Pigeon experiment.
- In learning process most important characteristic of humans is imitation, one's personal repetition of an observed behavior, such as a dance.
- Humans can copy three types of information simultaneously: the demonstrator's goals, actions and environmental outcomes.

Enculturation

- To enculturate is to learn and take on your own native culture and it is a process over time like learning a habit or trait while growing up.
- Enculturation is the process by which a person learns the requirements of their native culture by which he or she is surrounded, and acquires values and behaviors that are appropriate or necessary in that culture.

E-Learning and augmented Learning

- Electronic learning or e-learning is a general term used to refer to internet-based networked computer enhanced learning.
- A specific and always more diffused e-learning is mobile-learning (m-Learning), it uses different mobile telecommunication equipment, such as cell phones.

Types of Learning

- Motor Learning (It is muscular, for example, walking, running or climbing)
- Verbal Learning (It is the learning of language)
- Concept Learning (It is a higher mental process that involves reasoning and intelligence)
- Attitude learning (It is another way of learning, for example, happiness, a sad mood, how we develop our attitude, etc.)
- Learning of principles

Domains of Learning:

- **Cognitive:** The cognitive domain involves the development of our mental skills and the acquisition of knowledge. Examples: To recall, calculate, discuss, analysis, solving problems, etc.
- **Psychomotor:** The psychomotor domain is comprised of utilizing motor skills and coordinating. Examples: To dance, swim, ski, dive, drive a car, ride a bike, etc.
- **Affective:** The affective domain involves our feelings, emotions and attitudes. Examples: To like something or someone, love, appreciate, fear, hate, worship, etc. These domains are not mutually exclusive.

Learning Process

Even though psychologists and educators are not in complete agreement, most do agree that learning may be explained by a combination of two basic approaches: behaviorism and the cognitive theories.

(i) Behaviorism: Behaviorists believe that animals, including humans, learn in about the same way.

- Behaviorism stresses the importance of having a particular form of behavior reinforced by someone, other than the student, to shape or control what is learned.
- Frequent, positive reinforcement and rewards accelerate learning.
- This theory provides the instructor with ways to manipulate students with stimuli, induce the desired behavior or response, and reinforce the behavior with appropriate rewards.
- In general, the behaviorist theory emphasizes positive reinforcement rather than - negative reinforcement or punishment.

(ii) Cognitive Theory: Unlike behaviorism, cognitive theory focuses on what is going on inside the student's mind.

- Learning is not just a change in behavior; it is a change in the way a student thinks, understands, or feels.
- There are several branches of cognitive theory. Two of the major theories may broadly be classified as the information processing model and the social interaction model.
- The Information Processing Model says that the student's brain has internal structures which select and process incoming material,
- store and retrieve it, use it to produce behavior, and receive and process feedback on the results. The social interaction theories gained prominence in the 1980s.

'Training' and 'Learning': Definitions:

- 'Training' is an organizational procedure to enhance knowledge, skills for doing a particular job. It is mostly initiated by the organisations to enable their employees to improve their skills to perform their jobs.
- Whereas, 'Learning' is a process which is inbuilt in training. It is a human process by which skills, knowledge and habits/attitudes are acquired and utilized to modify the behaviors.

Characteristics of Learning:

- An individual starts learning as soon as he is born. He continues learning throughout his life.
- Learning is the acquisition of habits, knowledge, attitudes and skills.
- It involves new ways of doing things and attempts to adjust to new situations.
- It thus enables him to satisfy interests or to attain goals.
- Learning may be both vertical and horizontal.

Horizontal vs. vertical learning:

- Picture a library in your mind. On the same shelf, books about a topic go from introductory at the top to detailed as you move down. That's vertical learning—going deep into a subject.
- Move across shelves, and you switch topics—that's horizontal learning.
- It is vertical in so far precision in increased or information is added to that already learned. (qualitative)
- It is horizontal in so far as what is learned is integrated and organized as a part of a functioning unit of expanding experience. (quantitative)
- Thus, the former means qualitative and the latter is quantitative in nature.

Yoak man and Simpson have described the following nine important characteristics of learning:

1) Learning is growth
2) Learning is adjustment
3) Learning is purposeful
4) Learning is experience
5) Learning is intelligent
6) Learning is active
7) Learning is both individual and social
8) Learning is the product of the environment
9) Learning affects the conduct of the learner

'Adult Learning': Concept and Characteristics

- In adult learning (andragogy) theory, it is presumed that adults have specific learning requirements.
- The adult learning theory also suggests that the best learning environments are the ones that are collaborative and utilize a problem-based approach.
- It is important to note that not every student is in the adult learner stage.
- With this in mind, it is encouraged that students be made aware of the traits of adult learners, and aspire to gain a few of these characteristics.
- Main Characteristics of Adult Learning:
  1. Adult learning is self-directed/autonomous
  2. Adult learning utilizes knowledge & life experiences
  3. Adult learning is goal-oriented
  4. Adult learning is relevancy-oriented
  5. Adult learning highlights practicality collaboration

When their contributions are acknowledged, then they are willing to put out their best work.

Assumptions about 'Adult Learning'

- Adults need to know why they need to learn something.

- Adults need to learn experientially.
- Adults approach learning as problem-solving.
- Adults learn best when the topic is of immediate value.
- Adult view learning as an active process in the construction of meaning.

Principles of Learning

Over the years, educational psychologists have identified several principles which seem generally applicable to the learning process.

They provide additional insight into what makes people learn most effectively.

- Readiness
- Exercise
- Intensity
- Recency

The Learning Process

- Learning Styles can be divided into three broad categories: auditory, visual and kinesthetic.
- Characteristics of each are:
- Auditory: "I hear": Learn best through hearing, using their ears and voices. These learners remember what they hear and remember by talking aloud, like to talk through a concept, enjoy class discussions.
- Visual: "I see": Learn best through seeing. These learners remember seeing things written down, enjoy pictures of what is described, like written assignment instructions, observe the physical elements of the teaching situation.
- Kinesthetic: "I do": Learn best through doing, touching. These learners enjoy acting out a situation, making a product or completing a project, remember and understand through doing something.

'Perception': Concept, Meaning and Process

- Perception is the process of selecting, organizing and interpreting information in order to make sense of the world around us.
- It is the dynamic and complex way in which individuals select information (stimuli) from the environment, interpret and translate it so that a meaning is assigned which will result in a pattern of behavior or thought.

Perception in Organisations

- Often, the main aspects of perception in an organization is how an individual view others as this can be a major point in how that person will behave within the organization.
- It is also an aspect of how an individual is motivated within an organization.
- If they preserve people in a certain way than they may believe they are disliked, not listened to or ignored by this person and therefore their motivation to do anything will be far smaller.

- This is why in organisations there needs to be a way of making sure employees fit before being hired and then when they are hired their first perceptions of others need to be good.
- To achieve a good first impression companies will often introduce new employees and current employees in ways which show off key skills, highlight the importance of these people to the team, so that perceptions are built around positives instead of negatives. The perceptual process is how organisations cope with the aforementioned.

Perception Process

- **Receiving Stimuli -** Picking up all external and internal factors.
- **Selecting Stimuli -** Selecting the stimuli which will be most important introduction of new employees is important, they need to be presented in a way where the selected stimuli are positive.
- **Organizing -** Grouping and selecting which are the perceptions to keep.
- **Interpreting -** Fundamental Attribution Error, stereotyping, Halo Effect and projection.
- **Response -** The perception is then turned into attitudes, motivation, feelings and beliefs, which will change the behaviors of the individuals.

Other learning concepts include:

- Distance learning
- Open learning
- The new technology learning
- Interactive learning

Johari Window Model

- Open area - It includes information which are known to the individual and their colleagues.
- Blind area - It includes information known to others but not known to individual.
- Hidden area - It includes information which is known to self but hidden form others.
- Unknown area - it includes information which in unknown to both individual and others.

Self-Concept

- Self-concept is a powerful determinant in learning.
- A student's self-image, described in such terms as confident and insecure, has a great influence on the total perceptual process. If a student's experiences tend to support a favorable self-image, the student tends to remain receptive to subsequent experiences.
- If a student has negative experiences which tend to contradict self-concept, there is a tendency to reject additional training.
- Self-concept is the ability to reflect on one's own traits, skills and behavior.
- Traits, competencies and values are the three factors that are part of the self-concept theory.

- Traits are specific patterns of behavior that exist within an individual.

- These traits lead to the idea that other people will view an individual based on these repetitive trait behaviors.

- The second factor of self-concept is competencies.
- This is where an individual grows to understand what skills, abilities and knowledge they have in an organizational environment.
- Once these skills are identified, the individual will create a self-concept about where they excel at work.
- For example, the child knows he excels in math and analytical abilities, so he feels he is an excellent problem solver.

- The last part of self-concept deals with an individual's values, which are concepts and beliefs about their behavior.
- An individual's values can be determined by their actions and verbal expressions.
- For example, the child spends enormous amounts of overtime at work, and he views himself as a hard worker.
- Negative self-concept inhibits the perceptual processes by introducing psychological barriers which tend to keep the student from perceiving. That is, self-concept affects the ability to actually perform or do things unfavorable.

Memory

- 'Memory', 'remembrance', 'recollection', 'reminiscence' means the capacity for or the act of remembering, or the thing remembered.
- Memory applies both to the power of remembering and to what is remembered.
- Remembrance applies to the act of remembering or the fact of being remembered.
- Recollection adds an implication of consciously bringing back to mind often with some effort.
- Reminiscence suggests the recalling of usually pleasant incidents, experiences, or feelings from a remote past.
- Memory is an integral part of the learning process.
- Although there are several theories on how the memory works, a widely accepted view is the multi-stage concept which states that memory includes three parts: sensory, working memory or short-term, and long-term systems.

Employee Behaviour

- Raising and responding to concerns about someone's behavior in the workplace is probably the most challenging aspect of managing people.
- Employees may feel defensive, upset and even aggressive when their behavior is called into question.
- Managers may be put under pressure, not only to address concerns about employee behavior, but also to minimize the potential disruption to ongoing work.

- Organisations have the dual obligations of ensuring proper standards of behavior are maintained and of treating their employees fairly and reasonably.
- When dealing specifically with concerns about behavior, it is not surprising that such cases can quickly escalate and divert so much time, attention and resources away from more productive activity.
- Most organisations have detailed policies and procedures for dealing with issues of poor behavior in the workplace. However, no matter how well developed these policies and procedures are, there is always room for improvement.

Ways to Facilitate Behavioral Changes among Employees

- As a manager, you must be able to facilitate behavioral changes when you notice behaviors among your employees of which you are not particularly fond.
- When you see these behaviors pop up, you can choose to do nothing, which can jeopardize morale, harm productivity, and potentially cause you to lose clients, or you can work to facilitate behavioral change.
- Obviously, helping your employee to amend the negative behavior is the better option, especially if the employee is otherwise a valuable part of your team.
- Fortunately, there are some steps that you can take to facilitate behavioral changes with your employees to reinforce positive behaviors while reducing those that are negative.
    - Be a Coach
    - Tackle One Issue at a Time
    - Reinforce Positive Behaviors
    - Inspire Your Employees
    - Create Collective Goals

Human Implications of Organisations

All elements of the business strategy have implications for human resources, as illustrated in the table below :

Examples of Key Strategy Issues	Possible Human Resource Implications
What markets should the business compete in?	What expertise is required in these markets? Do existing management and employees have the right experience and skills?
Where should the business be located to compete optimally?	Where do we need our people? How many do we need and at what stage of business growth?
How can we achieve improvements in our unit production costs to remain competitive?	How productive is the workforce currently? How does this compare with competitors? What investment in the workforce (e.g., training, recruitment) and their equipment is required to achieve the desired improvement in productivity?

How can the business impact cultural change?	What are the current values of the workforce. How can the prevailing culture be influenced/changed to help implement a change program?
How can the business respond to rapid technological change in its markets?	What technological skills does the business currently possess? What additional skills are needed to respond to technological change? Can these skills be acquired through training or do they need to be recruited?

Creating Competitive Advantage

Companies that achieve long-term success are those that are able to develop and maintain competitive advantage.

The three determinants that conceptualize 'Competitive Advantage' are the following:

- Benefit
- Target market
- Competition

Moments of Truth

- A 'Moment of Truth' is defined as an instance wherein the customer and the organization come into contact with one another in a manner that gives the customer an opportunity to either form or change an impression about the firm.
- Such an interaction could occur through the product of the firm, its service offering or both.
- Various instances could constitute a moment of truth - such as greeting the customer, handling customer queries or complaints, quickly and effectively, promoting special offers or giving discounts and the closing of the interaction.

4 Moments of Truth

- Zero Moment of Truth: Prospect recognizes need & goes online to gather information for potential purchase.
- First Moment of Truth: Prospect has a moment of truth when confronted with the product and related alternatives, often in real life.
- Second Moment of Truth: Customer has bought & used your brand or product. The resulting experience (hopefully) supports your prepurchase promise.
- Third Moment of Truth: Customer becomes a true fan & gives back to your brand with content and social media engagement.

Change

Companies come to these crucial crossroads and each time they must decide whether to pay the true price of change or face whatever consequences exist for maintaining the status quo.

As change initiatives move through these critical decision points, there are four possible outcomes: termination, meltdown, installation, or realization.

(i) Early Termination:

Occasionally, approval is secured for a new initiative, but the project never really gets off the ground. (No Implementation)

(ii) Meltdown:

Sometimes a project is announced and engaged, but at some point, during implementation, it is discontinued with a complete withdrawal of resources and activity.

Meltdowns are visible failures for all to see, and the economic and political price they incur are so costly they are generally avoided if at all possible.

(iii) Installation:

When change projects are first introduced into a work setting, they are deployed (i.e., announced, set up, or in some way inaugurated) but have not yet achieved their ultimate intent.

(iv) Realization:

Realization takes place when the key purpose for an initiative (for example, confirmed cost savings, measurable increases in customer loyalty, and documented productivity gains) is actually achieved.

Human Landscapes

- What differentiates those organisations that simply install new initiatives from those that are able to fully realize the hoped-for benefits is their ability to manage "human landscapes." At its most basic core, a work environment is composed of two types of building blocks; those that are "inert" (dealing with such things as structures, policies, technology, strategies, capital, and tools) and those that are "human" (dealing with such things as perceptions, assumptions, resistance, fears, aspirations, beliefs, and values).
- Each work environment has its own configuration of inert and human components that form a unique identity or landscape that distinguishes it from any other work setting.
- The problem is that many executives are not predisposed to focus on the "people" aspects of their work environments at all, and those who are interested often lack the knowledge of how human landscapes operate or how to influence them.

Human landscape readiness involves four critical elements. The status of these elements reflects people's predisposition toward realization success:

- Sponsors: The management structure responsible for ensuring that initiatives are applied appropriately.
- Capacity: The availability of the resources people need to adapt to the desired change.
- Culture: The formal and informal ground rules for how things are really done on a day-to-day basis.

- Targets: The people whom the initiatives are intended to influence.

Assessing Change Forces: Lewin's Force Field Analysis

- Before executing the plan for change, it is essential for the leadership to assess forces which affect change in either way.
- The planned change is not automatic, rather there are many forces in individuals, groups or even organization which may either accept the change or resist it, though in most of the cases, there may be resistance.
- Therefore, unless the major forces resisting change agree to change, it may not be possible for the management to implement the change successfully.
- Various forces affecting the change, work on the principle of 'force field', a concept given by Kurt Lewin.

Lewin's Force Field Analysis

- The above figure shows that existing level of activities, which is a quasi-static equilibrium, is reached when restraining forces (A, B) and driving forces (X, Y) are equal.
- This equilibrium is quasi-static because may continue for some time, and if there is any change, new equilibrium is achieved.
- Thus, when any change is introduced, the balance of driving and restraining forces changes making forces to behave differently depending on the nature of the change.
- There may be three types of situations when both driving and restraining forces are operating.

Management can take one of the following actions

- If the driving forces (X, Y) far outweighs the restraining forces (A, B), then the management can push driving forces and overpower restraining forces and change can be implemented.
- If the driving forces (X, Y) and restraining forces (A, B) are equal, then management can push up the driving forces and at the same time, can convert or immobilize the restraining forces to implement the change.
- If the restraining forces (A, B) are stronger than the driving forces (X, Y), then the management can drop the change program if it is not possible to change these forces.

In alternative, it can attempt to change these forces by postponing the change program to be undertaken at more importunate time.

Unit 12: Employee Motivation

Introduction

- Motivation is the psychological feature that arouses an organism to action toward a desired goal, the reason for the action and one that gives purpose and direction to behavior.
- One of the most important factors that lead one to their goals is the drive.
- This drive, also known as motivation, is a zest and determination with a kind of excitement that leads one to persevere to reach greater heights, in no matter what avenue of their life, be it - personal or professional.
- The drive may come from an internal or external source.
- The individual determines this.
- Every person has different reasons for working.
- The reasons for working are as individual as the person.
- But we all work because we obtain something that we need from work.
- The something obtained from work impacts morale, employee motivation, and the quality of life.
- Motivation has been defined as the psychological process that gives behavior purpose and direction (Kreitner);
- A predisposition to behave in a purposive manner to achieve specific, unmet needs (Buford, Bodleian, & Lindner); An internal drive to satisfy an unsatisfied need (Higgins); and The will to achieve (Bedeian).
- In general, motivation is operationally defined as the inner force that drives individuals to accomplish personal and organizational goals.
- From the manager's viewpoint, the objective is to motivate people to behave in ways that are in the best interest of the organisations.
- One of the manager's primary tasks is to motivate people in the organization to perform at high levels.
- This means getting them to work hard, come to work regularly and make positive contributions to the organisation's mission.
- The earlier views on human motivation were dominated by the concept of hedonism which means the idea that people seek pleasure and comfort and try to avoid pain and discomfort.

Types of Motivation

Motivation can thus be intrinsic or extrinsic.

Intrinsic Motivation

Intrinsic motivation comes from rewards inherent to a task or activity itself - the enjoyment of puzzle or the love of playing.

This form of motivation has been studied by social and education psychologists since the early 1970s.

Research has found that it is usually associated with high educational achievement and enjoyment by students.

Student who are likely to be intrinsically motivated if they:

- ❖ Attribute their educational results to internal factors that they can control (e.g., the amount of effort they put in).
- ❖ Believe they can be effective agents in reaching desired goals (i.e., the results are not determined by luck).
- ❖ Are interested in mastering a topic, rather than just rotelearning to achieve good grades.

Rote learning is the process of memorizing information based on repetition.

Extrinsic Motivation

- ❖ Extrinsic motivation comes from outside of the performer.
- ❖ Money is the most obvious example, but coercion and threat of punishment are also common extrinsic motivators.
- ❖ In sports, the crowd may cheer on the performer, which may motivate him or her to do well.
- ❖ Trophies are also extrinsic incentives.
- ❖ Competition is in general extrinsic because it encourages the performer to win and beat others, not to enjoy the intrinsic rewards of the activity.
- ❖ Social psychological research has indicated that extrinsic rewards can lead to over justification and a subsequent reduction in intrinsic motivation.
- ❖ In one study demonstrating this effect, children who expected to be (and were) rewarded with a ribbon and a gold star for drawing pictures spent less time playing with the drawing materials in subsequent observations than children who were assigned to an unexpected reward condition and to children who received no extrinsic reward.

Motivating Different People in Different Ways

- ❖ Motivation is not only in a single direction, i.e., downwards.
- ❖ In the present scenario, where the workforce is more informed, more aware, more educated and more goal oriented, the role of motivation has left the boundaries of the hierarchy of management.
- ❖ Apart from superior motivating a subordinate, encouragement and support to colleague as well as helpful suggestions on the right time, even to the superior, brings about a rapport at various work levels.
- ❖ Besides, where workforce is self-motivated, just the acknowledgement of the same makes people feel important and wanted.
- ❖ Broadly speaking, motivation is either intrinsic/expressive (doing something for its own sake) or extrinsic/ instrumental (doing something for some reason)

Importance of Employee Motivation

- ❖ It creates positive atmosphere in the organization.

- It nurtures happy and productive employees.
- It also ensures clients are happy.
- Achieves better results.
- It requires less supervision.

	INTRINSIC		EXTRINSIC	
	Expressive	Achievement	Social	Instrumental
Characteristics	Interest for its own sake: Satisfaction derived directly from understanding/skill.	Desire to succeed: "I'm not going to let this beat me": mastery represents something important.	In order to gain Social acceptance, either within the class/course etc. "Pleasing teacher" or being one of the in-crowds, or outside.	In order to gain a tangible reward or avoid negative consequences. Can develop into more significant commitment.
Strengths	Enthusiasm, commitment.	Commitment.	Co-operation if class oriented.	Achievement rests on strict criteria of "relevance".
Weaknesses	May get "carried away": lose sight of wood for trees.	Potentially fickle: What the learning represents to the student may not be the same as what it represents to you.	May concentrate on the appearance of achievement to the detriment of "deep" learning. Social aspirations may change.	Aspirations may be met in other ways. Anxiety may Impede learning.

Motivational Theories

The Incentive Theory of Motivation

- A reward, tangible or intangible, is presented after the occurrence of an action (i.e., behavior) with the intent to cause the behavior to occur again.
- This is done by association of positive meaning to the behavior.
- Studies show that if the person receives the reward immediately, the effect would be greater, and decreases as duration lengthens.

- Repetitive action-reward combination can cause the action to become a habit. Motivation comes from two sources: 'inner self', and 'other people' which are termed as 'Intrinsic Motivation' and 'Extrinsic Motivation', respectively.
- Applying proper motivational techniques can be much harder than it seems.
- Steven Kerr notes that when creating a reward system, it can be easy to reward A, while hoping for B, and in the process, reap harmful effects that can jeopardize your goals.

Maslow's Need Hierarchy Theory

Abraham Maslow's theory is one of the most widely discussed theories of Motivation.
He is chiefly known for his "hierarchy of needs" theory.
The theory can be summarized as follows:

- Human beings have wants and desires which influence their behavior.
- Only unsatisfied needs influence behavior, satisfied needs do not.
- Since needs are many, they are arranged in order of importance, from the basic to the complex.
- The person advances to the next level of needs only after the lower-level need is at least minimally satisfied.
- The further the progress up the hierarchy, the more individuality, humanness and psychological health a person will exhibit.
- The needs, listed from basic (lowest-earliest) to most complex (highest-latest) are as follows:
    - Physiological.
    - Safety.
    - Social.
    - Self-esteem.
    - Self-actualization.

The first two needs i.e. Physiological and Safety needs are lower-order needs.
These are satisfied by external means.
The above three needs i.e. Social, Self-esteem and Selfactualization needs are higher order needs.
These needs are satisfied internally.
The essence of the hierarchy is the notion of "pre-potency", which means that you are not going to be motivated by any higher-level needs until your lower-level ones have been satisfied.

Alderfer's ERG Theory

- Clayton Adler, expanding on Maslow's hierarchy of needs, created the ERG theory (existence, relatedness and growth).
- Physiological and Safety, the lower order needs, are placed in the existence category, while love and self-esteem needs are placed in the relatedness category.
- The growth category contains our self-actualization and selfesteem needs.
- In contrast to the need hierarchy theory of Maslow, the ERG theory demonstrates that
    - More than one need may be operative at the same time,

- If the gratification of a higher-level need is stifled, the desire to satisfy a lower-level need increase.

Cognitive Theories - Edwin Locke's Goal-Setting Theory

- Goal-Setting Theory is based on the notion that individuals sometimes have a drive to reach a clearly defined end state.
- Often, this end state is a reward in itself.
- A goal's efficiency is affected by three features: proximity, difficulty and specificity.
- Feedback is an important part of this theory.
- An ideal goal should present a situation where the time between the initiation of behavior and the end state is close.
- This explains why some children are more motivated to learn how to ride a bike than mastering algebra.
- A goal should be moderate, not too hard or too easy to complete.

Herzberg's Two-Factor Theory

- Frederick Herzberg's two-factor theory, aka intrinsic/extrinsic motivation, concludes that certain factors in the workplace result in job satisfaction, but if absent, lead to dissatisfaction.
- The factors that motivate people can change over their lifetime, but "respect for me as a person" is one of the top motivating factors at any stage of life.
- He distinguished between:
  - Motivation; (e.g., challenging work, recognition, responsibility) which give positive satisfaction.
  - Hygiene factors; (e.g., status, job security, salary and fringe benefits) that do not motivate if present, but, if absent, result in demotivation.
- The name Hygiene factors is used because, like hygiene, the presence will not make you healthier, but absence can cause health deterioration.
- The theory is sometimes called the "Motivator-Hygiene Theory" or "The Dual Structure Theory."
- Motivation Factors are Intrinsic Factors that will increase employees' job satisfaction; while Hygiene Factors are Extrinsic Factors to prevent any employees' dissatisfaction.

Douglas McGregor's Theory X and Theory Y

- Douglas McGregor's Theory X and Theory Y, first published in 1957 in his book "Human side of enterprise".
- These two theories clearly distinguished traditional autocratic assumptions about the nature of people (Theory X) from more behaviorally based assumptions (Theory Y).
- The usefulness of the McGregor theories are his convincing arguments that most management actions flow directly from whatever theory of human behavior managers hold.
- Theory X Assumptions:

- The average human being is inherently lazy by nature and desires to work as little as possible.
- He/ she dislikes the work and will like to avoid it, if he/she can.
- He/she avoids accepting responsibility and prefers to be led or directed by some other.
- He/she is self-centered and indifferent to organizational needs.
- He/she has little ambition, dislikes responsibility, prefers to be led but wants security.
- He/she is not very intelligent and lacks creativity in solving organizational problems.
- He/she by nature resists to change of any type.

- As per Theory X, management style requires close, firm supervision with threat of punishment or the promise of greater pay as motivating factors.
- A manager working under these assumptions will employ autocratic controls which can lead to mistrust and resentment.
- McGregor acknowledges that the 'carrot and stick' approach can have a place, but will not work when the needs of people are predominantly social and egoistic.
- Theory Y Assumptions:
  - Work is as natural as play, provided the work environment is favourable. Work may act as a source of satisfaction or punishment.
  - An average man is not really against doing work.
  - People can be self-directed and creative at work if they are motivated properly.
  - Self-control on the part of people is useful for achieving organizational goal. External control and threats of punishment alone do not bring out efforts towards organizational objectives.
  - People have capacity to exercise imagination and creativity.
  - People are not by nature passive or resistant to organizational needs. They have become so as a result of experience in organisations.

Intrinsic Motivation and 'The 16 Basic Desires Theory'

Intrinsic motivation refers to behavior that is driven by internal force.

Starting from studies involving more than 6,000 people, Professor Steven Reiss has proposed a theory that finds 16 basic desires that guide nearly all human behavior. The desires:

- Acceptance, the need for approval.
- Curiosity, the need to think.
- Eating, the need for food.
- Family, the need to raise children.
- Honor, the need to be loyal to the traditional values of one's clan/ethnic group.
- Idealism, the need for social justice.
- Order, the need for organized, stable, predictable environments.
- Physical Activity, the need for exercise.
- Power, the need for influence of will.

- Romance, the need for sex.
- Saving, the need to collect.
- Social Contact, the need for friends (peer relationships).
- Status, the need for social standing/importance.
- Tranquility, the need to be safe.
- Vengeance, the need to strike back.

Vroom's Expectancy Theory:

Vroom's Expectancy theory advocates that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual.

In more practical terms, expectancy theory says an employee is motivated to exert a high level of effort when he or she believes effort will lead to a good performance appraisal; a good appraisal will lead to organisational rewards like a bonus, a increase, or a promotion; and the rewards will satisfy the employee's personal goals. The theory, therefore, focuses on three relationships:

1. Effort-Performance relationship (Expectancy)
2. Performance-Reward relationship (Instrumentality)
3. Rewards-personal goal relationship (Valence)

These can be extrinsic (such as money, promotion, time off) or intrinsic (sense of achievement).

Expectancy theory = Expectancy (E) * Instrumentality (I)* Valence (V).

Employee Attitude Development

Workers in any organization need something to keep them working.

Most times the salary of the employee is enough to keep him or her working for an organization.

However, just working for salary is not enough for employees to stay at an organization.

An employee must be motivated to work for a company or organization.

If no motivation is present in an employee, then that employee's quality of work or all work in general will deteriorate.

Keeping an employee working at full potential is the ultimate goal of employee motivation.

There are many methods to help keep employees motivated.

Employee Engagement:

- One more aspect which is closely connected with the concept of employee attitude development is Employee Engagement, which is a new and contemporary aspect derived as a series of research studies by renowned management experts within India and outside.
- Employee engagement does not mean employee happiness.
- Someone might be happy at work, but that doesn't necessarily mean they are working hard, productively on behalf of the organization.
- While company game rooms, free massages and Friday keg parties are fun - and may be beneficial for other reasons-making employees happy is different from making them engaged.

- Employee engagement doesn't mean employee satisfaction.
- Many companies have "employee satisfaction" surveys and executives talk about "employee satisfaction", but the bar is set too low.
- A satisfied employee might show up for her job daily 9 to 5 without complaint.

The ten Cs of employee engagement

How can leaders engage employees' heads, hearts, and hands? The literature offers several avenues for action; we summarize these as the Ten Cs of employee engagement.

1. Connect: Leaders must show that they value employees.

2. Career: Leaders should provide challenging and meaningful work with opportunities for career advancement.

3. Clarity: Leaders must communicate a clear vision.

4. Convey: Leaders clarify their expectations about employees and provide feedback on their functioning in the organization.

5. Congratulate: Leaders must convey their feedback on the good work done their subordinates by way of congratulatory messages.

6. Contribute: People want to know that their input matters and that they are contributing to the organisation's success in a meaningful way.

7. Control: Employees value control over the flow and pace of their jobs and leaders can create opportunities for employees to exercise this control.

8. Collaborate: Studies show that, when employees work in teams and have the trust and cooperation of their team members, they outperform individuals and teams which lack good relationships.

9. Credibility: Leaders should strive to maintain a company's reputation and demonstrate high ethical standards.

10. Confidence: Good leaders help create confidence in a company by being exemplars of high ethical and performance standards.

Job Enrichment

Job Enrichment: Definition and Concept

- Job Enrichment is the attempt to build in to jobs a higher sense of challenge and achievement.
- The accumulation of achievement must lead to a feeling of personal growth accompanied by a sense of responsibility and should be distinguished from job enlargement which attempts to make a job more varied by removing the dullness associated with performing repetitive operations.
- Enrichment reduces that potential of micromanagement from a supervisor, which can oppress and demoralize an otherwise competent and capable employee.
- The more valuable each employee feels, the more motivated they are to produce top results.

- Also, companies can operate more efficiently when employees bear significant responsibility for their work and results.

From this theory Herzberg developed a set of principles for the enrichment of jobs as follows:

- removing some controls while retaining accountability.
- increasing personal accountability for work.
- assigning each worker, a complete unit of work with a clear start and end point.
- granting additional authority and freedom to workers.
- making periodic reports directly available to workers rather than to supervisors only.
- the introduction of new and more difficult tasks into the job.
- encouraging the development of expertise by assigning individuals to specialized tasks.

Herzberg's Checklist for Job Enrichment

Herzberg's other major contribution to the development of ideas in the area of job design was the checklist for implementation.
This is a prescription for those seeking success in the enrichment of jobs:

- Select those jobs where technical changes are possible without major expense.
- Job satisfaction is low.
- Performance improvement is likely with increases in motivation.
- Screen the list (red lighting) for hygiene suggestions and retain only ideas classed as motivators.
- Remove the generalities from the list retaining only specific motivators.
- Avoid employee involvement in the design process.
- Set up a controlled experiment to measure the effects of the changes.
- Anticipate an early decline in performance as workers get used to their new jobs.

Benefits of Job Enrichment

- It benefits employee and organization in terms of increased motivation, performance, satisfaction, job involvement and reduced absenteeism.
- Additional features in job meet certain psychological needs of jobholders, identity, significance of job, etc.
- It also adds to employee self-esteem and self-control.
- Job enrichment gives status to jobholder and acts as a strong satisfier in one's life.
- Job enrichment stimulates improvements in other areas of organization.
- Empowerment is a by-product of job enrichment. It means passing on more authority and responsibility.

Demerits of Job Enrichment

- Lazy employees may not be able to take additional responsibilities and power. It won't fetch the desired results for an employee who is not attentive towards his/her job.

- Unions resistance, increased cost of design and implementation and limited research on long term effect of job enrichment are some of the other demerits.
- Job enrichment itself might not be a great motivator since it is job-intrinsic factor. As per the two-factor motivation theory, job enrichment is not enough. It should be preceded by hygienic factors etc.
- Job enrichment assumes that workers want more responsibilities and those workers who are motivated by less responsibility, job enrichment surely de-motivates them.
- Change is difficult to implement and is always resisted as job enrichment brings in a change the responsibility.

Limitations of Job Enrichment

- Technology
- Cost
- Attitude of managers and workers
- Reaction of union Leaders

Job Enlargement

- As early as 1950 in the USA, job rotation and job enlargement were being both advocated and tested as means for overcoming boredom at work with all its associated problems.
- Since, the concept of Job Enrichment encompasses to handle duties of higher cadre, Job enrichment gives the employee more duties/responsibilities in the present job, i.e., vertical loading of jobs.
- Workers often expect higher payment to compensate for learning other jobs and for agreeing to changes in working practices.
- The new jobs are often only a marginal improvement in terms of the degree of repetition, the skill demands and the level of responsibility; as a result, workers have not always responded positively to such change.
- Job enlargement schemes may not be feasible, e.g., in motor vehicle assembly, without a major change in the production facilities.
- The concepts of both job rotation and enlargement do not have their basis in any psychological theory.

- During the 1950's and 1960's Herzberg developed his 'two factor' theory of motivation.
- In this theory, he separated ‘motivators' from 'hygiene' factors.
- The hygiene factors included salary, company policies and administration as well as supervision. They were seen as potential sources of dissatisfaction but not of positive motivation.
- Another set of factors including achievement, recognition, responsibility, advancement, growth and the work itself were postulated as the 'real' motivators.
- Job enrichment means expanding the number of tasks, or duties assigned to a given job.

- Job enlargement is naturally opposite to work simplification.
- Adding more tasks or duties to a job does not mean that new skills and abilities are needed.
- There is only horizontal expansion.
- It is with same skills taking additional responsibilities like extending working hours etc.
- Job enlargement may involve breaking up of the existing work system and redesigning a new work system.
- For this employee also need to be trained to adjust to the new system.
- Job enlargement is said to contribute to employee motivation but the claim is not validated in practice.

Job Enrichment vs. Job Enlargement

Job enrichment adds responsibilities of higher position, i.e., vertical loading of jobs, whereas, job enlargement gives the employee more duties/responsibilities in the present job, i.e., Horizontal loading of jobs.

Benefits of Job Enlargement

- Task Variety.
- Meaningful Work Modules.
- Full Ability Utilization.
- Worker Paced Control.
- Meaningful Performance Feedback.

Disadvantages of Job Enlargement

- High Training Costs.
- Redesigning of existing work system required.
- Productivity may not increase necessarily.
- Workload increases.
- Unions demand pay-hike.
- Jobs may still remain boring and routine.

Job Rotation

- As explained above, Job enrichment, job rotation and job enlargement are three ways employers try to make jobs more satisfying.
- Job rotation, sometimes called cross training, is one of the many forms of on-the-job training and a formal effort at executive development.
- Job rotation can be defined as lateral transfer of employees among a number of different positions and tasks within jobs where each requires different skills and responsibilities.
- Individuals learn several different skills and perform each task for a specified time period.

- Job rotation is a developmental technique that has been widely used but, surprisingly, received little attention in human-resources studies.
- Traditionally, job rotation is usually addressed at an organizational level.
- From the employers' point of view, organizational theorists have advocated frequent rotation as a means of reducing fatigue and boredom on production jobs so as to maintain productivity and fairly frequent rotation after the initial hiring as a means of orientation and placement.
- Job rotation enables the training of workers to be backups for other workers so that managers have a more flexible work force and a ready supply of trained workers.
- The importance of job rotation has been recognised even at the national and transnational level.
- It has been considered as one of the main solutions to the challenge of unemployment in the European Community.
- Currently, 14 countries, 5000 public or private enterprises, and 1,00,000 students have been involved in a "EU-Job rotation" project, to resolve the bottleneck problems resulting from economic growth and to help reduce the unemployment rate.

Some of the disadvantages of job rotation are:

- Lot of time as well as effort go in motivating and persuading employees for job rotation.
- Individuals take some time to acquaint to a new process, set up, be friendly with other employees and so on.
- Job rotation also leads to stress and anxiety among employees.
- It does not take into account the time wasted in training.
- Sometimes, employees even after working for few months, in another department hardly learn anything. All your efforts go waste when the end result is a zero.

Job Satisfaction

- Job satisfaction represents one of the most complex areas for today's managers when it comes to managing their employees. Many studies have demonstrated significant impact of the job satisfaction on the motivation of workers, while the level of motivation has an impact on productivity, and hence also on performance of business organisations.
- Unfortunately, job satisfaction has not yet received the proper attention from neither scholars nor managers of various business organisations.
- Job satisfaction can be an important indicator of how employees feel about their jobs and a predictor of behavior of employees at work such as organizational citizenship, absenteeism and job withdrawal.
- One of the common research findings is that job satisfaction is correlated with life satisfaction.

Definition and Scope of Job Satisfaction

- Different authors have different approaches towards defining job satisfaction.
- Hoppock defined Job Satisfaction as any combination of psychological, physiological and environmental circumstances that cause a person truthfully to say I am satisfied with my job.
- According to this approach although job satisfaction is under the influence of many external factors, it remains something internal that has to do with the way how the employee feels.
- Job satisfaction is a result of employees' perception of how well their job provides those things that are viewed as important.
- There are three important dimensions to job satisfaction.
- First, job satisfaction is an emotional response to a job situation.
- Second, job satisfaction is often determined by how well out comes meet or exceed expectations.
- Third, job satisfaction represents several related attitudes.
- Job satisfaction is a complex and multifaceted concept which can mean different things to different people.
- Job satisfaction is usually linked with motivation, but the nature of this relationship is not clear.
- Satisfaction is not the same as motivation.
- Job satisfaction is more of an attitude, an internal state.
- It could, for example be associated with a personal feeling of achievement, either quantitative or qualitative.

Triggers of Job Satisfaction:

By and large, there are five predominant models of job satisfaction focused on different causes. They are:

- Need Fulfillment
- Exceeding the expectations
- Value Attainment
- Treatment of Equity & Justice
- Dispositional/Genetic Components

Determinants of Job Satisfaction:

All individuals do not derive the same degree of satisfaction though they perform the same job in the same environment and at the same time. Therefore, it appears that besides the nature of job and job environment, following factors influence the job satisfaction.

- Supervision
- Well-knit Co-Workers
- Compensation/Pay
- Education
- Working Conditions

Relevance of Job Satisfaction in Banks

- As we have discussed above, 'Job Satisfaction' is directly in relation with the Motivation.
- The word 'Motivation' in the context of Banks is more akin to fulfilment of social needs viz., recognition, status, working conditions, work-life balance, freedom at work etc., as the basic needs like salary are sufficiently taken care of by periodical wage accords which provide them a respectable compensation.
- Across the Banking Industry, there has been a uniform wages/salary, the only differential factors which make the employees feel satisfied are better working environment, freedom at work, recognition, status etc.
- All these factors are possible if and when the Banks evolve proactive strategies and create positive vibes among workforce through - proper employee engagement plans, stimulating career tracks, proper employee-wellness plans/programmers, stimulating reward policies etc.
- A disgruntled employee who is unhappy with his job starts to spread his dissatisfaction through the rest of the staff; it can cause a drop in employee morale.
- Employees who are satisfied with their jobs do not create problems with staff morale.
- Hence, the Banks should endeavor to instill proper morale among the employees so as to ensure that the job satisfaction levels will be high and productive.
- High productivity is a result of high performance; and employees who experience job satisfaction generally are productive, because they devote the necessary time and energy to completing their assigned job duties.
- As the banks are functioning under service sector, high level of Job Satisfaction among its workforce is paramount for their overall organizational success.

Unit 13: Employee Development (Part-I)

Introduction

- Developing employees is an ongoing process and forms a major component of the HR function.
- The term 'Human Resource' does not merely mean the physical make up of people, but also encompasses their inherent traits, qualities, skills, behaviors, knowledge, etc.
- The organizational behavior is largely conditioned by the collective behaviors of the employees.
- It is rather interesting to observe that one common management strategy which can enhance these attributes is the 'Training'.
- Training is the corner-stone for sound management.
- Training enhances/sharpens the skills and knowledge of the people on one side and seeks to change the course of their behaviors and attitudes in a way to increase their willingness to perform well, on the other.
- Training is an integral part of the core management function.
- 'Training Management' has since emerged as an important and crucial function out of all other functions of Human Resource Management (HRM).
- Employee development also includes upskilling of employees to take up new roles.
- It prepares them to face the challenges of future.
- It also encompasses creating and retaining talent.

The methods of employee development include:

- Training
- Coaching
- Mentoring
- Job Rotation/On the Job training.
- Simulation
- Self-study

Basic Objectives of 'Training'

The aim of any training programmed especially in Banks is to provide instruction and experience to new employees to help them reach the required level of performance in their jobs quickly and economically.

For the existing staff, training will help develop capabilities to improve their performance in their present jobs, to learn new technologies or procedures, and to prepare them to take on increased and higher responsibilities in the future.

The training aims to achieve the following objectives:

- To help remove the performance deficiencies among employees.
- To increase the intellectual wealth of the organization.

- To contribute to employee stability which in turn enhances sustainability.
- better corporate image.
- To improve the morale and over all personality of the employees.
- To increase job satisfaction and recognition.

Broad objectives of Training in any Organization are as under:

1. Enhancing employee competencies
2. Easy induction to new entrants
3. Helps in Employee-growth opportunities
4. Enhancing the customer-delight
5. Acceptance of change
6. Nurturing Talent pipeline and a band of committed and loyal workforce
7. Reduction of absenteeism, employee turnover rate and increase of productivity

Principles Governing Training Function in Banks

The training endeavor of a bank needs to be guided by the following principles:
Training should be motivating in the sense that training strategy should serve as an encouraging tool for employees to own the responsibility of learning and enhance their skills, knowledge and attitudes;

- Training should be purposeful and need-based as also relevant to the organizational and individual needs.
- Training should be based on tested principles of learning.
- Training should be conducted in the actual job environment to the maximum possible extent so as to make it more effective.
- Training should drive the bank towards transforming it as a 'Learning Organization'.
- Training should be viewed as an investment in HR with a promise of better returns in future.

Training & Development: Its Need

- Training and development is vital part of the human resource development.
- It is assuming an ever-important role in the wake of the advancement of technology which has resulted in ever increasing competition, rise in customer's expectation of quality and service and a subsequent need to lower costs.
- Noted management author Peter Drucker said that the fastest growing industry would be training and development as a result of replacement of industrial workers with knowledge workers.
- In United States, for example, according to one estimate technology is de-skilling 75% of the population.
- This is true for the developing nations and for those who are on the threshold of development.

The need for Training and Development

The following are the two biggest factors that contribute to the increased need to training and development in organisations:

1. Change: The word change encapsulates almost everything.
It is one of the biggest factors that contribute to the need of training and development.
There is in fact a direct relationship between the two.
Change leads to the need for training and development and training and development leads to individual and organizational change, and the cycle goes on and on.

2. Development: It is again one of the strong reasons for training and development becoming more important.
Money is not the sole motivator at work and this is especially very true for the 21st century.
People who work with organisations seek more than just employment out of their work; they look at holistic development of self.

Concepts and Differences of 'Training', 'Development' and 'Learning'

Training:
In simple parlances, Training refers to the process of imparting specific skills.
Training is an organizational process where the skills, knowledge and attitudes are imparted to do a particular job.
An employee undergoing training is presumed to have had some formal education.
No training program is complete without an element of education.

Development: Development means those learning opportunities designed to help employees to grow.
Development is not primarily skill oriented, instead it provides the required knowledge and attitudes, which will be helpful to employees at all levels, especially with regard to their career advancement.
Efforts towards development often depend on personal drive and ambition.
Development activities such as those supplied by management development programs are generally voluntary in nature.
As training and development always go hand in hand, it may help to understand some of the major differences between the two activities:

Training	Development
Training is organization-related skill focused	Development is creating learning abilities
Training is presumed to have a formal education	Development is not education dependent
Training needs depend upon lack or deficiency in skills	Development depends on personal drive and ambition
Trainings are generally need based	Development is voluntary

Training is a narrower concept focused on job related skills	Development is a broader concept focused on personality development
Training may not include development	Development includes training wherever necessary
Training is aimed at improving job related efficiency and performance	Development aims at overall personal effectiveness including job efficiencies

'Learning': Concept and Definition

- The concept of 'Learning' has broader connotation and has inbuilt Training.
- Learning, can be defined as a human process by which skills, knowledge, attitudes/habits are acquired and utilized to modify the behaviors.
- Training will be useful in the context of organization whereas Learning is useful for personal growth in terms of personality development, rightsizing the behaviors, career growth by acquiring new skills and knowledge that are required to perform his job.
- Hence, the effect of learning is relatively permanent in nature in contrast to Training, which is a short-term effect.

Training Need: Methods For Identification of Training Needs

Training need can be defined as the difference between the standard performance and the actual performance of the concerned employee.

An individual obviously needs training when his or her performance falls short of standards, that is, when there is a performance deficiency.

Inadequacy in performance may be due to lack of skill or knowledge or any other problem.

The problem of performance deficiency caused by absence of skills or knowledge can be remedied by training.

Role And Impact of Training

- The highest training priorities are obviously the activities which are of high importance and immediate in need.
- Many organisations face the challenge of developing greater confidence, initiative, solutions-finding, and problem-solving capabilities among their people.
- Organisations need staff at all levels to be more self-sufficient, resourceful, creative and autonomous.
- The focus here is on developing the person, along with the skills. Provide learning and experiences that they would like for their own personal interest, development and fulfillment.
- Performance and capability are ultimately dependent on people's attitude and emotional maturity.

- It helps them to achieve what they want on a personal level, and this provides a platform for trust, 'emotional contracting' with the organization, and subsequent skills/process/knowledge development relevant to managing higher responsibilities, roles and teams.

General benefits from employee Training and Development can be numerous, but still can be summarized to include increase in efficiency, improved morale among employees, better human relations, reduced supervision etc. Things to be kept in mind while imparting Training to employees:

1. Ensure to have sufficient knowledge about what employees need and want.
2. Appropriate steps taken to build relations before training.
3. Build trust and feeling of being safe to talk about one's problems.
4. Emphasis on how to bring about change rather than on knowledge inputs.
5. Sufficient time - to be devoted to the programs.
6. To ensure ideal trainee trainer ratio.
7. To leverage participant's work experience to ensure better reachability of training among the participants.

Future of Bank Education in India

- It is now commonplace to say that the 21st Century will be the "Knowledge Century" and we are transiting from product-based to knowledge-based economy.
- The knowledge economy - an economy in which Wealth is based upon the ownership of knowledge and the ability to use that knowledge to create or improve goods and services.
- India will probably have the world's largest set of young people.
- Even as other countries begin to age, India will remain a country of young people, potentially to our great advantage.
- The transformation of banking caused by the rapid development of information and communication technologies has provided banking entities with new ways of bringing their products to the customers.
- The banks would now have to increasingly deal with knowledge workers i.e. one who works primarily with information and uses knowledge in the work place.
- Traditional banking has thus changed into electronic banking, and therefore the standard form of contact - personal contact – is taking a back seat to new, faster, more conformable, and cheaper means of communication.
- The introduction of electronic banking services also creates new tasks to be faced, such as the optimization of distribution channels and the security of data transfer.
- The customer will not purchase a service that fails to meet his requirements or a service that does not guarantee the required privacy and security.
- Banks, therefore, are trying to devote enough attention to all aspects of the modernization of traditional banking.

- Basic electronic banking includes services provided through selfservice zones, internet banking, E-mail banking and phone banking.
- A new product is the electronic purse, sometimes called a "multipurpose payment card", which is a payment instrument for making non-cash payments.
- The e-shop represents a specific form of electronic banking.
- Electronic commerce comes in three basic forms: the e-shop, estore, and e-exchange.
- With such an array of new products and more on the way, based on customer demand, India's banking industry must strengthen itself significantly if it has to support the modern and vibrant economy which India aspires to be.
- While this presents tremendous business opportunities for the banking sector, it also raises new issues and challenges for the players, regulators and policy makers.
- And as the banking sector takes initiatives to cater to the evolving needs of the economy.
- Changing Role of Training and Education in Banks:
- With the competition that has been sweeping across the industry coupled with the technology absorption in a big way, plethora of innovative products and services with sophisticated delivery systems are being inducted in the market place.
- This scenario calls for continuous harnessing of skills and creative talents of the human resource through innovative Training methods to enable them to function in the highly volatile situation with ease and competitive spirit.

e-Learning:

- 'Knowledge Transfer' is the new mantra that is gaining more acceptance than the traditionally accepted definition of education.
- Classrooms today, transcend limitations of time, space, race and language.
- The Internet has revolutionized the concept of distance education.
- However, there are certain factors that differentiate the good and the better from the mediocre and the average.

Knowledge Transfer in the Banking Industry:

- The banking industry ,where timely adoption of technology plays a critical role in deciding the leader and the laggard.
- With an employee base from different streams of education and walks of life, it becomes imperative to enhance the awareness and transfer of technology in an easy and efficient manner.
- If we look at the traditional way of imparting education in this industry, the role of the staff training colleges and similar academic institutions has been vital and significant.
- While these have largely met the requirements, the changing face of technology being used in our operations necessitates the need for a different and more enlightened view on training.

Unit 14: Training Methodology (Part-I)

Introduction

The following quotes of Peter Drucker, who is a Management Guru of global fame summarize the value of Training endeavors in Institutions:

"In today's economy, the most important resource is no longer labor, capital or land; it is only knowledge."

"The only skill that will be important in the 21st century is the skill of learning new skills. Everything else will become obsolete over a period of time."

Initiatives of the Government of India on Development of General Skills of Masses:

1. First-ever Indian Institute of Skills:
2. Kaushal Prahasini (Skill Exhibition) for the youth of Uttar Pradesh:
3. India Skills Competition - 2016:
4. Pradhan Mantri Kaushal Vikas Yojana (PMKVY):
5. Pradhan Mantri Kaushal Vikas Kendra:
6. National Apprentice Promotion Scheme (NAPS):

"Learning Organisation': Concept, Definitation and Features

- It is a thoroughly mis-conceived view that training in the organizations do the purpose of learning.
- While the training is a process and planned effort to increase productivity, learning brings the individual from 'unknown' to 'known' thereby generating required awareness.
- The learning need, which constitutes the gap between the required competencies to perform a job and the actual competencies possessed by the individual, should be identified endeavor and steps taken to fill this gap through suitable learning systems.
- 'Organizational learning' is a process of continuously redefining people's beliefs and perceptions about how things work.
- In a dynamic environment, it is important for organisations to continuously learn and adapt.
- A 'Learning Organization' is an organization which is not only skilled in creating, acquiring and transferring knowledge but also at modifying behavior to reflect new knowledge and insights.
- It is a place where all people working with it - irrespective of their positions and cadres - will collectively and continuously learn the knowledge, and skills for mutual benefit of themselves and the organization.
- The Learning Organisations are the complex economic institutions in which thinking, learning and knowledge creation takes place and creative ideas are constantly generated so as to permit organizational transformation.

Essential Features of 'Learning Organization'

- It is a place where high quality human learning goes-on, on a continuous basis.
- The objective to transform is to learn and grow and change, as opposed to the traditional bureaucratic models of organizational structure.
- It is a place where the capacity to be creative and innovative is continuously expanding; It endeavors to unlearn old and obsolete knowledge and to acquire new knowledge and enhancing the existing knowledge.
- It creates open and frank communication channels vertical, horizontal and cross-sectional - interdepartmentally and interpersonally.
- It is a place where the human being are encouraged to unveil their creative ideas and knowledge for its competitive advantage.
- It disseminates learning and shared knowledge and vision throughout the organization.
- It keeps the company in a state of constant change;
- The ultimate objective of the Learning Organization is to develop core competencies for going ahead with change of times.

Organizational excellence can be achieved through the holistic well-being of employees, as the 'people' in the organization are the key factors for transforming the organisations as a 'Learning Organization'.
In order to achieve holistic purpose, the organisations have been adopting modern methods like Constant Learning, Empowerment, Benchmarking, Customer Relationship Management (CRM), Employee care and welfare, Economic Value Added (EVA), i.e., Return on Investment (ROI) concepts, Retention of creative talent and total Quality Management (TQM).

Training Methodology

- Conceptually, the objective of the training programmers should be to offer something for everyone - from pre-employment preparation for the first job to pre-retirement courses for those who are due to retire soon.
- The range of training methods is such that they can provide opportunity to the unskilled to become skilled; they offer people to be promoted at various levels of the organization.
- Training methods are means of attaining the desired objectives in a learning environment.
- Training methods can be grouped on the basis of level of personnel in an organization because three categories of people - Subordinate Clerical, Supervisory (Officers) and Management (Executives) - have different training needs and, therefore, different training methods are needed for them. Training methods can also be categorized on the basis of the emphasis which they put on the training process. Let us discuss these methods extensively:

1. On-the-Job Training Methods
(a) Coaching Method
(b) Understudy Method

(c) Mentoring Method
(d) Job Rotation Method
(e) Apprenticeship Programmers
(f) Special Projects
(g) Committee Assignments

2. Off-the-Job Training Methods
(a) Case Study Method
(b) Role Playing
(c) Management Games
(d) In-basket Exercises
(e) Simulation
(f) Brainstorming
(g) Sensitivity Training

3. Transactional Analysis (TA)

4. Contemporary Methods of Training
(a) Internet as a Learning Medium
(b) E-Learning.
(c) 'Smart Phone': A modern gadget for effective Knowledge sharing and dissemination.
(d) Web-Based Training Using LMS (Learning Management Systems).

Training for the New Generation
Changing Generations: Concept and Definition of Various Demographics:
Quite often than not, we have been hearing various terminologies attributed to different generations 'Baby Boomers', Gen X, Gen Y, Gen C etc.

- Let us examine the concepts of these generations:
- 'Baby Boomers' are those who born after Independence i.e., born roughly between 1947 and 1964.
- They are very hard working, disciplined, God fearing, pious, valuedriven etc.
- Then came Gen 'X', which denotes the generation of people born roughly between 1965 and 1981.
- This generation was impacted heavily by social and economic upheaval and thus less optimistic but more self-reliant than 'Baby Boomers'.

- Gen 'Y' denotes the generation that succeeds Gen 'X' i.e., those born roughly between 1982 to 2001.

- Members of Generation 'Y' is often referred to as "echo boomers" because they are the children of parents born during the baby boom (the "baby boomers").
- Since children born during this period have had constant access to technology (computers, cell phones) in their youth; many employers were perforce to revamp their hiring strategy in order
- to incorporate updated forms of technology.
- Being also called as 'Millennials', 'echo-boomers', internet, i-Gen, 'Net-Gen' etc.; Gen 'Y' are the people who are most educated, assertive, vocal, connected, confident and independent.
- Their lifestyles and needs have evolved with the times and they no longer communicate in a traditional manner.
- They are diverse and desire flexible working hours and seek freedom at work place.

- While the Gen 'X' population wants to know 'What is in it for me',
- Gen 'Y' expects great workplace flexibility as well as seeking extremely fast progression and are less willing to work their way up slowly.
- They value work-life balance and flexibility even more than Gen 'X'.

'Generational Differences at Work Matters Little': A Contemporary View

- In our workplace we generally see people from across the age span i.e., different generations - Baby Boomers to Gen Y and even Gen C.
- Researchers say that most of the evidences for generational differences in preferences and values suggests that differences between these generations are quite small.
- In fact, there is a considerable variety of preferences and valueswithin any of these age groups.
- They found that, although individual people may experience changes in their needs, interests, preferences, and strengths over the course of their careers, sweeping group differences depending on age or generation alone don't seem to be supported.
- So, it is advocated that what might really matter at work, is not actual differences between generations, but people's beliefs that these differences exist.
- These beliefs can get in the way of how people collaborate with their colleagues, and have troubling implications for how we people are managed and trained.

One of such view was emphatically advocated by Bobby Duffy in his book titled - 'Generations: Does When You're Born Shape Who You are?'.

Some of his thoughts on this matter are summarized as under:

- It is only human to look for patterns and try to make sense of randomness. But our single explanations are usually inaccurate, they muddle cause and effect. One could speculate that a technology like the smartphone, mass-adopted in a little over a decade, has entrenched generational divides by sealing people into distinct physical and digital spaces. But these effects can only be understood in the long view.

- There are only three explanations for how attitudes, behaviors and beliefs change over time: Period effects, life-cycle effects and cohort effects.
- 'Period effects' are about events and times that alter everyone -- the way a spike in terrorist attacks can produce a similar cast of minds in many people, whatever their age or identity.
- 'Life effects' are about how people tend to change in a uniform way, like the way they gain weight in later decades as their metabolism slows down.
- 'Cohort effects' are what actually differentiate generations and are shaped by how one has been socialized -- for instance, the dominant attitude to religion when one was born.
- All these effects can show up in combination or alone, which is why it is hard to isolate generational change.

Changing Generations

- 'Baby Boomers' are those who born after Independence i.e., born roughly between 1947 and 1964.
- Then came Gen 'X', which denotes the generation of people born roughly between 1965 and 1981.
- Gen 'Y' denotes the generation that succeeds Gen 'X' i.e., those born roughly between 1982 to 2001.
- They are also called as 'Millennials', 'echo-boomers', internet, i-Gen, 'Net-Gen' etc.
- Gen 'C' denotes the generation who born roughly after 2001.

Training the New Generation (Gen Y)

- HR Managers around the world have been learning this past decade to deal with the new generation of tech savvy, smart and erudite youngster who joins their workforce with a completely new set of beliefs and convictions.
- They trust the internet more, are addicted to the web-based features, have a million friends across all networks and use technology in a way unthinkable.
- When these so-called Millennials start a job, they expect ongoing education and challenges.
- They're eager to learn anything new and expect to use what they learn at this job to help them later in their career.
- If the organization does not have the time or resources to offer ongoing training, they must supplement a static training program or online training courses to keep employees engaged.

Some tips on the best modes of training for them:

- Keep it Short
- Make training entertaining
- Allow freedom
- Explore mobile learning (m-learning)
- Encourage Teamwork

Return on Investment (ROI) on Training

- With the current trend of sourcing young generation employing in banks, which has been impacting organized training in a big way, a number of firms are looking at e-learning to reduce training costs.
- Various measures to reduce training costs, such as more programs in house, seeking low-cost trainers, having more programs in office premises etc. have one thing in common, to improve the ROI ratio on training.
- From a trial-and-error era of trying various programs and not really being sure of the end result, the time has now come to have a more efficient approach to training; now, companies want to see
- results, they need assurance that the training they are spending money on actually works.
- ROI and Economic Value Added (EVA) have never been more vital than they are now.
- One needs to be able to prove that training is actually helping people learn and gets converted into measurable results.
- Return on Investment (ROI) is a traditional financial measure based on historic data that yields insights into how to improve business results in the future.

To calculate monetary ROI, identify the total financial benefit the organization draws from a learning program and then subtract from that the total investment (total cost) made to develop, produce, and deliver that program.
Though it is difficult to measure all of the costs associated with the program and even harder to isolate the financial benefits from the program, this exercise does help in finding a fair value.

$$(Total\ Benefit - Total\ Cost)\ /Total\ Costs \times 100 = \text{ROI}$$

Types of Training
Induction Training

- Because effective talent management starts with an employee's first day on the job, organisations should fine tune their induction process by incorporating programs that specifically address generational differences.
- To familiarize and make these workers more comfortable with the technology that they will be required to use in their jobs, organisations, may want to incorporate training programs that include targeted, hands-on training around technology.

Other Types of Employee Training:
1. Communication: The increasing diversity of today's workforce brings a wide variety of languages and customs.
2. Computer skills: Computer skills are becoming a necessity for conducting administrative office tasks.

3. Customer service: Increased competition in today's global marketplace makes employees understand and meet the needs of customers.
4. Diversity: Diversity training usually includes explanation about how people have perspectives and views, and includes techniques to value diversity.
5. Ethics: Today's society has increasing expectations about corporate social responsibility. Also, today's diverse workforce brings a wide variety of values and morals to the workplace.
6. Human relations: The increased stresses of today's workplace can include misunderstandings and conflict. Training can people to get along in the workplace.
7. Team building and Leadership: In companies, work is done in team structure, headed by Team Lead. Therefore, it is pre-requisite for employees to learn the team work, group behavior and handling mutual conflict. Leadership Development programmers, personality development, public speaking are some programmers in trend to imbibe the Leadership quality.
8. Quality initiatives: Initiatives such as Total Quality Management, Quality Circles, benchmarking, etc., require basic training about quality concepts, guidelines and standards for quality, etc.
9. Safety: Safety training is critical where working with heavy equipment, hazardous chemicals, repetitive activities, etc., but can also be useful with practical advice for avoiding assaults, etc.
10. Sexual harassment: Sexual harassment training usually includes careful description of the organisation's policies about sexual harassment, especially about what are inappropriate behaviors.
11. Subject specialization: Like Risk Management, Marketing, Credit Management, Rural Finance, NPA Management, Wealth Management, Treasury Management/Operations, International Finance, etc.
12. Management Development programmers: Like Decision-Making, Leadership Development, Management Excellence, etc. These programs are mostly meant for Senior Executives.

Benefits OF Training

General Benefits from Employee Training and Development:

- Increased job satisfaction and morale among employees.
- Increased employee motivation.
- Increased efficiencies in processes, resulting in financial gain.
- Increased capacity to adopt new technologies and methods.
- Risk management, e.g., training about sexual harassment, diversity training.

Career Advancement

- Performance reviews that define and map performance goals directly to individual development plans that feed into career, succession and compensation planning are especially effective with Gen-Y workers.
- Organisations hoping to retain workers from multiple generations should look to develop more non-traditional advancement opportunities for workers and proactively communicate that "advancement" does not always mean promotion.

Managing Performance

- Since Gen-Y thrives on constant praise, organisations should consider updating their approach to performance management to provide these employees with more frequent and personalized opportunities to receive feedback.
- Gen-Y workers want immediacy, transparency and an accelerated timetable for advancement.
- They want a real time view into what they have accomplished, what they need to accomplish going forward, and how and when they can expect to be acknowledged and rewarded for their accomplishments (e.g. promotion, more responsibility, salary increase, etc.).
- Companies can develop a successful talent management strategy by addressing the specific generational needs and expectations of their workers.

Training & Career Development

- In addition to addressing different learning styles, an effective training program should address generational differences.
- The middle-aged staff, tend to prefer relationship-based learning situations while the younger staff prefer to engage in independent learning.
- According to Forrester research, "Millennials," the youngest generation of workers in today's workforce (born between 1981 and 1999) have grown up in an age where the Internet has all but guaranteed immediate access to information.

Soft Skills Training

- Soft skills are general traits not specific to any job, helping employees excel in any workplace. They include communication, teamwork, and adaptability.
- With four generations of workers comprising the current workforce in any country, today's organisations must accommodate a wide range of generational differences in the workplace.
- Workers in each of these generations - which span almost a century have different values, needs, motivations, career goals and work styles and expectations.
- Apart from generational differences, there are cultural differences as well.
- These employees are potent with diversified attitudes, behaviors, knowledge levels.
- Equally, the demographics of customers are also changing rapidly
- and their drives, preferences and needs are changing with the competitive environment.
- Hence, there is dire need for soft skill trainings to be imparted from down to top.
- Such prodromes are also found to be useful for the employees in their personal life.
- Soft Skills which are more akin to Behavioral aspects are very crucial in banking Industry which is dealing with customers.
- Central Bank of India, a premier Nationalized Bank, has devised a programmed titled - 'MANTHAN' which is a soft skills program.

MODULE – D : PERSONNEL MANAGEMENT AND INDUSTRIAL RELATIONS

Unit 15: Industrial Relations Part (A)

Introduction

- With the increasing size of companies, the top-down communication model has been replaced by bottom top, cross level communication, thereby, encouraging people to voice their opinions and feelings.
- Effective management of personnel plays a vital role in accomplishment of business goals of the organization.
- Many of the traditional industries including the PSU banks still continue to have remnants of the traditional personnel management with unions and an active industrial relations scenario. This fact clearly testifies through the successive bilateral settlement which are being entered into by and between the Indian Banks Association (IBA) and the representative Trade Unions i.e., United Forum of Bank Unions (UFBU) on periodical wage revisions with hefty increases (the latest Bipartite Settlement entered into on 11.11.2020 which comes into effect retrospectively from 1.11.2017) in midst of Government of India's constant insistence for Bank-level settlements and Performance -linked salaries etc.

Personnel Function

Personnel management is a managerial function of planning, organizing, directing, controlling and coordinating the line functions or operative functions such as recruitment, development, compensation, integration, utilization and maintenance of people so that their individual objectives as well as the organizational goals are achieved.

Personnel management which has evolved into HRM has three major spheres of activities; viz. strategic, professional as well as administrative.

These again get bifurcated into welfare aspect relating to safety, health, amenities and facilities, personnel aspect relating to recruitment, development, compensation and incentives, and relationship aspect relating to employee relations, settlement of industrial disputes, negotiation with unions etc. The functions of HR management are given in more detail below:

Functions of 'Personnel Management'

a) Strategic Functions

- Organization Mission/Vision
- Strategy Formulation
- Organization Competency Identification (Key Competencies Required) including Competency Mapping Industry/Competitor Analysis

b) Professional Functions

- Performance Management and Review Mechanism

- Key Result Areas, Key Performance Indicators and Key Deliverables.
- Employee Morale and superior performance.

c) Administrative Functions

- Recruitment & Selection.
- Performance and Potential Evaluation.
- Training and Development.
- Compensation.
- Rewards and Recognition,
- Employee retention.
- Career and Succession Planning.

Legal Aspects of Personnel Function

- The need for regulating the working hours, the facilities being provided, and ensuring safety of the workforce employed has been a subject for activists right from the time labor started.
- India has seen a major shift toward welfare-oriented labour legislation right from after independence.
- The important labor laws in India which apply to organisations can be classified under the following groups:

1. Legislation on Working Conditions

- The Factories Act, 1948.
- The Mines Act, 1952.
- The Contract Labor (Regulation and Abolition) Act, 1970.
- Shops and Establishment Act (enacted by different States).

2. Legislation on Wages

- The Payment of Wages Act, 1936.
- The Minimum Wages Act, 1948.
- The Payment of Bonus Act, 1965.
- The Equal Remuneration Act, 1976.

3. Legislation on Social Security

- The Employees' Compensation Act, 1923.
- The Employees' State Insurance Act, 1948.
- The Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
- The Maternity Benefit Act, 1961.
- The Payment of Gratuity Act, 1972.

4. Legislation on Employment and Training

- The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

- The Apprentices Act, 1961

5. Legislation on Industrial Relations:

- The Trade Unions Act, 1926.
- The Industrial Employment (Standing Orders) Act, 1946.
- The Industrial Disputes Act, 1947.

Note: Government of India had notified 'Industrial Relations Code 2020' as an act to consolidate and amend the laws relating to the above three Acts.

The broad objectives of these enactments can be summarized as under:

- To protect and safeguard the interest and well-being of the working class against the possible arbitrary action of employers.
- To regulate and improve the working conditions.
- To ensure timely payment of wages and avoid unauthorized deductions from the wages.
- To provide for formation of trade unions with a view to promoting collective bargaining.
- To arrange for social security measures in the event of sickness, disablement and death of workmen.

Labor Laws and Personnel Functions:

- From the objectives of the labor laws listed above it is clear that they directly affect many of the personnel functions.
- Thus, for recruiting the required kind of people one needs to follow the provisions of the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 and for designing and delivering the compensation package, follow the provisions of the Payment of Wages Act, 1936 and the Minimum Wages Act, 1948.
- These laws are anchor points or guide posts for the organisations.
- The Government of India has notified 'Industrial Relations Code 2020', consolidating the three existing Acts relating to Industrial Relations viz., The Trade Union Act, 1926; The Industrial Disputes
- Act, 1947; and The Industrial Employment (Standing Orders) Act, 1946 for case of compliance into a single document.
- Labor has been placed in the 'concurrent list' under Article 246 of the Constitution of India. As such, both the Central and State Governments can and have framed labor legislation.

Legislation on Working Conditions

- The Contract Labor (Regulation and Abolition) Act, 1970
- The Bombay Shops and Establishments Act, 1948.
- Trade Union Act, 1926.
- Industrial Disputes Act, 1947.

The Contract Labor (Regulation and Abolition) Act, 1970

Objectives: The Act provides for abolition of contract labor and where possible regulation of the contract labor.

Features and Main Provisions:

- The Act is applicable to every establishment in which 20 or more workmen are employed or were employed on any day of the preceding twelve months as contract labour.
- However, as per the Maharashtra Government, this threshold limit has been enhanced to 50.
- Every principal employer of the establishment to which the Act applies must get the establishment registered under the Act for employing contract labour and every contractor must obtain a license under the Act for executing work through contract labour.
- The principal employer, who has not obtained the registration or whose registration is revoked under Section 8 of the Act, is prohibited from employing any contract labour.
- The appropriate government may prohibit any establishment from employing contract labour considering:
  a) whether the conditions of work and benefit provided for contract labour are satisfactory.
  b) whether the work is incidental to or necessary for the business of the establishment.
  c) whether the work is of a perennial nature or of sufficient duration.
  d) whether it is ordinarily done through regular workmen.
- Contractor is required to provide:
  a) a canteen if the establishment employs 100 or more workers.
  b) rest rooms if the contract labor is required to halt at night.
  c) sufficient supply of drinking water and washing facilities.
  d) first-aid box.
- If the contractor fails to provide these facilities, the principal employer has to provide these amenities.
- The payment of wages shall be made by the contractor in accordance with the provisions of Payment of Wages Act, 1936.
- It is the responsibility of the principal employer to pay the unpaid wages if the contractor fails to pay the same.

Legislation on Working Conditions

- The Contract Labor (Regulation and Abolition) Act, 1970
- The Bombay Shops and Establishments Act, 1948.
- Trade Union Act, 1926.
- Industrial Disputes Act, 1947.

The Bombay Shops and Establishments Act, 1948:

Objectives: The Act regulates the conditions of work and employment in shops and establishments, hotels, restaurants, etc.

Features and main provisions:

- A shop or establishment (which includes commercial establishment) is to be registered under the Act with the local authority.
- The license is valid for one year and needs to be renewed.
- No employee should be asked to work more than 9 hours on any day and 48 hours in a week.
- Employees are allowed to work 6 hours extra in each week and six days in a year for preparation of accounts, stock taking etc. But such over-time should not exceed 24 hours.
- It provides for rest intervals in such a way that no employee is required to work for more than 5 hours before having an interval for rest of at least one hour.
- It also provides for weekly holidays. Every commercial establishment has to remain closed on one day of the week and the employee is be paid for such closed day.
- The Act makes provision for leave. If an employee has worked for more than 240 days during a year, he is entitled to 21 days leave which can be accumulated up to 42 days.

Trade Union Act, 1926

Objective: The main objective of the Act is to provide for registration of trade unions and give the registered trade unions a legal status and immunity to their office bearers from civil and criminal liability for pursuing legitimate union activities.

Note: This Act has since been consolidated along with two more Acts viz., Industrial Disputes Act 1947 & Industrial Employment (Standing Orders) Act, 1946 as a part of 'Industrial Relations Code 2020'.

Salient features:

- ‘Trade dispute’ has been defined by the Act as a dispute between employers and workmen, or workmen and workmen, or employers and employers, which is connected with the employment or nonemployment or terms of employment or the conditions of labor.
- Workmen means all persons employed in trade or industry with whom the trade dispute arises.
- 'Trade union' means a combination formed:
  a) For regulating relations between workmen and employers, or between workmen and workmen or between employers and employers.
  b) For imposing respective conditions on the conduct of any trade or business.

Note: although trade union is commonly understood as union of workmen, an organization of employers can also be registered as a trade union under the Act.

Under Sec 9A of the Act, a registered Trade Union of workmen shall at all times continue to have not less than 10% or 100 of the workmen, whichever is less, subject to a minimum of seven person as member on the date of making application.

The following is necessary for registering the trade union:

- Name and the object of the trade union.
- List of members and facility for inspection of it by the members.

- Rules regarding admission of an ordinary member and honorary member.
- Manner in which the trade union can be dissolved.
- The Registrar shall issue a certificate of registration which is a conclusive proof of registration of the trade union.
- The certificate of registration can be withdrawn after giving two months' notice.

A trade union after registration

- becomes a body corporate and a legal entity, distinct from its members.
- has perpetual succession and a common seal.
- has powers to acquire and hold movable and immovable property.
- has power to contract.

The general fund of the registered trade union shall not be spent on any objects other than given in the Act.
A registered trade union can constitute a separate fund for political purpose.

Industrial Disputes Act, 1947
Objectives

- This is an Act to provide for investigation and settlement of industrial disputes between employer and employer, workmen and employer, employer and workman.
- The Supreme Court, through various judgements, has outlined the objectives as:
  a. To ensure social justice to employers and employees and bringing about harmony.
  b. To settle disputes through conciliatory machinery.
  c. To prevent illegal strikes and lockouts.
  d. To provide compensation to workmen in case of lay-off, retrenchment, closure.
  e. To promote collective bargaining.

Note: This Act has since been replaced along with two more Acts viz., Industrial Disputes Act 1947 & Industrial Employment (Standing Orders) Act, 1946 as a part of 'Industrial Relations Code 2020'.

Features and important provisions

- The Act defines appropriate government, Central Government State Government.
- Certain services have been defined as public utility service. They include railway service, postal, telegraph and telephone service, Banking etc.

The definition of 'industry' given in the Act is very exhaustive.It will be seen that almost any activity can be called an industry.
'Workman' means any person, (including an apprentice), employed in any industry to do any skilled or unskilled manual, supervisory, operational, technical or clerical work for hire or reward and for the purpose of proceeding under the Act includes any such person who has been dismissed or retrenched in connection with or as a consequence of industrial dispute, but does not include any person:

- who is subject to the Air Force Act, 1950, or the Army Act, 1950, or the Navy Act, 1957; or
- who is employed in the Police service or as an officer or other employee of a prison; or
- who is employed mainly in a managerial or administrative capacity; or
- who, being employed in a supervisory capacity draws wages exceeding Rs. 10,000/- per month or exercises functions mainly of a managerial nature.

In an attempt to resolve the industrial dispute, the Act makes it obligatory to constitute a works committee in industrial establishments employing 100 or more workmen.
The committee consists of equal number of representatives of workmen and employer.
However, the total number of members in the Works Committee should not be more than 20.

- The Act provides for redressal of industrial disputes in a three pronged way:
  a. By constituting works committee.
  b. By appointment of conciliation officer or constitution of Board of Conciliation.
  c. By referring the matter to the labor court, tribunal or national tribunal.
- The Act makes it obligatory for the employer to give a notice of change before effecting any change in the conditions of service in respect of wages, hours of work, leave and holidays, introducing new rules of discipline, withdrawal of any concession or privilege. 21 days' notice to the workmen likely to be affected by the proposed changes is required to be given.
- The Act prohibits strikes and lock-outs in public utility services without giving due notice and also provides for general prohibition of strikes and lock-outs under certain circumstances.

Industrial Relations Code 2020

The Government has formulated four Labor Codes, namely, The Code on Wages, 2019 & The Industrial Relations Code, 2020 & The Code on Social Security, 2020 and The Occupational Safety, Health and Working Conditions Code, 2020.
The Industrial Relations Code, 2020 was one of four Labor Codes that forms a part of the Central Government's largest reform scheme in decades.

It subsumes three major Central laws that relate to industrial dispute settlement and collective bargaining arrangements, namely:

- The Industrial Disputes Act, 1947.
- The Trade Unions Act, 1926.
- Industrial Employment (Standing Orders) Act, 1946.

- The above-mentioned laws were passed with differing aims and objectives; however, their broad area concern is similar.
- The Industrial Disputes Act, 1947 aimed to provide workers with a mechanism that gives them relief against layoffs, retrenchment and wrongful dismissal that is against the letter of the law.

- The Trade Unions Act, 1926 aimed to provide workers with better working conditions, better wages, protection from predatory employment, a fair share of the company's profits and to this end, allowed workers to realize their right to form an association as well as to collectively bargain.
- It facilitated the organization of workers' unions and allowed for greater participation of the workforce in the management of an establishment.
- The Industrial Employment (Standing Orders) Act, 1946 aimed providing standardized terms and conditions of work to all workmen in a particular establishment.
- It promoted industrial peace and harmony by providing employers with a template of fair industrial practices.
- The objects of these Acts have been retained for the most part with the Industrial Relations Code, 2020 consolidates the laws for ease of compliance into a single document.

Salient Features of Industrial Relations Code, 2020

- The definition of worker has been broadened and now includes working journalist and sales promotion employee. Persons employed in a supervisory capacity earning less than Rs. 18,000 per month (or any amount notified by the Central Government) is included in the definition of "worker".
- The applicability threshold of the Labor Disputes (Regulation) Act 1947 under the Labor Relations Bill 2019 had been established in establishments employing 100 or more employees. However, the Industrial Relations Code 2020 has raised this threshold to 300 and has given the "appropriate government" the power to exempt any industrial establishment or class thereof from all or some of the provisions of the Code.
- Concerning layoffs and reductions in personnel under Section 65 applies to industrial establishments that are not included in Unit X of the Code. It applies to industrial establishments in which more than 50 workers are working on average per working day during the previous calendar year.
- Section 77 of Unit X applies to industrial establishments in which no less than 300 workers or a greater number of workers than may be specified by the corresponding government, were employed on average per working day in the previous 12 months. Therefore, the establishments included in this provision must obtain prior permission from the Government for layoffs, staff reductions and closure.
- The Code forbids strikes and immediate lockouts in all companies and therefore no company can strike contrary the contract 60 days before the strike or on the expiry of a date specified in the strike notification. Strikes are also prohibited while mediation is in progress and within 7 days of the conclusion of such a process. Strikes are also prohibited while proceedings are pending before a labor court or 60 days after they are concluded. The Industrial Disputes Act of 1947 contained similar provisions, but only applied to public utilities.

Trade Union: Negotiating Union/Negotiating Council

The Industrial Relations Code 2020 provides a new concept for negotiating trade unions or negotiating councils in an industrial company.

According to the stated provision

- In the case of a single union in an industrial company, the employer recognizes that union as the sole bargaining union of the workers.
- If there are several unions, the union is recognized by the employer as a bargaining union with 51% of the employees in the industrial company's model directory.
- In the case of several trade unions, none of which fulfil the above-mentioned 51% membership criteria, the employer forms a negotiating council made up of representatives of these registered trade unions, who are supported by at least 20% of the total workforce of the industrial company (1 representative for every 20%).
- Industrial Relations Code 2020 also provides that if the Central/State Government believes that there is a need for a union or confederation to be recognized as a central/state union, that government may recognize the trade unions alike.

Strikes and Lockouts

- Industrial Relations Code 2020 defines "strike" as including the concerted casual vacation given day of 50% or more of the workers in an industry.
- No employee can strike without reporting a strike to the employer 14 days in advance and the notification is valid for a maximum of 60 days.
- Likewise, no employer can lockout one of its employees without giving 14 days' notice of the lockout. This notification is valid for a maximum of 60 days.
- In addition, Industrial Relations Code 2020 prohibits strikes and lockouts:
  - During and up to seven days after arbitration; and
  - During and up to sixty days after or before trial in a court.
  - During any period in which a settlement or arbitration award is in effect.
- Employers are required to report to the relevant government and arbitration officer within five days of receiving/announcing a strike/lockout.

Standing Orders

- Industrial Relations Code 2020 states that the provisions regarding standing orders will apply to the establishments that have had 300 or more employees on any day in the preceding twelve months or a year.
- An employer will be required to prepare a draft of standing orders (to define employment conditions like working hours, Attendance, leave etc.), based on the Central Government model standing order, within 6 months from the code start date, in consultation with recognized negotiating unions or members of the negotiating council concerning the same and it must be certified by the certifying officer.

Re-skilling Funds: The Industrial relations Code 2020 introduces provisions for "re-skilling" of workers for the first time for those workers who have been laid-off so that they are able to secure employment again.

- Employer contribution, equivalent to 15 days of salary as the last retirement of the worker immediately before being fired.
- Contributions from other sources as prescribed.
- The fund must be used to pay the last 15 days of salary extracted by the worker, to his account, within 45 days after the worker's dismissal.

Layoff and Retrenchment

- Industrial Relations Code 2020 defines lay-off as the inability of an employer, due to shortage of coal, or power, material or breakdown of machinery.
- Retrenchment refers to the termination of service of a workman for any reason other than disciplinary action. It does not include retirement, non-renewal of contract, or completion of tenure of fixed-term employment or termination on the ground of continued ill-health.
- The provisions on lay-off and retrenchment under Industrial Relations Code 2020 do not apply to industrial establishments with less than 50 workers on an average per working day or seasonal industrial establishments.
- Further, factories, mines and plantations, which have three 300 or more workers must take prior permission of the appropriate Government before lay-off, retrenchment and closure.

Grievance Redressal Mechanism

- Industrial Relations Code 2020 states that any industrial establishment employing more than 20 employees must have one or more complaint redressal committees for the resolution of disputes arising from individual complaints.
- The committee should be made up of an equal number of members representing employers and workers, and the chair should be elected, alternately, from among employer and workers, on a rotating basis each year.
- The number of grievance redress committees cannot exceed 10 and there must be adequate representation of female workers on the committee and must not be less than the proportion of women employed in the industrial establishment.

Compliance Requirements:

Short Title	Threshold for Applicability	Requirement
Works Committee	100 or more workers	Constitution of Works Committee consisting of representatives of employer and workers
Grievance Redressal Committee	20 or more workers	Constitution of Grievance Redressal Committees for consisting of equal number of members representing employer and workers

Preparation of draft Standing Orders by Employer	300 or more workers	Employer must prepare draft Standing Orders within a period of six months from the date of commencement of this Code

Legislation on Wages

The Payment of Wages Act, 1936

Objectives

To regulate payment of wages at least once in a month and at a regular interval, and to prevent unauthorized deductions from the wages.

Features and main provisions:

- The Act can be made applicable by the State Government by notification to establishments.
- The Act covers employees whose wages are less than Rs. 24,000/- PM.
- The term 'wages' has a very wide coverage meaning remuneration, overtime payment, leave salary, payment on termination, etc., but excludes any bonus, contribution to PF or Pension Fund and any Gratuity payable.
- In organizations employing less than 1,000 persons wages shall be paid before the expiry of the seventh day, and where more than 1,000 persons are employed, it shall be paid before the expiry of the tenth day, after the last day of the wage period in respect of which wages are payable.
- Payment of wages is to be made in currency notes. On authorization from the employee’s payment can be made by cheque or to the credit of the employee's account.
- Payment is to be made without any deductions except those deductions which are authorized by the Act.
- Authorized deductions include: fines, deductions for absence, deductions for damages or loss, deduction for house accommodation and other amenities, recovery of advance, recovery of loans, Income Tax deductions.
- Note: The Payment of Wages Act, 1936 is not directly applicable to banks. However, the Shops and Establishment Acts of different States have incorporated some of these provisions and made this Act applicable to banks.

The Minimum Wages Act, 1948

Objectives

The Act aims to provide for fixing minimum rates of wages in certain employments.

Features and main provisions

- The Act is applicable to employments listed in the Part I and Part II of the Schedule to the Act. It covers certain establishments regardless of number of workers employed.

- Some of the establishments covered are: rice mill, flour mill, tobacco manufacturing, oil mill, employment in agriculture, dairy farming, horticulture, poultry, etc.
- Appropriate government has powers to add employments to the list.
- Where the appropriate government has fixed minimum rates of wages, the employer is bound to pay at rates not less than the rates notified.
- The rates of wages can be fixed for different employment, classes of employment, different localities.
- The rates may be a time rate, a piece rate, a guaranteed time rate and overtime rate.
- Any contract or agreement by an employee relinquishing his right under this Act shall be null and void.
- Note: The Act has fixed the floor level (minimum) for wages.
- The provisions of this Act do not apply to banks as it is not treated as scheduled employment.

The Payment of Bonus Act, 1965

Objectives

The objective of the Act is to provide for payment of bonus to persons employed in certain establishments on the basis of profits or on the basis of production or productivity.

Features and main provisions

- The Act applies to all factories and establishments employing 20 or more persons.
- Bonus is payable to:
  I. employee whose salary/wages does not exceed Rs. 21,000 per month. (The upper limits are revised effective from 2015 and onwards)
  II. Who has worked in the establishment for not less than 30 days.
- Bonus of every person drawing salary between Rs. 7,000/- and Rs. 21,000/- per month shall be calculated as if his salary were Rs. 7000/- pm or the minimum wages for the employment as fixed by the appropriate Government, whichever is higher.
- Salary includes basic pay and dearness allowance but no other allowances.
- Determination of Gross Profit is the first step towards calculating amount of bonus. The procedure of calculating Gross Profit is given in the First Schedule for banking companies and in the Second Schedule for other companies.
- From Gross Profit certain charges are to be deducted such as remuneration of partners or proprietors, a return of 8.5% on equity capital and 6% in reserves, depreciation under the Income Tax, direct taxes, and dividend paid or payable.

The Equal Remuneration Act, 1976

Objectives

- To provide for the payment of equal remuneration to men and women employees and for the prevention of discrimination on the grounds of sex against women.
- The Act also seeks to provide for more opportunities to women in specified employments.

Features and main provisions

- Remuneration includes basic salary and any additional emoluments payable in cash or in kind.
- It is the duty of the employer to pay equal remuneration to men and women for the same work or work of a similar nature.
- No discrimination will be made while recruiting for the same work except where the employment of women is prohibited or restricted.
- No discrimination should be made against women in the matter of conditions of service, promotions, training etc.
- It is obligatory to maintain prescribed registers and other documents in relation to employees.

Legislation on Social Security

The Employees' Compensation Act, 1923:
Objectives

- The Act imposes an obligation upon the employer to pay compensation to workers for accidents arising out of and in the course of employment.
- The Act provides for compensation for the injury which is in addition to his normal wages.

Features and main provisions

- The Act applies to any person employed otherwise than in clerical capacity in railways, factories, mines, loading and unloading work on a ship, construction of roads and bridges and other hazardous
- occupations specified in Schedule II to the Act. The State Government can expand the scope of the Act. The Act does not apply to members of Armed Forces.
- The compensation is payable for any personal injury sustained by the workman in an accident arising out of and in the course of employment.
- No compensation is payable if the disablement does not continue for more than three days.
- If the injury is caused when the workman was under the influence of drink or drugs, or willfully disobeyed an order or violated safety rules, no compensation is payable.
- Similarly, if the workman does not present himself for medical examination or does not take the treatment which aggravates the injury, he is not eligible for compensation.
- Schedule I lists the different types of injuries and percentage loss of earning capacity or disablement.
- Permanent Partial Disablement - according to incapacity caused.
- Temporary Disablement - fixed amount per month up to a period of 5 years.
- If any employee who is in employment for more than 6 months, contracts occupational disease peculiar to that employment, it is deemed to be an injury arising out of and in the course of employment.
- Some of the occupational diseases listed in Schedule III are: anthrax, poisoning by lead, phosphorous or mercury, telegraphist's cramp, etc.

- Doctrine of Notional Extension: The Supreme Court explained this doctrine: "as a rule employment does not commence until the workman has reached the place of employment and does not continue when he has left the place of employment.

The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
Objective

- The objective of the Act is to provide substantial security and monetary assistance to the employees and their families and to protect them during old age, disablement, etc.
- The Employees' Family Pension Scheme was therefore, introduced from 1st March 1971.
- This has since been replaced by the Employees' Pension Scheme, 1995.
- The new scheme provides for a regular income after retirement/death in the form of pension.

Features and main provisions

- An employee includes any person employed for wages in any kind of work, in connection with the work of an establishment.
- As per an amendment to the Provident Fund Scheme from time to time, the wage limit coverage has been enhanced from ₹6500 to ₹15,000/- per month (w.e.f. 1.9.2014).
- This means that even if basic salary is higher than Rs 15,000 the employer's contribution to pension will continue to be calculated on a basic salary of Rs 15,000.
- The Act is applicable to factories and other establishments employing 20 or more persons.
- The Central Government declares the rate of interest to be credited annually to the accounts of the provident fund subscribers.
- A member may withdraw full amount from his PF account in the event of retirement from the service after attaining the age of 55 years:
  A. retirement on account of permanent incapacity,
  B. migration for permanent settlement abroad,
  C. termination in the course of mass retrenchment.
- A refundable withdrawal can be made for: house-building, financing LIC policy, illness of member or his family members, member's marriage or marriage of his son, daughter, brother, sister, etc., with certain limits.
- However, non-refundable withdrawal even up to 100% of employee contribution from PF can be made only for the purpose of house-building.
- The employees of the bank who are members of Indian Banks' Association (IBA) who have opted for Pension Scheme are not eligible to be paid the Management contribution (8.33%) of Provident Fund. Further, the employees who have joined the banks (which are the members of IBA) on or after 1.4.2010 are not eligible Provident

Fund contribution and they are eligible for Contributory Pension Scheme (commonly called New Pension Scheme [NPS]).

The Maternity Benefit Act, 1961

Objective

- The Act is a social security legislation to promote the welfare of working women.
- It also prohibits working of pregnant woman for a specified period before and after delivery.
- It provides for leave and certain monetary and other benefits.

Features and main provisions

- The Act applies to every establishment, factory, mine, etc., having 10 or more employees.
- The State Government can extend the scope of the Act.
- The maximum period of maternity leave is – 26 weeks (w.e.f. 1.7.2017).
- 8 weeks (w.e.f. 1.7.2017) before the date of delivery.
- Provided that the maximum period entitled to maternity benefit by a woman having two or more than two surviving children shall be 12 weeks of which not more than 6 weeks shall precede the date of her expected delivery.
- Maternity leave of 12 weeks is also allowed to mothers legally adopting a child below the age of 3 months.
- This amendment is applicable w.e.f. 1.4.2017.
- To be entitled for maternity leave a woman must have worked for not less than 80 days in the 12 months immediately preceding the day of expected delivery.
- In case of miscarriage, a woman is entitled to 6 weeks of leave from the day of miscarriage.
- For illness arising out of delivery, premature birth or miscarriage, a woman can take extra leave up to a maximum period of one month.
- A woman employee can ask for light work for one month preceding the 6 weeks delivery.
- The 12th Bipartite Settlement for bank employees, signed on March 8, 2024, allows women employees to take one day of sick leave per month without a medical certificate.
- A woman worker after resuming duties after delivery is to be given two nursing breaks in addition to her regular rest intervals, to nurse the child till it attains the age of 15 months.
- Every woman entitled to maternity benefit is also entitled to a medical bonus of Rs. 250/- if no pre-natal or post-natal care has been provided for by the employer free of charge.

The Payment of Gratuity Act, 1972

Objective

The Act provides for a scheme of compulsory payment of gratuity to employees employed in factories, mines, shops and other establishments having 10 or more employees.

Features and main provisions:

- An employee is a person employed to do any skilled, semi-skilled or unskilled, manual, supervisory or technical or clerical work.
- The Amendment Act of - 2017 removed the salary ceiling of an employee, but the maximum gratuity payable shall be Rs.20 lakh w.e.f. 1.1.2016

- The Section 4, confers a right on the employee to receive gratuity if he has rendered continuous service of not less than 5 years, on superannuation, retirement or resignation or death.
- The completion of 5 years is not necessary if the termination of employment is due to death or disablement.
- For every completed year of service or part thereof in excess of 6 months, gratuity is payable at the rate of 15 days' last drawn salary as per Section 4(2).
- The amount of gratuity payable shall not exceed Rs.20 lakhs as per Section 4(3).
- Gratuity can be forfeited if the services of an employee are terminated for any act of willful omission or negligence causing damage or loss to the property of the employer, to the extent of loss.
- The gratuity can be fully forfeited if the services have been terminated for riotous behavior or act of violence or an offence involving moral turpitude committed by employee in the course of employment.
- Section 6, provides for nomination facility.
- The employee who has completed one year of service has to submit nomination in the prescribed form.
- Nomination has to be in the name of a family member(s).
- Family of a male employee is his wife, his children, married or unmarried, dependent parents and the widow and children of his predeceased son.
- In the case of female employee, her husband, her children, married or unmarried, her dependent parents and dependent parents of her husband and the widow and children of her predeceased son.

Legislation on Employment and Training

The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
Objective
To enable government authorities to assess the employment potential and to have better appreciation of labor market as well as to enable unemployed persons, to seek employment.

Features and main provisions
- The employer is obliged to notify the vacancy before filling up any vacancy.
- The vacancy should be notified in writing to the employment exchange having jurisdiction over the area at least 15 days before the date on which the applicants are to be interviewed.
- The employer is required to submit quarterly and biennial (2 years) returns to the Employment Exchange giving details regarding total number of employees, vacancy position and occupational classification of employees.
- While employers are required to notify the vacancy, they are not obliged to appoint only those sponsored by employment exchanges.

- The Act does not apply to vacancies to be filled through promotion or on the results of any examination conducted or interview held by any independent agency such as Union or State Public Service Commission and the like.

Note: Notification of vacancies is compulsory for public sector banks. Where the appropriate government has issued notification, notifying vacancies is compulsory even in private sector banks.
By a letter of September 30, 1978, the Government has advised that all vacancies in the subordinate cadre be filled through the employment exchange and other sources can be tapped only if the employment exchange issues a non-availability certificate.

The following two enactments need special mention in this context:
a) Banking Companies' (Acquisition & Transfer of Undertakings) Act, 1970
This is the Act under which the 14 major banks were nationalized in July 1969 and subsequently in April 1980, 6 more banks were nationalized.
The Act provides for the Central Government to make regulations on service conditions for the employees of these banks.
b) Banking Regulation Act, 1949
This Act is applicable to all the scheduled banks including the nationalized banks.
Section 10(1) prohibits employment of any person who has been adjudicated insolvent or has been convicted by criminal court of an offence involving moral turpitude.

Unit 16: Industrial Relations Part (B)

Historical Background of Trade Union Movement

- The origins of the trade union movement are however available much prior to the freedom struggle.
- The industrialization in the country began in 1850.
- The first Trade Union was founded by Shri Narayan McGhee Lashanda in Bombay in 1890.
- Thereafter, there were a few trade unions in Railways, Printing Industry, Indian Post Offices, etc.
- The unions were aimed at promoting welfare activities, spreading literacy amongst workers and for redressing their grievances.
- With the growth of industrialization, the number of industrial workers also increased rapidly.
- The political affiliation of the trade unions continued even after Independence and their spectacular growth in the 1960 to 2000 period was due to the continuous support of the political parties.

The important trade unions in the country today are:

- INTUC - Indian National Trade Union Congress.
- AITUC - All India Trade Union Congress.
- HMS- Hind Mazdoor Sabha.
- CITU- Centre of Indian Trade Union.
- BMS - Bhartiya Mazdoor Sangh.

Besides these, there are number of state level unions, again promoted by political parties, prominent among them being the Bhartiya Kamgar Sena (BKS) promoted by the Shiv Sena in Maharashtra.
As per the Information of Labour Bureau, Ministry of Labour and Employment, Government of India, up to the year 2012, there were 16,712 Registered Trade Unions in the country with a total membership of 91.82 lakhs.

Trade Unions in Banks

- The Trade Union movement in the banking industry also has a similar story of growth. The banks in India were owned by a few capitalists or industrial houses and they were regional banks, all in the private sector, their primary aim being to garner resources and lend it back to the owners.
- The working conditions were not very favorable, employees had to put in long working hours and wages were also not adequate.
- A fertile ground for Trade unions, workers got together under large organized unions, to fight for adequate wages.
- When their demands were not accepted the industrial atmosphere became tense with the Government referring the matter for adjudication to the Sen Tribunal way back in 1949.
- Trade unionism in banks came to stay and have been active ever since.

- The important Trade Unions/Federations in the banks which are parties to bilateral settlements at Industry level, are: (At workmen level)
  - All India Bank Employees' Association (AIBEA).
  - National Confederation of Bank Employees (NCBE).
  - Bank Employees Federation of India (BEFI).
  - National Organization of Bank Workers (NOBW).
  - Indian National Bank Employees' Federation (INBEF).

Almost all these unions also had a parallel Officers' Association which again came to play a vital role at the negotiating table.

The important Officers' Organisations which are parties to the Joint Notes being entered into bilaterally at Industry level, are: (At Officer level)

- All India Bank Officers' Confederation (AIBOC).
- All India Bank Officers' Association (AIBOA).
- Indian National Bank Officers' Congress (INBOC).
- National organization of Bank Officers (NOBO).

The Trade Unions in banking Industry are facing innumerable problems/weaknesses, especially with the advent of new generation banks and also the fact of large number of new generation employees stepping into the banks, in the recent past.

Weaknesses of Trade Unionism in Banking Industry

Trade union rivalry:
'One industry one union' is an ideal situation. The reality is totally different. There are multiple trade unions in almost all the industries.

Political affiliation:
The political parties have different ideologies which get translated into the unions sponsored by them.

- If the ruling party union holds a particular view, the others will not subscribe to it.
- This again results in inter union rivalry and is against the interest of the workers.

Proliferation of unions:
Due to the uncontrolled growth of the unions and the absence of functional unity among them, they have a small and irregular membership.

- Many unions claim a membership number which is incorrect.
- There are instances of dual membership.

Apprehensions of workers:
Even today the workers are afraid that they're being a member of the trade union will not be liked by the employer and that they will be victimized.

- It is an irony that for this precise purpose the trade unions have come into existence.

• Thus, the workers do not whole-heartedly involve themselves in the trade union activity.

Outside leadership:

Stemming from the above, another problem faced by the unions is that they have outside leaders, Leaders are not from the workers of the unit or industry.

Employers' attitude:

To begin with the trade unions were quite aggressive, threatening and unreasonable in their approach.

The employers perceived them as trouble-makers, unnecessary, hurdle in the growth of industry.

Lack of Leadership:

With the old generational employees who have provided effective leadership to the Unions in banks, are slowly retiring from the banks and not able to be active in Trade Union activities due to impaired health etc.,

Entry of New Generation employees

- Many new generation employees are entering the banks with varied drives, desires and needs. These be unionized.
- Such changing employees are more career-minded and as such more reluctant attitudes of new employees have posed new problems to the Trade Unions in the Banks, which are becoming a
- threat to the very survival of the Unions.
- In short, employees in the new generation organisations do not feel the need for some external help as they are confident in their own merit and ability for career progression.

Check-Off Facility

- Multiplicity of unions leads to another problem of dual membership of workers where a worker is shown as a member of more than one union.
- 'Check-off' facility is an arrangement or practice in unionized (organized) establishments (Bank) under which an employer regularly deducts union dues from the employees' wages and passes them on to the union.
- Check-off may require a written authorization from the employee for the deduction.
- Another method of check-off is that the employer gives data to the unions as to how many workers are members of any union operating in the unit.
- The check-off facility is considered useful for both the employer and the unions.
- For the employer, it serves the purpose of verification of membership and to decide as to which union should be recognised if required under any of the applicable Act. For the unions, it serves the same purpose but from a different point of view.

Industrial Relations

- This is the changing industrial relations scenario in the country where even though workers have increased rapidly, ownership of the industries have changed hands from individuals to corporate houses, the expectations of workers have changed more in tune with their lifestyle changes.
- The employer-employee relationship, thus, assumes a great importance in the changing scenario.
- Industrial Relations shall continue to be the hallmark of the bank's success.
- Everyone expects and wants industrial harmony which can be achieved only through satisfactory industrial relations.
- Good human relations contribute greatly in the pursuit of the industrial objective.
- Badly managed human relations will give rise to industrial relations problems leading to a tense atmosphere of agitation and strikes and lockouts.

Concept and Definition of 'Industrial Relations (IR)'

- Industrial relations have become one of the most delicate and complex problems of modern industrial society.
- It is in the interest of all to create and maintain good relations between employees (labour) and employers (management).

Concept of Industrial Relations

- The term 'Industrial Relations' comprises of two terms: 'Industry' and 'Relations'.
- "Industry" refers to "any productive activity in which an individual (or a group of individuals) is engaged".
- By "relations" we mean "the relationships that exist within the industry between the employer and workmen".
- The term industrial relations explains the relationship between employees and management which stems directly or indirectly from union-employer relationship.
- Industrial relations are basically the interactions between employers, employees and the government, and the institutions and associations through which such interactions are mediated.
- From this perspective, industrial relations cover all aspects of the employment relationship, including human resource management, employee relations, and union-management (or labor) relations.
- Industrial relations include the processes through which these relationships are expressed (such as, collective bargaining, workers participation in decision-making, and grievance and dispute settlement), and the management of conflict between employers, workers and trade unions, when it arises.

Definition of Industrial Relations

In the words of Lester, Industrial relations involve attempts at arriving at solutions between the conflicting objectives and values; between the profit motive and social gain; between discipline and freedom, between authority and industrial democracy; between bargaining and co-operation; and between conflicting interests of the individual, the group and the community.

Industrial Relations vs Human Relations

- The term 'Human relations' is more comprehensive and includes all those aspects of HRM where employees are dealt with collectively.
- Human Relations include, in addition to Industrial relations, such aspects like - participative management, employee welfare, employee development, employee remuneration, employee safety
- and health, etc.
- Therefore, Industrial Relations is an in-built aspect of the wider canvass of 'Human relations'.

Objectives of 'Industrial Relations'

- To safeguard the interest of labour and management by securing the highest level of mutual understanding.
- To avoid industrial conflict or strife and develop harmonious relations, which are an essential factor in the productivity.
- To eliminate or minimize the number of strikes, lockouts and gherao by providing reasonable wages, improved living and working conditions.
- To improve the economic conditions of workers in the existing state of industrial managements and political government.

Interested Groups in Industrial Relations:

Interest groups in industrial relations are the parties involved in it. The interest groups are:

- Workers including the indirect, outsourced staff and their organisations.
- Managers (employers) and their organisations including multinational organisations.
- The government.

- Each group has different interests and priorities. The workers want higher wages, good working conditions and other benefits like medical insurance, accident benefits etc.
- As against these, the employers want maximum productivity at the lowest possible cost.
- They, therefore, offer lowest possible wages, although the unit may have capacity to pay higher wages, want long working hours and no other expenses.
- The third interest group is the government.
- It is the responsibility of the government to ensure that there is an atmosphere of industrial peace and harmony.

Importance of 'Industrial Relations'
A healthy industrial relation is key to the success of an industry and economy.

Uninterrupted production:
The most important benefit of industrial relations is that this ensures continuity of production.
Reduction in Industrial Disputes:
Good industrial relations reduce the industrial disputes.
High morale:
Good industrial relations improve the morale of the employees.
Reduced Wastage:
Wastages of man, material and machines should be reduced to the minimum to protect the interests of all the stakeholders if good industrial relations are maitined.

Ways to Improve Industrial Relations Situation in Organizations:
The following measures may be adopted to achieve better industrial relations:
- Strong and Stable Union
- Mutual Trust
- Workers' Participation in Management
- Mutual Accommodation
- Sincere Implementation of Agreements
- Sound Personnel Policies
- Government's Role

Collective Bargaining
Collective bargaining is a process in which employees negotiate with their employer through a union to determine the terms of their employment.

'Collective Bargaining' - Concept & Features
- In simplest sense, the term 'Collective Bargaining' implies joint negotiation of a dispute between Management Representative on one side and those of the employees, on the other.
- In wider sense, the concept of 'Collective Bargaining' is a process being adopted by the unions and management for settling their conflicting interests.

The main features of this concept are:
- It is a collective action initiated primarily by the union, supplemented by the management.
- The process comprises of two contending parties of equal strengths but having conflicting interests, i.e., Management and Union.
- It is a process to promote and nurture industrial democracy at work through Workers Participation in Management (WPM).
- It is necessarily a complementary but not a competitive process - No party should claim supremacy over the other.

The technique of 'Collective Bargaining' was introduced in India during 1952 which gradually acquired importance in the following years.

Types of Activities of 'Collective Bargaining' Process:
A Collective Bargaining process generally consists of two types of activities:

a) Distributive Bargaining

- Here, the economic issues like wages and salaries and remuneration are discussed.
- Under this bargaining, one party's gain is another party's loss, i.e., it is a 'win- loss' situation, which is not conducive for maintaining cordial industrial relations in the organization.

b) Integrative Bargaining

- This is a negotiation of an issue on which both parties may gain, or at least neither one loses, i.e., 'win-win' situation, which is ideal scenario for maintaining cordial Industrial Relations in the organization.
- Discussions over the better job evaluation system or a better training programmed for employees may be cited as examples of integrative bargaining.

Essential Pre-Requisites for Successful Collective Bargaining

- In 1919, B.P. Wadia led the employees of Buckingham Carnatic mills on a strike. The employer sued the union for damages which was granted by the court.
- The British parliament thought that the trade unions need to be protected under such conditions.
- The result was the Indian Trade Unions Act, 1926.
- The change in the approach and attitude of the employer over the years, is also an important development.

Thus, the pre-requisites for collective bargaining can be:

- an active and militant trade union.
- a responsive employer.
- clear understanding of the desired goals on the part of workers of the unit.
- an understanding among workers of the futility of individual bargaining and the benefits of collective bargaining.
- Avoidance of unfair labour practices.

Bargaining Process

- Collective bargaining has by now come to be recognized as the most common method for settlement of demands of the unions.
- The process could begin at the end of an earlier agreement or settlement such as wage settlement.
- It may also begin with the members of the union realizing the need of certain other benefits being necessary for the workers of the unit.

Typically, the process could include

- The union may write to the employer making new demand and arguing as to how it is necessary and relevant to sanction the demand.
- The employer may try to convince the union as to how the demand is irrelevant, and cannot be acceded to.
- The process may continue for some time with each party issuing notices, letters, replies to each other.
- The union may thereafter decide to intensify its action and give notice of non-cooperation or strike.
- To avert the production coming to a stand-still, the employer may call the union leaders for negotiations.
- The negotiations or rounds of negotiations, may take place with parties trying to prove their point of view.
- Finally, an agreement may be reached by both the parties leaving their rigid stand and compromising in the larger interest of the workers and the industrial unit.

How strong is the union, how serious and important is the issue raised by the union, will decide what kind of negotiations will take place.
It will also depend on the financial state of the unit and the burden the demand puts on the unit.

Principles of Collective Bargaining Process
'Collective Bargaining', being a formal process aiming at to achieve best possible solutions under 'Integrative Bargaining' style.
There are some principles and both the parties have to adhere to some of such principles are:

(i) On the part of both Management and Trade Unions
- The Collective Bargaining (CB) process should be made educative.
- CB to be made as Integrative Bargaining but not Distributive bargaining.
- There must be mutual confidence, good faith and a desire to make CB effective.
- There should be honest, able and responsible leadership on both sides.

(ii) On the part of Trade Unions
- Be friendly, No hostile attitude.
- No pre-discussion conclusions.
- Willing to listen the other side.
- Give opportunity to management to make its point of view.
- No aggression; but conciliatory approach.
- Don't advocate policy violations.

Benefits of 'Collective Bargaining (CB)' Process

- It enhances mutual trust, understanding and goodwill among the management and unions.
- It encourages Industrial democracy through 'Workers Participation in Management (WPM)'.
- It develops a sense of self-respect, belongingness and responsibility among the rank and file in the organization.
- It smoothens the inter and intra-union rivalries/conflicts.
- It enables the organization to avoid or overcome frequent interruption of work due to eventual strikes, go-slow, lock outs, etc.
- In short, it promotes stability and prosperity of the organization and enables achieving efficiency in the organization.

Collective Bargaining Process i.e., Bipartitism in Banks

The objectives of the bank unions were to ensure justice and adequate wages to its members.
The practice of salary negotiations in the banks started almost – 56 years ago.
Indeed, the first bi-partite settlement of October, 1966 in the banking industry is a turning point.
Prior to that the Sen Award, The Sastry Award, the Award of the Desai tribunal, set the working conditions of the workmen in banks.
There have so far been 12 bi-partite settlements in the industry, as indicated below:

- First bi-partite settlement October, 1966
- Second bi-partite settlement October, 1970
- Third bi-partite settlement August, 1979
- Fourth bi-partite settlement September, 1983
- Fifth bi-partite settlement April, 1989
- Sixth bi-partite settlement. February, 1995
- Seventh bi-partite settlement March, 2000
- Eighth bi-partite settlement June, 2005
- Ninth bi-partite settlement April, 2010
- Tenth bi-partite settlement. May, 2015
- Eleventh bi-partite settlement November, 2020
- Twelfth bi-partite settlement March, 2024

Each bi-partite settlement witnesses discussions and settlements on the issues on which betterment is sought.

- As per the terms of the settlements, the tenure of the bi-partite settlement is for 5 years.
- The bi-partite settlements in the banking industry have set a tradition of resolving disputes, relating to the issues of salary and allowances, duty hours, medical aid and hospitalization schemes, leave, computerization, discipline, etc.
- Some settlements have also touched upon issues like restrictive practices on the part of unions.
- Workmen Unions have legal sanctity once they are entered into and can be implemented.

- However, in case of officers, since they are not covered under ID Act, 1947, such conclusions as are being arrived at are signed as 'Joint Notes' which are non-statutory till they are translated into amendments to respective regulations of Officers' Service Regulations (OSR) through due process of law.

Present Scenario and Emerging Changes

- The bi-partite settlements and collective bargaining seem to be an acceptable way of settling the salary related issues.
- A decade back, one of the nationalized banks wanted to have its own scales of pay etc. but it did not succeed and then it may also happen that such wage revisions are no longer on current terms, but more on an individual basis, linked to a "Pay for Performance" approach.
- However, the matter of heralding bank-wise wage settlements and also to introduce Performance-based salary and allowances, is still on the agenda of Government of India.
- However, during the XI th Bipartite Settlement which was signed on 11.11.2020, a beginning was made by introducing 'Performance Linked Incentive' (PLI) which is payable to Award Staff and officers
- in Banks which attained a minimum threshold level of net profit.
- Accordingly, the PLI is payable to all employees annually over and above the normal salary payable. (The PLI will be applicable from FY-2020-21).
- The PLI matrix decides the amount payable to the employees (in number of days of pay Basic + DA) depending on the annual performance of the bank.
- All the employees will get the number of days of pay as incentive depending on bank's:

Sl. No	YoY Growth in Operating Profit	No. of days for which Salary (Basic + DA shall be paid)
1	< 5%	NIL
2	>5% to 10%	5 days
3	>10% to 15%	10 days
4	>15%	15 days

*3rd & 4th slabs are payable only if the Bank has Net Profit.
If a Bank has growth in Operating Profit of 5% & more, but there is no Net Profit, then minimum 2nd slab of 5 days will be payable.

Unit 17: Employee Grievance Redressal and Discipline

Introduction

- In a situation, where one group of persons is directed by another group, it is quite common to have a difference of opinion on values, procedures, systems, and methods among these people.
- If the differences are strong, it takes the form of a grievance.
- There cannot be an organization where its members do not have any grievance at any point in time.
- It is but human, where emotions come into play constantly, that disagreements, disappointments would take place.
- When a person feels aggrieved on the behavior of another person in the same group, or due to certain procedures and systems, it is a grievance.
- It is necessary that the grievance is redressed immediately.
- Not resolving a problem can become a cause of worry later on.

'Grievance': Concept and Definition

Experts have attempted to distinguish between dissatisfaction, complaint and a grievance.
Dissatisfaction is a state or feeling of discontent, whether expressed or not.
Dissatisfaction made known by one employee to another is a complaint.
Dissatisfaction related to the work situation brought to the notice of management, is a grievance.
We may consider here a few definitions of grievance.
Dale Yoder defines grievance as "a written complaint filed by an employee claiming unfair treatment”.
Keith Davis defines as "any real or imagined feeling of personal injustice, which an employee has, concerning his employment relationship".
Beach defined it as "any dissatisfaction or feeling of injustice in connection with one's employment situation that is brought to the notice of the management".
The International Labor Organization (ILO) comprehensively defines it as "a complaint of one or more workers in respect of wages, allowances, conditions of work and interpretation of service stipulations such as overtime, leave and termination of service".

Causes & Effects of 'Grievance'

- There may be various causes for development of grievance within an employee.
- Having regard to this factor responsible for the same, all these causes can be grouped under three broad heads; viz.,
- Management-oriented, Employee-oriented and Inter/ Intra-union traits.
- ‘Management-oriented' grievances are such that are attributable to the sole actions or inactions of management of the organization.

- In certain organizations, the policies are loosely knit – either willfully or otherwise - thereby, lending scope for varied interpretations at various levels.
- The ambiguity so crept in and the consequential varied interpretations may often lead to upsurge of grievances within an employee.

Grievance Redressal Mechanism

- Any organization that is proactive and means well for its employees, need to have a grievance procedure in place where the aggrieved employee should feel confident of getting justice.
- An open and healthy culture where employees feel free to express their grievances and seek early redressal would result in an atmosphere of mutual trust and encouragement.
- It becomes the responsibility of the HR department to ensure the institution of a grievance redressal process within the organization so that no one really has to feel that extra pressure when resolving
- a genuine grievance.

A grievance redressal procedure is a formal process which enables the parties to resolve their differences in a peaceful and expeditious manner.
The procedure and mechanism involved in the process may have the following features:

- Open communication channel.
- Understanding the employee point of view with sympathy.
- Identifying levels of authority where decisions can be taken speedily.
- Communicating the decision to the aggrieved employee without delay.
- Providing a scope for appeal and review where the employee is not satisfied with the decision.

Paragraph 517 of the Sastry Award provided for a grievance procedure.
Any employee aggrieved by unfair treatment or wrongful exaction (demand) of work on the part of a superior, either on his/her own or through his union, submit a complaint to the manager.
The manager, as soon as possible, should investigate the complaint and the employee concerned or the union representative will have a right to be present.

Grievance Settlement Authority

The Industrial Disputes (Amendment) Act, 1982 provides for the reference of certain individual disputes to grievance settlement authorities.
By this amendment a new section, namely, Section 9C was added.
Though this section has not yet been brought into force, its main provisions are indicated below:

- Section 9C of the Act requires the employer to set up Grievance Settlement Authorities. In every industrial establishment which employs 50 or more workmen.
- Grievance Settlement Authority is required to be set up for settlement of industrial disputes connected with an individual workman employed in the establishment.

- Where an industrial dispute connected with an individual workman arises the workman or any trade union of which the workman is a member refer the dispute to the Grievance Settlement Authority provided for by the employer.
- The Grievance Settlement Authority shall attempt to resolve the dispute.

Administrative Measures Needed for Minimizing the Individual Grievances in Organizations:

- Establishing open communication channels - vertical, horizontal and cross-sectional. As far as possible, encourage upward communication.
- Formulating reasonably stable and flexible policies/procedures which are to be periodically reviewed, evaluated, assessed and revised.
- Adopt and nurture a participative style of functioning. Seek referendum from its workforce on major policies so as to secure their acceptance. This measure may, to some extent, reduce the chances of upsurge of grievances sponsored by unions.
- Interpret policies with the spirit in which they are formulated. Interpret them uniformly among all workforce without any deviations.
- Management and unions should function cohesively with mutual trust and understanding, thereby creating an overall congenial atmosphere in the organization.
- The personnel handling grievances should possess broad, open and co-operative attitude potent with the legal and statutory procedures of grievance handling. He should follow the timelines prescribed in resolving the individual grievances, diligently.

Conflict Management

- Conflict is a situation in which people, groups or countries are involved in a serious disagreement or argument. A conflict takes place because of opposing ideas, opinions, feelings or wishes.
- Conflict management is the approach and strategies geared towards achieving a positive outcome and resolution amongst the parties involved in matters relating to conflicts.
- These strategies and approaches are dependent on the type of conflict that exist and organizations, or institutions involved.
- It could be a systematic or unordered method that is task-specific, research-oriented, and requires proper attention.
- Conflicts denote opposite or clashing point of views.
- In a work situation differing opinions and perceptions can be termed as conflict.

Definition and Scope of Conflict

- Conflict is a product of group dynamics and differing perceptions of the members of the group.
- It also is a function of emotions attached to the problem by the person, or his ego.
- At another level, Conflict is a situation between at least two interdependent parties that is characterized by perceived differences and that the parties evaluate as negative.

- This often results in negative emotional states and behaviors intended to prevail.
- Conflict is an inevitable and it happens in all elements in our society and in the world.
- Although conflicts may end up in destruction and even death, conflicts may also result in increased effectiveness, enhanced relationships, and further goal attainment. Indeed, in human terms conflict is one of the "engines of evolution" that allows us to learn, progress, and grow.

Sources of 'Conflict' at Workplace

- Status incongruence
- Competitive work environment
- Differences in value systems
- Inadequate communication

Consequences of 'Conflict'

Conflict per se is neutral, neither good nor bad.
It can have positive as well as negative consequences for the parties involved and for the larger social system of which the disputing parties are members.

(A) Positive effect of 'Conflict'

On the positive side, conflict can bring opportunity, development, and growth to individuals, groups, and organizations, resulting in increased cohesion and trust.
It can lead, to more effective personal and organizational performance.
This apart, positive consequences for individuals involved in conflict can encompass:

- Reconciliation of interests/differences.
- Promotion of interaction between the parties.
- Brings clarity on the real issues of conflict.
- Foster positive attitude among the parties.
- Increases trust between the parties.
- Increases productivity and performance.

(B) Negative effects of 'Conflict'

Often the positive benefits of conflict are overshadowed by harmful consequences when disputing parties attempt to achieve their goals at the expense of others.
Such forcing exchanges often bring about an escalation of the conflict that is difficult to reverse.
When forcing methods are used, any of the following negative consequences can follow:

- Escalation of minor conflicts into major conflicts.
- Increase in number issues of the conflict.
- Leads to upsurge of hidden interests in the conflict.
- Breaking/straining of relationships between the parties.

Conflict Resolution Techniques: 'Two-Dimensional Model' of Conflict

- Initially, a model for conflict resolution was developed in the early 1970s in the fields of social psychology and organizational psychology.
- These early models measured conflict mostly along a single dimension of concern for others represented by the bipolar anchors of cooperativeness and uncooperativeness.
- These models were soon rejected, on the grounds that these strategies involving a concern for self-interests (Thomas and Kilmann).
- Subsequent models, following the work of Blake and Mouton, have measured conflict using two orthogonal dimensions that include both a concern for others (cooperativeness and uncooperativeness) and a concern for the self (assertiveness and unassertiveness).
- Within this two-dimensional model, Thomas and Kilmann have developed a popular framework (see diagram down) that accounts for five styles of handling conflict: competing, collaborating, avoiding, accommodating, and compromising.

Five styles under the above Two-dimensional conflict handling model as under:

1. Collaborating
2. Compromising
3. Accommodating
4. Competing
5. Avoiding

Situations/Circumstances Warranting to Select a Particular Strategy/Approach

- Basically, people use a particular style/approach for conflict resolution for the reasons that make sense to them and truly thinking that a particular style will resolve the conflict.
- Further, they also change their approach in order to adapt to the demands of new situation that may arise during the process of resolution.
- However, no one approach will be better or best-suited in situation.
- There are empirical studies reveal that generally, the approach to conflict one should select is contingent on the circumstances of the particular situation.
- The specific applications that call for each of these approaches are grouped by strategy as follows, starting with the most preferred approach and ending with the least preferred:

S. No	Circumstances of a particular situation	Recommended Approach
1	1. When concerns are too important for compromise 2. When no party has a good solution 3. When complete resolutions are needed and to eliminate leftover negative feelings 4. When the long-term relationship and outcome are important	Collaborating
2	1. When the goal of outcome of the conflict is not worth the time	Compromising

	and energy required for collaboration 2. When a quick and temporary expedient settlement is acceptable 3. When collaborating does not work out and the conflict cannot otherwise be resolved 4. When the outcome is not crucial and you are losing time	
3	1. When one party has a better solution 2. When the issues involved are considerably more important to one party 3. When continued competition could damage the relationship, leading to escalated conflict in future 4. When you really don't care a lot about the outcome but do want to preserve or build the relationship	Accommodating
4	1. When quick, decisive action is expedient and vital 2. When an issue is vital to the long-term success of the organization 3. When the needs of the other party are less or non-important 4. When you don't care about the relationship but the outcome is important	Competing
5	1. When the issue is trivial and it is better to postpone or you don't have as great a concern about the outcome 2. When there is no possibility of either settling or resolving the issue 3. When there will be potential damage to the organization	Avoiding

Unit 18: Worker's Participation in Management (WPM)

Introduction

Developing employees is an ongoing process and forms a major component of the HR function.

The American Society for Training and Development (ASTD), among the better-known associations worldwide for the HR and Training function, changed its name to Association of Talent Development (ATD) in 2004, and continues its journey with a changed name and focus.

Worker Participation implies arrangements designed to involve workers in the enterprises decision making process.

This allows for workers' involvement in the initiation, formulation and implementation of decisions within the organization which strives to reach its goals through people.

'Participation': Concept & Definition, Types

Three groups of managerial decisions affect the workers of any industrial establishment and hence, it is advisable that the workers have a say in it.

- Economic decisions - Methods of manufacturing, automation, shutdown, lay-offs, mergers.
- Personnel decisions- recruitment and selection, promotions, demotions, transfers, grievance settlement, work distribution.
- Social decisions - hours of work, welfare measures, questions affecting work rules and conduct of individual worker's safety, health, sanitation and noise control.

Participation is essentially a social process and it makes an individual speak in terms of 'we' but not 'I'.

The level of participation, in practice, ranges as under:

Informative participation: refers basically to information sharing concerning the balance sheet, production schedules, etc.

Consultative participation: in which a joint council is constituted which considers matters such as welfare programmers, safety procedures, etc. However, the decision-making power rests with the management.

Associative participation: Here, the role of the joint council is not limited to advisory body. The council's recommendations in the defined areas are implemented by the management.

Administrative participation: Where the decision comes to the council with alternatives to select from for implementation.

Decisive participation: Here, the decisions are taken jointly on matters relating to production, welfare, etc.

Purpose and Advantages of workers' participation in management

- Participation in important areas affecting workers, result in a unique motivational power and a great psychological value.
- Peace and harmony between workers and management lead to workers getting to see how their actions would contribute to the overall growth of the company.

- They tend to view the decisions as 'their own' and are more enthusiastic in their implementation.
- Participation makes them more responsible and they become more willing to take initiative and come out with cost-saving suggestions and growth-oriented ideas.
- It also ensures optimum utilization of resources because of the feeling of "ownership" of the decision made.

Some of the more visible benefits are:

- The confrontation or the level of resistance and resistance to change comes down. Change is the sign of growth, and willingness to accept change helps the organization adopt new methods easily.
- It ensures free communication and the channel for upward communication opens up. It helps in reducing the distortion or failure of communication and consequently implemented decisions become more effective.
- Joint decision-making reduces the conflicting situations and therefore the disputes. The productivity of the unit increases.
- Workers' Participation in Management (WPM) helps eliminating industrial disputes.
- It increases efficiency of employees.

Methods of Participation

The Industrial Disputes Act, 1947 stipulates formation of works committees in certain units.

Thus, some amount of compulsory participation of workers at the initial level is ensured through the Act.

But many organisations have gone beyond the compulsory constitution of committees, having realized that workers' participation is in the larger interest of both the workers and the unit.

Let us see how this is achieved:

- Workers' Committee.
- Joint Management Councils.
- Workers' Participation on the Board.
- Joint Consultative Committees.
- Other forms of Worker Participation.

Indian Banking Experience on 'Workers Participation in Management (WPM)'

- The Indian banking industry's experience in the area of workers' participation in management has been partially successful.
- As regards the method of participation, the banks have adopted the model of participation on the Board of Directors.
- One director is nominated by the government on the board of directors of the public sector banks from the workmen union.
- The practice is to appoint the workman director from the union enjoying majority membership of the employees of the bank.

- Due to multiplicity of unions, this appointment in many banks has
- been a contentious issue, particularly where the membership strength of the unions is very close to each other.
- In such cases membership verification is insisted upon through the office of the Regional Labor Commissioner.

Apart from the problems in appointing the workmen director, the model being a single tier model, participation at the top level does not get support at the unit or branch level management of the banks.
Thus, the participation is not really effective.
Another problem faced by this model is the size of the branch network of the branches of public sector banks.
With an average of more than 1000 branches, it is a very difficult task to ensure workers' participation at the shop-floor level, i.e. at the branch level.
It may also be noted that unless the mindsets of both the workmen (and their unions) and the management are changed, the system cannot be fully successful.
The most popular method of workers' participation in management in banks is Collective bargaining process through periodical joint consultative meetings with representative unions (in some banks it is called as Joint Talks/Discussions).
Although these meetings witness the management top brass intimating the Management's goals and plans, however, through these talks, the participation of workers does not take place in true sense.

Unit 19: Employee Discipline (Discipline Management)

Discipline at Workplace

Any organization which has a group of people managing its various functions, has a set of rules and procedures for conducting its business.

Banks are the custodians of the public money and the general public are reposing utmost faith in the bank employees while they are placing their moneys with the bank.

It is in this context; the banks need necessarily to have in place a robust set of discipline management systems/procedures.

The following are the assumptions in employee discipline:

- ❖ Disciplined behaviour is essentially a voluntary concept. The acceptance of norms and rules should be out of conviction and not of compulsion.
- ❖ Norms of accepted behaviour should be described precisely and rules updated from time to time to ensure that they are in conformity with the changing scenario.
- ❖ The authority issuing instruction of good behaviour on its part must set an example to the subordinates. Discipline is often compared with a hot stove.

According to McGregor, 'hot stove rule', implies that if the rules and penalties are clear and well understood, a violation produces some natural consequences.

Just as the penalty for touching the stove is immediate, i.e., the burning of fingers occurs at once, so in a sound disciplinary system, the penalty for the violation should be immediate, almost automatic.

The application of- 'Hot Stove Theory' in matters of discipline implies:

- ❖ Total impartiality while handling disciplinary matters.
- ❖ No undue time-lag in the action and effect.
- ❖ The consequences should be logical and the punishment for the misbehaviour should be made known.
- ❖ There should be consistency in managerial follow-up action, i.e. the outcome should not be at a large variance.

Discipline Management

Discipline management involves creating an environment where employees voluntarily obey rules and regulations. It also means and includes handling cases of indiscipline or misconduct.

Following are some steps, which should enable the organization to ensure promotion of positive discipline:

- ❖ The code of conduct, rules and regulations should be laid down clearly.
- ❖ The norms and standards should be so decided that they are easy to adhere to.
- ❖ Once the rules are framed, the adherence thereof must be insisted upon. It is an admitted fact that the rules and regulations restrict freedom of the employees.
- ❖ The laid down rules need to be modified periodically to ensure that outdated rules are removed from and new rules, wherever required, to be included in the rule book.

Employee - Counseling

- In matters of discipline, counseling which involves advising an employee, works as a major morale booster even when the going gets tough.
- Counseling is an elaborate process which includes intent listening by the superior and adopting a positive approach to guide the employee the right way.
- When it is noticed that an employee has committed an act of misconduct which is of minor nature, the counselling process could be helpful.

Reformative Theory

- The reformative theory advocates that "To err is human."
- Where one has to take a view of inflicting punishment on the employee for a proved act of misconduct, the disciplinary authority decides what kind of punishment, will meet the ends of justice.
- As for the Banks, as per the directives of the Reserve Bank of India, each Bank has formulated its "Staff Accountability Policy".
- The basic objective of such staff accountability is not to punish the staff members whose actions are found bonafide and without dereliction of duty/negligence.
- Such pronounced objective is to create required confidence in the officers for taking bonafide commercial decisions.

Disciplinary Process

- The disciplinary authority initiates the disciplinary process which involves Advising the employees in clear terms of the misconduct committed by him.
- A fact-finding process which may include a domestic enquiry followed by various degrees of punishment.
- The employees are made to realize the mistake, is imposed with certain punishment, so that they follow the rules in future.
- The process includes preliminary enquiries, counselling, verbal reprimand or warning.

Disciplinary Procedure and Principles of Natural Justice

- Handling employee misconduct is a very critical task to be performed by the senior managers.
- To manage discipline among employees, every company opts for a discipline policy which describes the approach it will follow to handle misconduct and which will act as a deterrent to others.

Principles of Natural Justice:

These principles are universally accepted set of rules which have survived the test of time.
They ensure protection of rights of the individual employee.

In essence, the principles say that there has to be a fair play, all along, during the disciplinary process, i.e., right from the issuance of charge sheet to the imposition of punishment, if the employee is found guilty of the charges.
The principles of natural justice, including later additions to these principles, are enumerated below:

- No man should be a judge in their own cause.
- No one should be condemned unheard.
- The employee proceeded against should be clearly informed of the charges levelled against him/ her.
- The punishment to be imposed should be commensurate with the nature of the misconduct.

Disciplinary Rules in Banks

- The Standing Orders prescribe the rules of an establishment in respect of disciplinary procedures in the banks, the disciplinary rules originated in the tribunal awards and are presently a part of the First Bi-Partite Settlement of October, 1966.
- They are in respect of “workmen” or "award staff".
- For the officer of public sector banks, the rules framed by the Officer Employees' (Conduct) Regulations and Officer Employees' (Discipline and Appeal) Regulations are applicable.
- For the other private sector banks, individual banks have their own rules for the workmen staff and for the managerial staff.

DISCIPLINARY Rules – Award Staff: [workmen or clerk]

The disciplinary proceedings begin with the initial investigation in the reported misconduct.
After the preliminary investigation, the appropriate authority decides to proceed further with the disciplinary action.
Unit 19 of the First Bi-Partite Settlement of 19th October, 1966 lays down the procedure in this regard.
These provisions are periodically reviewed in the successive Bipartite Settlements by adding certain more misconducts to the list originally prescribed in 1966 having regard to the need and necessary.
The more important points of the procedure are summarized below:

- By the expression 'offence' means any offence involving moral turpitude for which the employee is liable for conviction and sentence under any provisions of Law.
- If the employee is not prosecuted for such an offence the bank may take steps to proceed against them.
- If the employee is convicted, the bank may dismiss him or give him any lesser punishment after complying with the principles of Natural Justice.
- If the employee is acquitted, it shall still be open for the bank to proceed against him departmentally.
- A question is often raised as to whether criminal proceedings and departmental proceedings can continue simultaneously.

- The general law of the land does not prevent the departmental proceedings being held simultaneously. However, the bi-partite rules in this regard state that if after steps have been taken to prosecute an employee, he is not put on trial within a year of the commission of offence, the management may then deal with him as if he had committed an act of gross misconduct. Thus, it is necessary to wait for a period of one year for the authorities to proceed against the employee.
- The acts and omissions on the part of the employee which constitute "gross misconduct" and "minor misconduct" have been specifically listed, and the penalties which may be imposed under each category have also been laid down. Once it is decided to take disciplinary action against an employee, the following procedure is to be followed:
    - The employee shall be given a charge-sheet explaining the circumstances appearing against him.
    - Accused shall be given sufficient time to give the explanation to the charge-sheet.
    - If it is decided to conduct departmental enquiry against the accused, that person shall be given time to prepare the defence and produce any evidence in defence.
    - Accused employee shall be permitted to appear before the officer conducting enquiry, to cross examine any witness and to produce the witnesses and evidence in his defence.
    - He shall be permitted to be defended by a representative of a registered trade union of which he is a member; if he is not a member of any trade union, by a representative of a registered trade union operating in the bank; or with the permission of the bank, by a lawyer.
    - He shall be given a hearing as regards the nature of punishment proposed to be imposed on him, if any charge is established against that person.
    - Pending enquiry, the employee may be suspended and during such suspension that person will be paid subsistence allowance. An enquiry need not be held if –
        - The misconduct is such that even if proved the bank does not intend to award punishment of discharge or dismissal.
        - The employee has made voluntary admission of the misconduct.
        - The employee is charged with minor misconduct and the punishment proposed to be imposed is warning or censure.
- The Managing Director (MD) of the bank shall decide which officer, i.e., disciplinary authority shall be empowered to take disciplinary action.
- MD shall also decide which officer shall act as appellate authority.
- The disciplinary authority may conduct the enquiry or appoint another officer as the enquiry officer for the purpose of conducting an enquiry.

Disciplinary Rules – Officers

In case of officers of public sector banks, the Officer-Employees Conduct Regulations codify the behavior conduct expected of them.

Breach of any norms of conduct is treated as a misconduct.

The Conduct Regulations cover the following main points

- An officer at all times shall take all possible steps to ensure and protect the interest of the bank and discharge the duties with utmost integrity, honesty and devotion.
- He shall maintain secrecy regarding the affairs of the bank and its constituents.
- There is a restriction of employment of the members of family of the officer in firms enjoying credit facilities with the bank.
- He is prohibited from taking outside employment while in the service of the bank.
- There is restriction on excessive lending and borrowing by the officer.
- Breach of any of the Conduct Regulation is construed to be an act of misconduct punishable under the Officer-employees Discipline and Appeal Regulations.

The important provisions of the 'Discipline and Appeal Regulations' are:
The penalties have been classified into two categories:
(i) Minor penalties:

- Censure.
- Withholding of increments of pay with or without cumulative effect, withholding of promotion.

(ii) Major penalties:

- Reduction to a lower grade or post or to a lower stage in a time scale; compulsory retirement.
- Removal from service which shall not be a disqualification for future employment.
- Dismissal which shall ordinarily be a disqualification for future employment.
- Recovery from pay or such other amount as may be due to the officer-employee of the whole or part of any pecuniary loss caused to the bank by negligence or breach of orders.
- The Managing Director or any other authority empowered, may institute or direct the disciplinary authority to institute disciplinary proceedings against an officer-employee of the bank. Once it is decided to take disciplinary action against an employee, the following procedure is to be followed:
- Major penalty cannot be imposed unless a departmental enquiry has been conducted in accordance with the laid down procedure.
- However, for imposing minor penalty the procedure is relatively simple and the same has been spelt out in the appropriate regulation.
- Where it is proposed to hold an enquiry, the disciplinary authority shall frame definite and distinct charges on the basis of allegations and the 'articles of charge' together with a statement of allegations shall be communicated to the officer.
- The officer is asked to submit his written statement of defence to the articles of charge and statement of allegations within a stipulated period.
- If the statement of defence is not received or it is not found to be acceptable, the disciplinary authority may itself hold an enquiry or appoint an Inquiring Authority to conduct enquiry.

- The disciplinary authority may appoint a Presenting Officer to present on its behalf the case in support of the articles of charge while the officer may take the assistance of any other officer employee.
- The disciplinary authority shall take action on the enquiry report and impose penalty.
- The provisions relating to suspension of the officer-employee and payment of the subsistence allowance is also covered by the Regulation.
- An officer-employee may appeal against an order imposing penalty an order of suspension to the appellate authority.
- The reviewing authority can call for records within 6 months and review the penalty.

Practice in Private Sector Banks

- Majority of the old private sector banks are members of IBA. They follow the Bi-partite Settlement.
- Thus, for the award staff the disciplinary rules are similar to those followed by the public sector banks.
- The disciplinary rules for the officer employees seen by us above are for public sector banks.
- These rules are, thus, not applicable to the private sector banks.
- In the absence of defined rules for disciplinary proceedings, the principles of Natural Justice will apply.
- All these banks are in existence for quite some time and have their disciplinary rules which are more or less on the same lines of the public sector banks.
- Not following the principles of Natural Justice, will make the enquiry proceedings and consequential action invalid.

Domestic Enquiry

- A domestic inquiry is an internal investigation that an employer conducts to evaluate an employee's alleged breach of company policy or code of conduct.
- The purpose of the inquiry is to establish the facts of the alleged misconduct and determine if disciplinary action is warranted.
- The principles of natural justice apply to the conduct of domestic enquiry.
- There is, however, a slight difference in the procedure for conducting enquiry for award staff and that of the officer employees.
- Before commencing the enquiry, the enquiry officers are expected to go through the procedure carefully.

Guiding Principles

- Departmental enquiry is not a mere formality but is a serious procedure and should, therefore, be conducted with due seriousness.
- The scope of the enquiry is determined by the “charge-sheet” or “articles of charge”.
- It lays down the terms of reference for the enquiry officer.

- The enquiry officer should not go beyond the terms of chargesheet.
- The employee proceeded against should be clearly informed of the charges levelled against.
- The entire proceedings should demonstrate a fair play on the part of the enquiry officer.
- If any doubt resides in a complex matter of what decision or ruling should be given, it is better to err in favour of the chargesheeted employee.

The Enquiry Procedure

Enquiry is a quasi-judicial proceeding and is required to be conducted with due diligence.
The important points in the procedure are indicated below:

Notice of enquiry:

The time, place and date of the enquiry should be clearly stated in the notice.
Reasonable period should be given to the employee to prepare for the enquiry.
If the employee does not attend the proceedings, it is advisable that the enquiry is adjourned and a fresh date be fixed and the employee will be notified.
Proof of delivery of notice should be obtained and held on record.
Notice may, therefore, be sent by registered post.

Venue:

The place of the enquiry should generally be the unit where the employee is posted.
The enquiry could be held elsewhere so long it does not inconvenience for the charge sheeted employee (CSE).

Evidence:

Any statement made in support of charges must be made in the presence of the charge-sheeted employee so that he has an opportunity to question such a statement.
The documentary evidence in support of the case must be taken on record only after giving the CSE a chance to inspect the documents.

Witness:

- A witness is a person who appears in the enquiry either in support of the charges or in support of the CSE.
- The statements made by the witness are considered as oral evidence.
- The witness should be examined first by the party producing him; this is known as examination-in-chief (the lawyer questions their own witness).
- Thereafter, the opposite side can cross-examine the witness. The enquiry officer should carefully observe the demeanor of the witness so as to arrive at the credibility of his statements.

Persons who can be present at the enquiry

Departmental enquiry is a closed-door proceeding and not one where anyone can attend.

Only those connected with the proceedings can attend the enquiry. They are:

- The enquiry officer.
- The management representative (MR).
- The CSE.
- The defense representative (DR).
- The witness whose evidence is being recorded and a typist or a stenographer who records the minutes of the proceedings.

The witnesses are allowed to depose in the enquiry one after the other and, therefore, no two witnesses should be present in the enquiry at a time.

The proceedings

- At the first hearing the enquiry officer should enquire from the CSE whether the person has received the charge sheet and has understood the contents thereof.
- Then in the presence of his representative officer should put a question to him as to whether he pleads guilty to the charges.
- If he pleads guilty, the person should be asked whether he has understood the consequences of his pleading guilty and whether he is doing so at his volition.
- Answers to these questions should be recorded, preferably, verbatim.
- If the CSE does not plead guilty to any or all the charges, the enquiry officer should ask the management representative (MR) to lead the case in support of charges.
- The MR may lead his case through witnesses who should be permitted to depose one after the other.
- After the examination-in-chief of the witness, the CSE should be given a chance to cross-examine him.
- Only after the cross-examination is over the next witness should be called.
- The documents taken on record should be given to the defense (CSE) for inspection and thereafter taken on record.
- When the MR closes his case, the defense should be asked to present its case repeating the same procedure.
- After both the sides have led their evidences and have also summed up their respective arguments, the CSE should be asked whether he has anything else to say or submit.
- Thereafter, the enquiry proceedings are closed.

Follow-Up Action

After the enquiry proceedings are over the following actions are necessary, to take the matter to its logical end:

- The enquiry officer has to submit the findings, giving reasons to the Disciplinary Authority.
- The Disciplinary Authority either agrees with the findings or remits the case back giving reasons, for further or fresh enquiry.

- The Disciplinary Authority in the case of award staff may then propose the punishment and give a hearing to the CSE as to why the proposed punishment should not be imposed on. The CSE may
- make submission and then the disciplinary authority can take a final view. No such hearing is necessary in case of officers.
- Thereafter, the order imposing the punishment is passed.
- If the CSE prefers an appeal against the decision of the disciplinary authority, the appellate authority should dispose of the case, as per rules and the principles of natural justice.
- In the case of officers, there is one more step involved, i.e., review.

The reviewing authority may call for the record of the case within six months of the date of the final order and pass such orders as it may deem fit.

- If the reviewing authority proposes to enhance the penalty, a show cause notice will have to be issued.
- As mentioned earlier, domestic enquiry is a quasi-judicial proceeding.
- If the matter goes to the labor court (in the case of award staff) or to the High Court, these courts may go through the enquiry proceedings, findings and orders passed by various authorities.
- It is, therefore, imperative that every concerned authority acts in good faith, and follows the principles of Natural Justice.
- Employee's Right to be defended:
- The Model "Standing Orders" as also the "Discipline and Appeal rules" of an organization provides for the right of a delinquent employee to be defended at the domestic enquiry by a union representative or in exceptional cases, by a lawyer.
- The Enquiry officer therefore has to ensure that the defense representative is no one other than a representative of a registered union, or with the permission of the Disciplinary Authority, a lawyer.
- The defense representative need not necessarily be a representative of the recognized union.

Defense Representative and its Role in Banks

- The charge sheeted employee has a right to have defended by a representative of a registered trade union of Bank Employees.
- Accused can also be represented by a Lawyer with the prior approval of the Disciplinary Authority.
- Enquiry Officer has no powers to permit delinquent employee to be represented by a Lawyer.
- If a request is received, it should be referred to the Disciplinary Authority for the approval.
- It should also be noted that there can be only one representative for each employee.
- The role of the Defense Representative is to disprove the charges leveled against the delinquent employee in the charge sheet.

Frauds in Banks

In simple, "Fraud' is a wrongful or criminal deception intended to result in financial or personal gain. It can also be defined as an act or course of deception, an intentional concealment, omission, or perversion of truth, to

- Gain unlawful or unfair advantage.
- Induce another to part with some valuable item or surrender a legal right.
- Inflict injury in some manner.

Cyber Crime and the Banking Sector

Top Threats and Secure Banking of the Future:

As per, PwC's Global Economic Crime Survey of 2020, cybercrime has now reported crime globally and that 47% of organizations have been hit with cybercrime in the last two years.

As per this survey report, the total cost of these crimes was US$42 billion. These are scary numbers. Yet too many organizations are failing to respond effectively.

3 ways IT can secure against bank cyber-attacks

- Respond as if the network has already been breached: Adopting this mindset forces the IT team to prioritize the most business critical parts of the network and use network segmentation as a strategy.
- Implement an enterprise-wide security policy: A well-defined security policy serves as a crucial road map for any bank IT team to maintain a truly adaptive security architecture.
- Security policy enforcement: It's one thing to have a security policy that defines how the IT platform behaves and another to actually validate that it is being enforced across your network.

The Risk Attached to Delegation of Financial Powers

A cursory glance at various activities in a bank would reveal a broad division of functions and responsibilities as under

Level	Authority
Top Management	Strategy and sanction of loans of large amounts
Senior Management	Regional Large Branch Level. Sanction of Loans and Advances both Retail and Wholesale
Middle Management	Large Medium Branches. Sanction of Loans more in Retail
Junior Management	Processing of Loan Applications

From the above table, it is obvious that authority has to be delegated at various levels for the smooth functioning of the bank.

Need for Vigilance Department in Banks

- The Central government through a statute, constituted Central Vigilance Commission (CVC) consisting of three Vigilance Commissioners out of whom one is designated as Chief Vigilance Commissioner.
- It is a constitutional authority.
- CVC is the moral guardian of major activities of the Government and its servants and the authority that should work towards prevention of frauds in all public institutions.
- The Central Government has defined the role of Chief Vigilance Officer and all public sector undertakings including banks are required to have a Chief Vigilance Officer at a senior level who would be in a position to influence decisions and developments that could prove detrimental to the financial stability of the Bank.
- These CVOs come under the administrative control of CVC but not the bank management.
- As per the directives of CVC, each Regional/Zonal Officers of the Banks should have one Vigilance Officer (VOs) not below the rank of Chief Manager who shall function directly under the administrative control of Chief Vigilance Officer (CVO) at Corporate Office.
- The roles and responsibilities of VOs have been clearly defined by CVC and they need to oversee the cases of frauds and other vigilance related issues including preventive vigilance matters in their respective Regions/ Zones and to directly report of CVO.

Diversity and Gender Issues

- The Central Government Institutions including - Public Sector Banks are required to be "equal opportunity employers" which means that they are required to show no discrimination in the selection of people based on community, caste, creed, region or gender except for reservations prescribed by the Constitution of India.
- This prevents harassment of individuals due to their personal or religious background and also can be acted against by banks, if individuals are discriminated and suffer disadvantages on account of such discrimination.

Dealing with Cases of Sexual Harassment

Under this provision, all organizations including banks are required to notify a senior lady officer as Head of Sexual Harassment Committee in the organization with powers to investigate and recommend action whenever a case of sexual harassment is reported.

What Is Sexual Harassment?

Legal Definition of 'Sexual Harassment'

Sexual harassment is an unwelcome sexual advance, unwelcome request for sexual favors or other unwelcome conduct of a sexual nature which makes a person feel offended, humiliated and/or intimidated.

The Sex Discrimination Act 1984 defines the nature and circumstances in which sexual harassment is unlawful.

Examples of sexually harassing behavior include:

- Unwelcome touching, Staring or leering.
- Sexually explicit pictures or posters, Unwanted invitations to go out on dates, Requests for sex.
- Intrusive questions about a person's private life or body.
- Insults or taunts based on sex, sexually explicit emails or text messages.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013 (Posh Act 2013)

- It is a legislative act in India that seeks to protect women from sexual harassment at their place of work.
- It was passed by the Lok Sabha (the lower house of the Indian Parliament) on 3 September 2012.
- It was passed by the Rajya Sabha (the upper house of the Indian Parliament) on 26 February 2013.
- The Bill got the assent of the President on 23 April 2013.
- The Act came into force from 9 December 2013.
- According to a FICCI-EY [Federation of Indian Chambers of Commerce & Industry] November 2015 report, 36% of Indian companies and 25% among MNCs are not compliant with the Sexual Harassment Act, 2013.

Major Features of the Act:

- The definition of "aggrieved woman", who will get protection under the Act is extremely wide to cover all women, irrespective of her age or employment status, whether in organized or unorganized sectors, public or private & cover clients, customers & domestic workers as well.
- The Committee is required to complete the inquiry within a time period of 90 days.
- On completion of the inquiry, the report will be sent to the employer or the District Officer, as the case may be, they are mandated to take action on the report within 60 days.
- Every employer is required to constitute an Internal Complaints Committee at each office or branch with 10 or more employees.
- The District Officer is required to constitute a Local Complaints Committee at each district, and if required at the block level.
- The Complaints Committees have the powers of civil courts for gathering evidence
- The inquiry process under the Act should be confidential and the Act lays down a penalty of Rs. 5000 on the person who has breached confidentiality.
- Non-compliance with the provisions of the Act shall be punishable with a fine of up to 50,000.
- Repeated violations may lead to higher penalties and cancellation of license or registration to conduct business.
- Government can order an officer to inspect workplace and records related to sexual harassment in any organization.

Indian Penal Code

Through the Criminal Law (Amendment) Act, 2013, Section 354 was added to the Indian Penal Code (IPC) that stipulates what consists of a sexual harassment offence and what the penalties shall be for a man committing such an offence.

Penalties range from one to three years imprisonment and/or a fine Additionally, with sexual harassment being a crime, employers are obligated to report offences.

Amendment to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 in May 2016:

- There was an amendment to the Sexual Harassment at Workplace Act in May 2016.
- According to this amendment, the nomenclature was changed from 'Internal Complaints Committee' to 'Internal Committee' and 'Local Complaints Committee' to 'Local Committee'.
- Clearly, the role of Internal Committee (IC) is enhanced, they will have to ensure they work towards prevention and prohibition and create a culture of zero tolerance against sexual harassment at workplace.

Compliance Rules of 'Posh Act'

- The POSH Act 2013 was made effective in the whole of India on December 9, 2013, by the Ministry for Women and Child Development.
- The POSH Act protects all women employees in the workplace from sexual harassment.
- The POSH Act also applies to women contract workers, probationers, trainees, apprentices and interns.
- The definition of 'sexual harassment' under the Posh Act is wide enough to cover both direct or implied sexual conduct which may involve physical, verbal or even written conduct.

Employers' Responsibilities Mandated under the Act

- Provision of a safe working environment in the workplace
- Constitution of an Internal Committee in every workplace with more than 10 employees
- Constitution of the Local Committee in every District
- An in-depth inquiry into all complaints of sexual harassment
- Punishment for false and malicious complaint and false evidence

Composition of the ICs

As per the Act, the following composition shall be adhered to in constituting the Internal Committees (ICs):

Presiding Officer	Woman employed at a senior level at the workplace from amongst the employees
Members	Not less than 2 members from amongst employees Preferably committed to the cause of women or who have had

	experience in social work or have legal knowledge
External Member	From an NGO or association committed to the cause of women or person familiar with issues relating to sexual harassment

- Not less than half of the IC Members shall be women.
- The term of the IC Members shall not exceed 3 years.
- A minimum of 3 Members of the IC including the Presiding Officer are to be present for conducting the inquiry.

Powers of the Internal Committee (IC)

The POSH Act stipulates that the IC and LC shall, while inquiring into a complaint of workplace sexual harassment, have the same powers as vested in a civil court under the Code of Civil Procedure, 1998 when trying a suit in respect of:

- Summoning and enforcing the attendance of any person and examining him on oath.
- Requiring the discovery and production of documents; and
- Any other matter which may be prescribed.

Inquiry & Timelines as Prescribed Under the Act

- Written complaints (6 copies) along with supporting documents and names and addresses of witnesses have to be filed within 3 months of the date of the incident.
- Timeline extendable by another 3 months.
- Upon receipt of the complaint, one copy of the complaint is to be sent to the respondent within 7 days.
- Upon receipt of the copy of complaint, the respondent is required to reply to the complaint along with a list of supporting documents, and names and addresses of witnesses within 10 working days.
- The Inquiry has to be completed within a total of 90 days from the receipt of the complaint.
- The Inquiry report has to be issued within 10 days from the date of completion of inquiry.
- The employer is required to act on the recommendations of the IC/LC within 60 days of receipt of the Inquiry report.
- Appeal against the decision of the committee is allowed within 90 days from the date of recommendations.

Punishments and Compensation Prescribed Under the Act for Proven Acts of Sexual Harassment:

The POSH Act prescribes the following punishments that may be imposed by an employer on an employee for indulging in an act of sexual harassment:

- Punishment prescribed under the service rules of the organization (i.e., as per the provisions of Bipartite Settlements in respect of Award Staff and as per the provisions of Conduct Regulations in respect of Officer staff in Public Sector Banks)

- Deduction of compensation payable to the aggrieved woman from the wages of the respondent. The POSH Act also envisages payment of compensation to the aggrieved woman.

The compensation payable shall be determined based on:

- The mental trauma, pain, suffering and emotional distress caused to the aggrieved employee
- The loss in career opportunity due to the incident of sexual harassment
- Medical expenses incurred by the victim for physical/psychiatric treatment
- The income and status of the alleged perpetrator
- Feasibility of such payment in lump sum or in instalments

In the event that the respondent fails to pay the aforesaid sum, IC may forward the order for recovery of the sum as an arrear of land revenue to the concerned District Officer.

Treatment to Frivolous Complaints:

Provisions for action against "false or malicious" complainants have been included in the Act which states that if the IC/LC concludes that the allegation made by the complainant is false or malicious, disciplinary action in accordance with the service rules of the organization can be taken against such complainant.

Maintaining Confidentiality:

- Sexual harassment shall not be subject to the provisions of the Right to Information Act.
- The POSH Act prohibits dissemination of the contents of the complaint, the identity and addresses of the complainant, respondent, witnesses, any information relating to conciliation and inquiry proceedings, recommendations of the IC/LC and the action taken to the public, press and media in any manner.

Penalties for Non-Compliance of the Provisions of the Act

- The POSH Act takes a firm stand against non-compliance of its provisions.
- If an employer fails to either constitute an Internal Committee, or discharge any of the other duties placed upon them under the act, they shall be punished with a fine which may extend to fifty thousand rupees (Rs. 50,000).

MODULE – E : EMERGING SCENARIO IN HRM

Unit 20: Contemporary Practices in Employee Engagement

Introduction

- The empirical studies - reveal that in judging the three best measures of the organisation's health in terms of its success, growth and performance, 'Employee Engagement' ranks first, followed by 'customer satisfaction' and 'cash flow'.
- 'Employee Engagement' is the extent of employees' commitment, work effort, and desire to stay in an organization.
- An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization.
- The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee.

Concept and Definition of 'Employee Engagement'

Kular, et al defined 'Employee Engagement' as a workplace approach where an organization creates the conditions and situations in which the employees give their best each day and work more than their capability and potential which is really very difficult task.
As discussed above, an engaged employee is a person who is fully involved and enthusiastic about his or her work.

When an employee says sincerely that:

'I want to do this work'.
'I am dedicated to the success of what I am doing'.
'I love what I am doing'.
'I care about the future of my company'.
Then such employee is surely concerned about his organization and thus he said to be an engaged employee.

- There is no single or universally accepted definition of employee engagement.
- 'Employee Engagement' is the extent to which employees are motivated to contribute to organizational success, and are willing to apply discretionary effort (extra time, brainpower and effort) to accomplishing tasks that are important to the achievement of organizational goals.
- Engagement at work was conceptualized by Kahn, as the harnessing of organizational members'selves to their work roles.
- Shuck & Wollard advocated that in engagement, employees employ and express themselves physically (behaviorally), cognitively, and emotionally during role performances and such cumulative and collective performance directed towards organizational success.

The 3 components of employee engagement, namely:

- Cognitive - It is the belief that an employee has about his company and its values.
- Emotional - It is the feeling an employee has about his/her colleagues, supervisors.
- Behavioural - Is what the employees exhibits at work commitment.

Various Features and Characteristics of 'Employee Engagement'

Given the above concepts of 'Employee Engagement', there are five basic characteristics of Employee Engagement':

1. Engagement depends on physical, mental, and psychological state, level of support to the company innovation policy and implementation of change on specific work area.
2. Engagement is in direct proposition to efficiency and effectiveness of labour activity.
3. Degree/level of engagement in work among each employee greatly varies even when a homogeneous group of employees are on the same job/functions.
4. Employee engagement may have both quantitative and qualitative expressions.
5. Engagement is employee desire and skill (for the benefit of the organization) within their professional duties.

It may therefore be observed that 'Employee Engagement' is not merely 'Employee Motivation' and it is much beyond that and a culmination of both quantitative and qualitative expressions.

Drivers of 'Employee Engagement'

Many organisations, out of their own experiences, have added many levers which have worked for them to effectively engage their employees. Some of such commonly reported drivers of 'Employee Engagement' are:

- People-centric Culture of the Organization.
- Collaborative and Inspiring Leadership.
- Level of Trust and Respect.
- Exciting 'Work-Life Balance Plans/Schemes including Flexible working hours etc.
- Employees' emotional commitment towards Job.
- Feeling of Pride and Inspiration.
- Styles of Management - a feeling of being respected and valued.
- Equal opportunities for and access to - Training, Career growth and Development.
- Timely Recognition and Rewards.
- Commitment to Corporate Social Responsibility (CSR) activities & Employee wellness and well-being.
- Organisation's Values and Goals.
- Organisation's Reputation.

Need For Creative Strategies for Engaging Gen 'Y' Employees

- 'Baby Boomers' are those who born after Independence i.e., born roughly between 1947 and 1964. They are very hard working, disciplined, God fearing, pious, valuedriven etc.
- Then came Gen 'X', which denotes the generation of people born roughly between 1965 and 1981. This generation was impacted heavily by social and economic upheaval and thus less optimistic but more self-reliant than 'Baby Boomers'. They are renowned for thinking and planning one or two jobs ahead of their current employment.

Gen 'Y' denotes the generation that succeeds Gen 'X' born roughly between 1982 to 2001. Members of Generation 'Y' is often referred to as "echo boomers" because they are the children of parents born during the baby boom (the "baby boomers"). Being also called as 'Millennials', 'echoboomers', internet, i-Gen, 'Net-Gen' etc.. The specific features of this generation are that :

- They are Independent, Practically-Motivated, Tech-savvy, Socially-Mindful and Financially-Fresh.
- They are highly educated, skilled and far more entrepreneurial than earlier generations.

Chief Characteristics of Gen 'Y' Population

- Generation Y is the fastest growing segment of today's workforce in Banks including in Public Sector Banks.
- Hence, HR functionaries of banks cannot ignore the needs, desires and attitudes of this most-demanding generation.

Some of the common attributes of this population are:

- Freedom-driven
- High Goal Achievement ridden
- New Leadership attributes
- Technologically advanced
- Craves for recognition and attention

It may be observed from the aforesaid, the Gen 'Y' professionals are most diverse and constantly demanding.
Hence, the banks need to adopt innovative strategies to retain this talent for a reasonable period.

Major Expectations of Organizations from Gen 'Y'

- Leveraging their contemporary knowledge and skills for the competitive advantage of the organization.
- Faster adoption to changes and organizational culture.
- Proactive conversion of their 'implicit knowledge' to 'explicit knowledge' i.e., for the organizational purpose.

- Should have enhanced ability to take higher business risks and faster decisions.
- To inject high quality innovations and creativity in business processes, work patterns, decision-making processes, marketing strategies and delivery channels much ahead of their peers, focusing solely on
- enhancing the size of business and bottom-lines.
- To function as a 'Change Agent' by succeeding in bringing needed changes in - business model, organizational structure, work processes and people systems, through collaborative approach.
- Should have a passion to realize the popular vision of the Country to make 'India' as a "Global Economic Power-house' through improving the GDP and achieving global excellence on Industrial development front.
- Should have the ability to emerge as future leaders thereby promising a smooth succession in the organization.
- The Banks view Gen 'Y' employees are its future, in terms of its enhanced productivity, performance and effectiveness.

Contemporary 'Employee Engagement' Strategies

Till the new generation employees started making inroads in to the organizations including banks, the managements used to employ traditional strategies viz., better compensation, financial incentives, health and safety, staff welfare measures etc. which are basically aiming to motivate the employees.

Broad Innovative Strategies to Engage Gen 'Y' Employees

- The work place should be made continuing consumerization of Information Technology.
- To provide more freedom at work place, flexible working hours and to increase virtualization of the organization.
- To evolve robust and creative programs for 'Work-Life Balance' and to decide such programs by the employees. Work-life balance involves the minimization of work-related stress, and the establishing of a stable and sustainable way to work while maintaining health and general well-being.
- To evolve systems whereby the future generation shall work in virtual project groups.
- Provide career development opportunities.
- Provide positive atmosphere for unleashing potential & growth.
- Provide suitable performance & reward system.
- Create an open culture in the organization.

Specific Inspiring Strategies to Engage Gen 'Y' Employees

- It is rightly said that the employee desires to meet 5 basic needs if he seeks to engage beyond expectations of the organization.
- They are: to be heard, to be respected, and to have competence, autonomy and freedom, and relatedness (purpose).

- These needs an be squarely met by the organisations through the initiatives like - Providing ample opportunities for them to voice their complaints, suggestions, clarifications etc.

Let's examine some of the specific contemporary practices / strategies which the organizations including banks can employ for inspiring new generation employees.

- Encourage employees to speak up
- Help employees to get socialized
- Inclusive Mentoring
- Reverse mentoring
- Stimulating Career Development
- Encouraging Job Autonomy
- Assign Challenging Jobs/Roles
- Create a collaborative Leadership Style
- Involving Employees in Community Development Programmed

'Work From Home': Emerging New Normal in Organisaions

- Employee engagement is the work-oriented engagement of the employee with a positive and cheerful attitude towards the organization's work, workplace, and work culture.
- As we have discussed above that the three broad main pillars which influence employee engagement are work, workplace, and work culture.
- With the global pandemic i.e., COVID-19 that has been ruling the roost from the first quarter of 2020, during this pandemic, the concept of 'Work from Home' has been initially introduced in IT Sector.
- According to Golden at least 37% of all companies offer working from home arrangements.

Pros and Cons of 'Work from Home' System of Working

(A) Benefits OF Work From Home (WFH)'

- Flexibility and agility
- Increased productivity
- Enhanced employee motivation
- Financial benefits
- Better Collaboration
- Reduces Absenteeism

This apart, working from home can feel like a break from the office even though staff are still working.
They will feel more energized and will be able to spend more time with their family and therefore will not feel the need to take frequent leave which enhances productivity levels considerably.

(B) Demerits of Work From Home

- Lack of physical exercise
- Professional isolation and organizational identification
- Impaired Superior-subordinate relationship
- Plenty of distractions affecting productivity adversely

Strategies to Keep Employees Engaged When They are Working-From-Home (WFH)

Let us examine some of the strategies through which the employees who are under Work-From-Home are engaged:

(a) Community Building: To keep the workflows moving, the following strategies may make the employees well engaged:

- Create a virtual office for employees.
- Invest in the best video conferencing and collaboration tools.
- Create a forum for employees to share personal as well as professional updates.
- Assign collaborative tasks weekly, encouraging team members to work together and stay connected.
- Create virtual team activities like online multiplayer games, quizzes to keep up their morale and boost their moods.

(b) Meaningful Goal Setting: The key to managing remote teams successfully is a meaningful goal-setting.

Set clear deliverables and specific metrics that will enable you to track outcomes and measure results effectively.

Conduct virtual meetings from time to time to take updates and ensure that things are on track.

(c) Timely Recognition: Recognition in the workplace is quite essential for the overall success of the organization.

When you acknowledge your employees for their outstanding work on time, they feel rejoiced for their contributions.

(d) Harnessing Learning habits: Many companies have invested in e-learning platforms and employees will be able to learn new skills and upskill their existing skills in the extra hours that they are getting every day due to the current situation of working from home.

(e) Promote Health and Wellness: Ensuring that employees stay motivated at work depends a lot on their physical and mental wellbeing.

Many of the IT companies have been tied up with some reputed Diagnostic agencies for conducting Health Checkup camps on frequent intervals to employees working on WFH.

(f) Engage employees in CSR Activities: When the employees are allowed WFH especially in the ongoing COVID-19, it instils pride in employees to be associated with a brand that is helping the community in this crisis.

Unit 21: Organisational Culture & Creativity: New Imperatives

- Robust organizational cultures and seamless creativity are the driving forces behind successful organizations.
- An organization is a collection of people pursuing defined objectives, with formal human relationships, division of work, and alignment of tasks towards the company's goals.
- Organizational employees have skills, knowledge, needs, and values that complement each other, and they exist in an environment and engage in activities related to a set of goals.
- The essence of organization revolves around the development of shared meanings, beliefs, values, and assumptions that guide and are reinforced by organizational behavior.
- Employees are important assets of the organization, referred to as "Human Capital," and their skills, knowledge, abilities, and talents are used to fulfill organizational objectives.
- Organizational culture is the environment that surrounds employees at work all of the time, shaping their work enjoyment, relationships, and processes.
- Culture is intangible but has physical manifestations in the workplace.
- Creativity is a critical organizational success factor that requires skilled employees
- Creativity is a critical factor for organizational success that requires nurturing and continuous effort from both the organization and employees.
- Measurable creative attitudes trigger creative behaviors that contribute to creative performance and can help organizations out-perform competitors.
- Organizational creativity refers to the creation of valuable new products, services, ideas, procedures, or processes by individuals working together in a complex social system.
- Organizational change can include innovation, but much of it involves changes in people, work processes, and physical settings.
- True organizational creativity occurs at the individual, group, and organizational levels.
- Organizational culture and creativity are emerging as twin drivers of organizational growth and development.
- In the competitive global business environment, the study of organizational culture and creativity is becoming increasingly important

Definition And Characteristics of 'Individual Culture' and 'Organizational Culture'

- Culture is a set of important understandings that a community shares in common.
- Culture is learned through interaction with the environment during developmental and growth years.
- Culture can be seen as the growth of a group identity fostered by unique social patterns.
- The four basic features of culture are uniqueness, triggering job fit, dynamic nature, and potential for external identity.
- Organizational culture reflects the employee experience and can determine a company's success or failure

- Organizational culture is the collective beliefs, behaviors, and values of people within a company.
- It includes philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes, and norms shared by employees.
- Norms regulate the way in which employees perform and serve customers, co-operate with each other, and are committed to the organization's overall mission.
- Organizational culture consists of management styles, priorities, beliefs, and interpersonal behavior.
- Edgar Schein defines organizational culture as a pattern of basic assumptions that guide employees' behavior.
- Organizational culture encompasses how the organization conducts its business, treats its employees, customers, and the wider community, allows freedom in decision making, and how power and information flow through its hierarchy.
- It also includes how committed employees are towards collective objectives.
- Organizational culture is key to employee experience, skills, knowledge, attitudes, creativity, and innovative abilities.
- Nurturing a healthy culture is paramount for an organization's long-term growth and prosperity.

Features of Órganisational Culture

Organizational culture has several characteristics that make organizations high-performing entities.
One vital feature of organizational culture is innovation.
Organizations with cultures that place a high value on innovation encourage their employees to take risks and innovate in the performance of their jobs

- Organizational culture refers to the shared values, beliefs, and practices that shape the behavior of employees within an organization.
- ii.Attention to detail is a characteristic of organizational culture that places a high value on accuracy and precision in work.
- iii.Emphasis on outcome is a characteristic of organizational culture that focuses on achieving results without necessarily emphasizing how those results are achieved.
- iv.Emphasis on people is a characteristic of organizational culture that prioritizes treating employees with respect and dignity and taking into consideration how decisions will affect them.
- v.Teamwork is a characteristic of organizational culture that values collaboration and organizing work activities around teams rather than individuals.
- vi.Individual autonomy is a characteristic of organizational culture that allows employees the freedom to exercise initiative and take responsibility for their work.
- vii.People centric is a characteristic of organizational culture that takes into consideration the impact of decisions on people within the organization.

- viii. Aggressiveness is a characteristic of organizational culture that values competitiveness and outperforming the competition.
- Stability is a characteristic of organizational culture that values consistency, predictability, and rule-orientation, and operates best in non-changing market conditions

Individual Culture' Vis-À-Vis 'Organisational Culture

- Individuals carry their own cultures, inherited from parents or acquired throughout their lives.
- When individuals become employees in an organization, they bring their own cultures, perceptions, behaviors, and drives with them.
- Organizations need to align diverse cultures with the organizational culture.
- Having the right corporate culture in place is essential for fostering productive employee discussions.
- There are subcultures within the Indian system that range from individualistic and aggressive to those who are accustomed to a paternalistic system, as well as strong team players.
- The real management task is to understand and mold individuals through a right corporate culture that will foster fruitful employee engagement
- Groups within an organization can develop their own cultural systems based on shared experiences and perceptions.

- Sub-unit cultures can be distinguished from the organizational culture by their level of support or challenge towards it.
- Individuals can depart from the organizational culture by adhering to the sub-group culture, leading to tension and conflict.
- Organizational Behavior (OB) is the study of human behavior in organizational settings and the impact of individuals, groups, and structure on organizational effectiveness.
- Organizations are social systems influenced by people, structure, technology, and environment.
- Structure is necessary to achieve organizational goals when people join the organization.
- Technology is used to achieve organizational goals.
- The external environment can also influence organizational behavior.
- A conducive environment encourages employees to explore and absorb specific ideas and topics fully

Concept and Features of Individual Creativity and Organisational Creativity

- Creativity and innovation are crucial for organizational growth and performance.
- Creativity involves generating or recognizing ideas, alternatives, or possibilities useful for problem-solving, communication, and entertainment.
- Creativity is associated with behavioural and mental characteristics, such as associations between semantically remote ideas and contexts, application of multiple perspectives,

curiosity, flexibility, rapid generation of multiple solutions, tolerance for ambiguity, and unusual uses of familiar objects.

- To capitalize on creativity and innovation, organizations must consider the complexity of these phenomena at any given level of analysis, multiple phenomena at individual, group, and organizational levels, and inconsistencies in effects across levels.
- Individual creativity refers to the ability of an individual to generate or recognize useful ideas, while organizational creativity involves the creation and implementation of new ideas by the organization as a whole.
- Individual creativity features include cognitive abilities, personality traits, motivation, expertise, and domain knowledge.
- Organizational creativity features include leadership support, resources, incentives, culture, and structure.
- Creativity and innovation are interrelated, and organizations must foster both to achieve sustained success
- Creativity is viewed as a valuable asset for organizations due to the need for expansion, technological changes, and increased competition.
- Organizational creativity involves the creation of valuable new products, services, ideas, procedures, or processes by individuals working together in a complex social system.
- Organizational creativity encourages collaboration and continuous learning, seeking new knowledge and insights, and creative ways of doing things.

- There is a high level of interaction, discussion, constructive debate, and influence among members of the organization.
- Mutual trust and a sense of cooperative attitude foster interpersonal and intergroup relationships.
- Top management is consistently positive and open to employees' creative ideas and suggestions for new and improved ways of working, providing both encouragement and the resources for innovation.
- Creativity is considered as key for organizational survival and success.
- New ideas and constructive suggestions concerning products, practices, services, or procedures that are novel or original and potentially useful to the organization are the source of organizational creativity.
- Ideas/suggestions are considered novel if they are unique relative to other ideas currently available in the organization.
- Ideas are considered useful if they have the potential for direct or indirect value to the organization, in either the short- or long-term
- Studies have been carried out to understand why some individuals in organizations are more creative and innovative than others.
- Some studies have linked personality traits, cognitive intelligence, vocabulary skills, and mental stability to individual and organizational creativity.

- Adaptability is essential for organizational success and creativity is a crucial element in achieving adaptability.
- Organizations need to create an atmosphere that supports and enables employees to foster creative thinking.
- Barriers that impede creativity should be eliminated, and factors that enable creativity should be enhanced.
- There are five major factors that influence creativity in organizations: Organizational climate, Leadership style, Organizational Culture, Resources & Skills, and Structure & systems.
- These factors create conditions that enhance creativity at the individual and team level

Factors Influencing Organisational Creativity

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- Leadership style is important for stimulating creativity and building a culture conducive to creativity.
- Democratic, participative, and transformational leadership styles are more conducive to creativity.
- Leaders should have a vision and communicate it clearly throughout the organization.
- Effective communication channels and encouraging employees to acquire new knowledge and skills are important.

Individual Creativity Vis-À-Vis Organisational Creativity

- Individual Creativity and Organisational Creativity are related but not identical concepts.
- Organisational Creativity is a result of Individual Creativity, but not all Individual Creativity belongs to the organisation.
- Organisations must be efficient, productive and predictable, while individuals can behave according to their own preferences.
- Individual behaviours are generally unpredictable and may not align with the goals of the organisation.
- Unpredictable behaviours among employees can have negative impacts on organisational efficiency and productivity
- People and organizations have conflicting attitudes towards risk-taking and change.
- Organizations need to be innovative and creative to remain competitive.

- To foster organizational creativity, organizations should focus on People, Environment, and Processes.
- People are the source of organizational creativity and need to be motivated to increase individual creativity.
- Environment plays a significant role in individual creativity and can be improved with a stimulating work environment.
- Processes of idea generation and congregation are crucial to individual and organizational creativity and can be improved with a robust idea management platform.
- Organizational creativity needs individuals with creative potential, motivation, and passion.
- Creating an atmosphere of innovation, having suitable idea management processes, and using a digital idea management platform can increase organizational creativity

Distinction Between Creativity & Innovation

- Creativity and innovation are twin processes and are essential for achieving sustainability and significance.
- Rapid technological change and globalization have made creativity and innovation even more critical for organizations.
- Creativity refers to the ability to generate new and original ideas, while innovation involves implementing those ideas to create value.
- Both creativity and innovation are necessary for organizations to adapt to changes and stay competitive
- Innovation and creativity are interconnected and essential for business success.
- Creativity involves originality and usefulness and the ability to view problems from new perspectives.
- Innovation involves the implementation of new ideas and solutions, including new technologies, organizational structures, and managerial practices.
- Innovation is necessary for achieving success in dynamic and competitive markets.
- Innovation is a process that turns creative ideas into reality and adds value to the business.
- Innovation requires a creative environment and the exchange of knowledge and ideas.
- Creativity generates innovative ideas, while innovation involves taking these ideas and implementing them
- Creativity is the ability to generate novel and valuable ideas that can be applied to solve problems.
- Innovation is the process of developing and implementing new ideas to overcome obstacles such as competition, technology, and other challenges.
- Creativity without innovation has little or no value in an organization.
- Organizational motivation and support, availability of resources, and effective management practices are the key factors that promote creativity and innovation in an organization.
- Group attributes such as norms, diversity, performance, and responsibility also play a crucial role in fostering creative activities.

- Organizational components like culture, structure, rewards, and focus on technology also impact creativity and innovation

Impact Of Culture On Creativity And Vice-Versa In Organisations

- Organizational culture is the collective beliefs, behaviours, and values of people within a company.
- Creativity is defined as divergent thinking, thinking in different directions to present thoughts, and can be stimulated by thinking broadly and deeply.
- Organizational creativity is ideas or innovations attributed to a group of people that all work for the same organization.
- Nurturing a value-based culture in organizations is essential to unveil creativity.
- Employees with high values, creative abilities, and positive attitudes are potential triggers to create meaningful cultures in organizations.
- There is a proper convergence between culture and creativity, as employees potent with right cultures can be possessors of creative abilities and vice versa.
- There is an imperative need to study the mutual impact of culture and creativity on each other to discover new horizons
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Essential Qualities of a Creative Leader/Manager

- 'Managerial Creativity' refers to novel and multidimensional ideas related to different management functions.
- A creative leader/manager can come up with better ideas and select people who can help them in their plans.
- A creative leader/manager sees things from a new perspective and has a different vision.
- A creative leader/manager inspires people through their talents.
- One of the essential prerequisites of a creative leader/manager is having the ability to think innovatively and outside the box

Strategies to Create an Ethical Organisational Culture

- Leaders, starting with the CEO, must consider the ethical consequences of their actions in order to create a culture that emphasizes doing the right thing even when it is costly.
- Leaders with a moral compass set the tone when it comes to ethical dilemmas.
- Unethical behavior of organizations and their leaders can vex customers, involve lying, cheating, and defrauding.
- Organizations can create a culture that supports and nurtures ethics through various strategies.
- Good ethics brings good fame and visibility in the market, which in turn brings good business
- There is a relationship between creativity and ethical culture in organizations.
- Ethical behaviors instill ethical culture in organizations.

- Top management should practice ethical behavior to model acceptable behavior in the workplace.
- A code of ethics should be created and disseminated across the organization to reduce ethical ambiguities.
- Clear expectations for behavior among all members of an organization is the first step towards a more ethical organizational culture.
- Ethical education and training should be offered through seminars, workshops, and town hall meetings, as well as through innovative digital and online social media educational platforms.
- The code must be supported by an ethics hotline and ethics resources that employees can refer to in case they are unsure of the right course of action
- Creating an ethical culture in an organization is crucial for its success and reputation.
- The code of ethics should be part of the orientation and on-boarding process for new employees.

- Regular refresher programs through e-learning can ensure compliance with the code of ethics.
- Organizations should focus on developing ethical decision-making and problem-solving skills.
- Rewards and punishments should be fairly drawn to encourage ethical behavior and discourage unethical behavior.
- Ethical behavior must be reinforced, and unethical behavior should not be rewarded.
- Positive reinforcements such as recognition and appreciation of ethical behavior can help promote an ethical culture.
- These rewards should be delivered with careful consideration of intended and unintended consequences

Unit 22: 'Corporate Sustainability' & 'Green HRM': A Social & Environmental Approach to People Management

- The traditional approach to business was focused on achieving short-term economic goals.
- After the industrial revolution, the importance of considering environmental and social factors in business has become evident.
- Employees are a vital component of any organization and can significantly influence the working environment.
- Pro-environmental behavior (PEB) of employees is crucial for organizational sustainability.
- PEB supports socially and environmentally responsible goals and contributes to sustainable development and organizational success.
- Voluntary PEB leads to a decrease in energy and raw material usage, pollution, and waste, and can lead to the detection of faults harming the environment.
- HRM practices are commonly shaped by strategic and economic goals to maximize profits, but this view needs to be expanded to include corporate sustainability.
- Organizations should be managed with a focus on sustainability, not just profit

Sustainable HRM

- Sustainable HRM focuses on managing people with a view towards sustainable development principles, not just profit.
- Sustainable HRM considers multiple stakeholders, both internal and external, and emphasizes employee-oriented thinking.
- Green HRM is a dimension of Sustainable HRM that focuses on creating environmentally friendly working conditions and developing a green workforce.
- Green HRM can lead to a better corporate image and a competitive advantage on the market.
- Sustainable HRM has gained attention as a response to rapid changes in employee relations, labor markets, and societal levels.
- Sustainable HRM focuses on long-term survival of an organization by emphasizing human, social, and environmental outcomes.
- Sustainable HRM suggests a new perspective on people management by focusing on sustainable HR development, regeneration, and renewal.

Concept of Corporate Sustainability

- Business organizations' mindset has shifted towards engaging in practices that are good for people and the environment, not just profitability.
- Governments, societies and stakeholders expect corporations to engage in sustainable business practices. Sustainable economic growth is critical for the future.
- Environmental and societal risks dominate top global risks in terms of likelihood and impact.
- Climate risks are projected to have a higher impact than the COVID-19 pandemic.

- Businesses need a corporate sustainability strategy to address climate volatility, create a better world for communities and ensure long-term economic growth

What is 'Corporate Sustainability'?

- Sustainability is an approach to sustaining life and supporting the planet by preserving natural resources while meeting present needs.
- Corporate sustainability is an approach to create long-term stakeholder value through a business strategy that focuses on ethical, social, environmental, cultural, and economic dimensions of doing business.
- Corporate sustainability prioritizes long-term growth through sustainable methods over short-term financial gains.
- It involves delivering goods and services in an environmentally sustainable manner that supports economic growth.
- Corporate sustainability is about more than just protecting the environment but working in step with societal and environmental goals.
- It is a process of organizational change to incorporate equally distributed attention to economic, social, and environmental concerns into the business strategy.
- Corporate sustainability strategy helps mitigate risks, build brand reputation, increase revenue, reduce costs, and attract investment.
- A business that engages in sustainability practices secures itself a place in the future

Three Pillars of Corporate Sustainability

- Sustainability has three pillars: environmental, economic, and social.
- These pillars are also referred to as Planet, Profits, and People respectively.
- A sustainable business takes all three pillars into account to create a sustainability plan.
- If any of the pillars is weak, the system as a whole is unsustainable.
- Organizations should consider all three pillars when making business decisions

The Environmental Pillar

- It stresses the impact business activities and decisions have on the environment.
- It involves reducing the environmental impact of an organization's facilities, products and operations.
- Environmental initiatives include finding alternative energy sources, reducing carbon footprint, using sustainable materials for packaging, managing waste, etc.

The Social Pillar

- It is concerned with how employees and other stakeholders are affected and treated by the organization.
- A socially sustainable business cares about its employees' welfare and maintains a connection with its workforce and stakeholders.

- It includes practices that promote the health, safety, and well-being of employees, customers, and communities.
- Socially-oriented companies provide security, individual development, and overall health

The Economic Pillar

Focuses on using socio-economic resources in an efficient and responsible way to provide long-term benefits and establish profitability. A profitable business is more likely to remain stable and continue to operate from one year to the next.

Difference Between Corporate Sustainability and Corporate Social Responsibility'

- Corporate Sustainability and Corporate Social Responsibility (CSR) are related concepts but have conceptual differences.
- Both aim to help organizations run ethically profitable without interfering with each other.
- Corporate Sustainability is an approach that focuses on ethical, social, environmental, cultural, and economic dimensions of doing business to create long-term stakeholder value.
- CSR is a concept where companies integrate social and environmental concerns in their business operations and interaction with stakeholders on a voluntary basis to enhance society locally and globally.
- CSR is a broader concept than Corporate Sustainability, which is an integral part of CSR.
- CSR is a long-term strategy that is always evolving

Evolution rrom Strategic HRM to Sustainable HRM

- HRM is a process of managing people in an organisation, with an emphasis on employees as key assets.
- Organisations have come to view employees as a form of capital, called "human capital," that should be effectively utilised for maximum ROI.
- HRM has evolved into Human Capital Management, which encompasses effective design and implementation of policies, procedures, and programs to manage knowledge, skills, creativity, aptitude, and talent of employees.
- Despite efforts to transform HRM to focus more on corporate business objectives, it continues to operate in isolation and emphasises employee welfare and benefits.
- The concept of Strategic HRM (SHRM) emerged to align HR functions with corporate business goals and strategies
- HRM has evolved into Human Capital Management, with a focus on maximizing ROI from employees.
- Strategic Human Resource Management (SHRM) aligns HR practices with business strategy to achieve organizational goals.
- SHRM integrates HR throughout the organizational structure, culture, work performance, and internal/external environments.

- HR professionals must be knowledgeable about business dynamics, strategies, and market moves in addition to their HR skills.
- Sustainable Development seeks to meet the needs of the present generation without compromising future generations' ability to meet their needs.
- Organizations have a role in society and should focus on community interests in addition to profits.
- Societal issues such as pollution, population growth, and ecological concerns have influenced the emergence of definitions of Sustainable Development
- Corporate Sustainability (CS) is related to sustainable development.
- Sustainability involves preserving, regenerating, and developing ecological, economic, and social resources.
- Organizations are realizing the need to play a constructive role in societal issues.
- HRM has transformed from Strategic Human Resource Management (SHRM) to Sustainable Human Resource Management (STHRM).
- STHRM is the result of linking sustainable development with HRM in organizations

Sustainable HRM: Concept, Definition and Features

- Sustainable HRM adapts HRM strategies and practices to achieve financial, social, and ecological goals.
- It takes into account the economic, social, and ecological aspects of company objectives and demonstrates care for employees.
- Sustainable HRM minimizes negative impacts on the natural environment, employees, and the community.
- All employees of the organization play a role in achieving sustainability goals.
- Sustainable HRM has only recently received attention from scholars and is still in its emerging phase.

The definition of Sustainable HRM involves planning, recruiting, and developing employees to achieve economic, ecological, and social goals in the enterprise

- Sustainable HRM avoids short-term cost-driven HRM practices and promotes mutually beneficial relationships between employees and different resource providers.
- Sustainable HRM is collaborative and focuses on building employee strengths and facilitating performance.
- Sustainable HRM promotes trust between employees and managers.
- Sustainable HRM supports environmentally-friendly organizational practices and the organization's sustainable development strategy.
- Sustainable HRM emphasizes fair treatment, development, and well-being of employees.
- Sustainable HRM contributes to building the skills, value, and trust of employees and increases their engagement in sustainable development.

- Sustainable HRM focuses on the well-being of both internal (employees) and external customers (all other stakeholders).
- Sustainable HRM seeks to achieve positive human or social outcomes by implementing sustainable work systems that facilitate work-life balance without compromising performance.

Various Forms of Sustainable HRM

There are four forms of Sustainable HRM: Socially Responsible HRM, Green HRM, Triple Bottom Line HRM, and Common Good HRM.

Socially Responsible HRM

The earliest stage of Sustainable HRM was termed as Socially Responsible HRM.

- Socially Responsible HRM focused on conserving human capital and was in the form of Soft HRM.
- Soft HRM is defined by Thom and Zaugg (2004) as long-term oriented conceptual management of people in organizations that contributes to organizational effectiveness and well-being
- There is disagreement about the effectiveness of Green HRM practices in addressing stakeholder concerns and making a positive environmental impact.
- The lack of agreement about the importance of meeting ecological challenges as a core HRM function has been a challenge in broadening the role of HRM in organizations.
- Triple Bottom-Line HRM is a form of Sustainable HRM that focuses on economic, environmental, and social purposes of HRM simultaneously.
- 'Socially Responsible HRM' was the earliest form of Sustainable HRM, focusing on socially responsible and economically appropriate HR practices.
- 'Socially Responsible HRM' is seen as an important part of a company's sustainability or CSR strategy and is used to describe HR activities in areas such as diversity management and health and safety.

Green HRM

- 'Green HRM' is primarily concerned with environmental sustainability in business organizations and focuses on improving employees' ecological awareness and behavior.
- 'Green HRM' seeks to align the resolve of countries across the world to save the environment and overcome negative impacts of global warming.
- 'Green HRM' practices such as green hiring and green compensation have a significant impact on sustainable success of Green HRM.
- Similar to 'Socially Responsible HRM', the environmental purpose of 'Green HRM' also serves an economic purpose, with the organizational perspective still being inside-out

- This approach advocates for a broader understanding of Sustainable HRM that considers the impact of HRM on social and ecological environments while also focusing on employee-oriented practices.

Triple Bottom-Line HRM

- The Triple Bottom-Line HRM model is based on the assumption that economic, environmental, and social dimensions are interwoven.
- This form of HRM is susceptible to possible sources of paradoxical sustainability tensions, competition, ambiguity, and conflict in business and non-business areas.
- A multipurpose focus can create organizational-level conflict, interdepartmental competition, and divergent expectations and demands

Common Good HRM

- Common Good HRM is an alternative "outside-in" model of sustainable HRM that places collective interests above individual needs and desires.
- Common Good HRM redefines the purpose of business towards contributing to resolving sustainability challenges faced by society.
- It has a broader, multipurpose, and "outside-in" frame of reference compared to earlier models of sustainable HRM.
- Common Good HRM necessitates organizations to review their traditional profit-oriented viewpoint and focus on environmental and societal impact.
- The primary purpose of Common Good HRM is to support business leaders and employees in contributing to ecological and social progress in the world.
- Implementing Common Good HRM involves integrating common good values within all areas of HR policy, structure, and procedures.
- Common Good HRM emphasizes the global and local context of organizations, recognizes the reciprocal, individual, and collective elements of business activity, and serves a purpose that contributes to the common good in economic, social, ecological, and human dimensions
- Common Good HRM is an 'outside-in' model that addresses challenges like climate change, corruption, migration, poverty, and youth unemployment.
- Equal and fair employment relationships are necessary for building trusting relationships among employees in Common Good HRM.
- This model provides opportunities for participation and democratic workplace representation for all stakeholders to achieve locally adapted HR solutions for complex global challenges.
- Common Good HRM upholds the psychological contract by protecting human needs for employment, including security, safety, and meaningful work

Green HRM : An Environmental Approach to HRM

- Green HRM is a form of Sustainable HRM that aims to influence and improve employees' ecological awareness and behavior to reduce the organization's carbon footprint and contribute to its green credentials.
- It involves integrating environmental management into HRM roles in the organization to promote sustainability.
- Green HRM creates a green workforce that practices green initiatives throughout HR processes like recruitment, training, compensation, development, and advancement.
- The objective of going green is to reduce the potential negative impact of energy consumption and pollution on the environment.
- Green HR practices should be infused into core HR processes such as recruitment, training, compensation, etc.
- Green initiatives help companies find alternative ways to cut costs without losing their top talent and develop a new organizational culture through GHRM practices.
- Developing a green culture positively influences employee behavior, instills ethical values, and builds robust cultures across the organization

Broad HR Practices Involved in Green HRM Approach

- Green HRM is the practice of incorporating environmental considerations into HR policies and practices.
- It involves creating an environmental-friendly culture in the organization, which requires participation from all employees.
- Green HR consists of two components: environmental-friendly HR practices and safeguarding knowledge capital.
- Environmental-friendly HR practices focus on initiatives and approaches that result in greater efficiency, lower costs, and better employee engagement and retention.
- Safeguarding knowledge capital refers to hiring employees with the right skills and competencies and providing training programs to increase environmental awareness.
- Green HR practices can positively drive employee engagement, retention rates, and organizational reputation.
- Green staffing involves hiring individuals with environmental management qualifications, skills, mindsets, attitudes, and behaviors.
- Positive relationships between employees and employers can effectively drive increased productivity, empowerment, participation, and engagement activities.
- Teamwork is essential in demonstrating the value of HR for effective implementation of environmental management initiatives
- Green HRM focuses on integrating environmental concerns into HR practices.
- Activities include training employees in conservation, waste reduction, and environmental problem-solving. HR may engage outside experts for effective mentoring.
- Performance management systems can incorporate environmental performance objectives.

Green HRM Practices in Banking Industry: Possibilities and Prospects

- World leaders are working on finding solutions to environmental destruction and global warming, and India is taking this issue seriously.
- Organizations are integrating Green HR initiatives in their corporate objectives to address environmental issues.
- Banks have a significant impact on the Green movement due to their widespread presence.
- Green policies in HR management aim to save resources and protect against environmental dangers.
- The Indian Banking Industry recognizes its responsibility to enhance social and environmental awareness.
- Green management in banks involves attaining an equilibrium between banking roles and conserving nature.
- Green HRM involves giving environmental focus and orientation to HR functions such as recruitment, training, and performance management.
- Green HRM initiatives result in greater efficiency, lower costs, and better employee engagement and retention rates.
- Green HR practices help to improve the value of employees and the banking industry as a whole while protecting the environment

Green Recruitment & Selection

- Green recruitment refers to eco-friendly recruitment methods with minimal environmental impact, such as paperless interviews and online applications.
- It also involves hiring skilled and qualified employees who are knowledgeable about corporate sustainability and environmental issues.
- Online recruitment portals and bank websites can be used to invite applications and submit resumes to reduce wastage of printed materials.
- Job descriptions should include environmental aspects, such as reporting roles and health and safety tasks, to match the attributes of new hires to environmental competencies.
- Green recruitment enables banks to attract and retain environmentally responsible candidates, creating a green workforce that contributes to ecological practices.
- Incorporating green hiring practices improves performance and compliance with ethical standards, linking environmental management to human resource management for better environmental per products

Green Training & Development

- Green Training & Development focuses on developing employee's skills, knowledge, and attitudes towards environmental management.
- It aims to reduce wastage, conserve resources, and decrease the use of less available resources in working methods.
- Many banks provide training related to green policies to reduce carbon footprints.

- The training includes educating employees about the values of environmental management, waste management, environmental problem-solving techniques, and strategies.
- The training aims to diffuse environmental awareness in the banking organization and establish a favorable environmental culture for employees.
- The eco-friendly managers are developed through this training session so that employees under supervision can contact them without any hesitation.
- Employees can also educate their customers about the advantages of becoming earth-friendly and buying green products
- Induction programmes for new hires should focus on green consciousness and highlight the concern for green issues, such as health, safety, and green working conditions.
- Learning, training, and development policies should include programs, workshops, and sessions to facilitate employees for improving and acquiring knowledge in environment management, green skills, and attitudes.
- Job rotation in green assignments should become an important part of the career development plan for future talented green managers.
- Training contents should be evolved to increase employee competencies and knowledge in green management.

Green Compensation and Reward Management

- Variable components of compensation should be apportioned to incentivize green management activities in banks.
- Fixed compensation should include increments or special allowances for acquiring green skills and qualifications.
- Monetary, non-monetary, and recognition-based environmental reward systems should be implemented based on performance outcomes in green goals and environmental balance.
- Employee compensation programs can be modified to give bonuses based on the employee’s appraisal ratings on behavioral and technical competencies.
- Green rewards can include workplace and lifestyle benefits, ranging from carbon credit offsets to free bicycles and e-vehicles.
- Emphasis should be given on research to determine effective approaches that will help design and implement green incentive practices.
- Employee participation in green initiatives increases the chances of better green management and enhances morale, increased employee participation and improved employee-empowerment.
- Employee empowerment plays a vital role in improving productivity and performance, and facilitates self-control, team-building abilities, innovative thinking, and problem-solving skills

Green Employee Relations

- Positive employee relations are important in service-oriented organizations like banks.

- Green employee participation aligns goals, capabilities, and perceptions with green management practices and systems.
- Involving employees in environmental management activities leads to efficient resource usage, waste reduction, and decreased workplace pollution.
- Employee empowerment improves productivity and performance, self-control, team-building, innovative thinking, and problem-solving skills
- Initiating a suggestion scheme can create awareness and generate new ideas for eco-friendly practices.
- Employee involvement leads to improvement in employee and organizational health and safety, as well as the development of eco-friendly staff.
- Long-term trust between management and employees can be built by keeping policies in place and allowing employees to express their personal views and suggestions.
- Adapting Green HRM can encourage employees and their families to get connected in environmental tasks.
- Some organizations have instituted "Green Awards" to recognize banks and financial institutions that excel in environmental-friendly activities.
- Green management can encourage employee engagement and production of possible solutions to environmental problems

Other Initiatives Towards Environmental Management as a Part of Green Endeavours

- Adapting paperless banking even in HR functions
- Virtual meetings and video conferences to avoid physical travels
- Encouraging carpooling/sharing facilities and providing electrical vehicles/cars to eligible officers/executives
- Introducing online auditing and internal energy audit in the organization
- Using recycled solar energy and efficient electrical appliances to reduce energy consumption

Suggestions for Green HRM practices to outreach sustainability initiatives

- Assist employees in identifying ways to recycle products for playgrounds for children.
- Design HRM system to reflect equity, development, and well-being for employees and external communities.
- Emphasize long-term employment security to avoid disruption for employees and their communities.
- Use job portals and telephone/internet/video interviews to lessen travel requirements and reduce paperwork.
- Provide green rewards to employees for nature-friendly workplace and lifestyle benefits.
- Adhere to green values and practices to create commitment among employees.
- Reduce use of paper and printed materials in recruitment, training, and development.
- Create a green business environment by reducing use of printed materials, increasing recycling, and using eco-friendly grocery and lunch bags.

- Use energy-saving green devices in the workplace.
- Conduct business meetings and conferences through the internet, telephone, and video conferencing wherever possible.
- Provide flexible work opportunities such as telework and work from home using emails and company portals.
- Arrange wellness programs for employees, their family members, and general people to focus on physical fitness, proper nutrition, and a healthy lifestyle.
- Include environmental management as an important green objective in the company's mission statement.
- Arrange cleanliness and waste management initiatives in the workplaces and surrounding society to raise awareness about green issues
- Encourage employees to turn off lights, computers, and printers when not in use and on weekends.
- Use energy-saving settings on computers and printers when away for a while.
- Turn off office lights in unused rooms such as restrooms and conference rooms.
- Switch to laptops instead of desktop computers as they consume less power.
- Use air conditioning systems with discretion.
- Purchase large or refillable containers of creamer, sugar, salt, pepper, and butter instead of individual containers.
- Organize green-themed games to promote environmentally friendly behavior.

Advantages of Green HRM

- Green HRM has positive impacts on society and the community.
- It builds a socially responsible brand image and increases workforce productivity, efficiency, motivation, and retention.
- It creates an environmentally friendly organizational culture and work climate and increases the efficiency of various resources.
- It aims to increase workers' engagement in an environmentally friendly work environment.
- It helps to form a positive corporate image and increases economic and eco-performance.
- It minimizes expenses without losing talent and decreases total costs by effectively using electricity, water, and manufactured goods.
- It can be used to create good public relations and reduce the organization's carbon footprint through less paper printing and video conferencing.
- It enhances business opportunities as government companies and non-profit organizations purchase products and services from those that meet green standards.
- The company's reputation increases in the public eye as organizations that adopt green standards gain more publicity

Unit 23: 'HR Analytics', 'HR Entrepreneurship & 'AI-Based HR Solutions': New HR Trends for Future

- Rapid industrialization and technological advancements have transformed business organizations, leading to changes in HR functions.
- HR has evolved from traditional people management to strategic HR that aligns with corporate objectives and goals.
- The role of HR has shifted from administrative to delivering value to the business by unshackling from restricted roles.
- The HR profession is becoming highly demanding, requiring HR professionals to constantly harness their skills in areas that deliver to the business.
- Without a modern approach to planning for the future needs of the workforce, the HR function risks losing relevance.
- The key drivers for this situation are the rapidly changing global business environment, the use of technology, cost-cutting requirements, and constantly changing employee needs, desires, preferences, and expectations.
- HR needs to align talent management strategy with business goals, treat employee needs at par with customer needs, and operate in an agile manner.
- Digitization and automation in various areas of work have created scope for new roles for managers/leaders.
- HR professionals need to develop and nurture the workforce to drive organizations with creativity and dynamism.
- A strong and contemporary HR function takes care of the vital resource i.e., employees, enabling organizations to compete effectively.
- Digitization has led to migration of HR functions to digital platforms, utilizing cloud computing and robotics for timely delivery of services to employees.
- HR professionals need to broaden their knowledge horizons and skill base to encompass knowledge on business, marketing, finance, and technology.
- Emerging new areas of HR require renewed skills and create space for HR professionals to pursue HR entrepreneurship.
- HR trends making fast inroads into organizations include consultancy services in areas like climate survey, organizational change, and competency mapping.

HR Analytics: Conceptual Understanding

- Human resource management is crucial in gaining competitive advantage in a competitive business environment.
- Effective management of human capital is an ongoing process that addresses both employee and organizational expectations.
- HR must focus on studying the behavioral patterns and characteristics of its workforce to ensure versatility in meeting business demands.

- HRM uses tools and measurements to work together with employees towards realizing shared goals and values of the organization.
- HRM employs a variety of established strategies and practices while creating new ones specific to the organizational context.
- Unlike Personnel Management, HRM relies on the principle of cohesive work between employers and employees.
- HR analytics is important in measuring and assessing the performance of HR strategies and practices.
- In today's competitive environment, HR management must focus on retaining key talent to ensure organizational growth.
- Decision-making is a critical organizational process that falls under the purview of HR management.
- Employees must possess the necessary knowledge and skills to make timely decisions using reliable data.
- HR management requires tools to analyze and store vast amounts of employee data to support decision-making.
- Human Resource Analytics or Workforce Analytics is a statistical tool that helps organizations effectively analyze and manage employee data to boost growth.
- HR Analytics is vital for predicting key parameters that enable effective decision-making regarding employee data.

Concept and Definition of HR Analytics

- HR Analytics refers to the use of statistical tools, measures, and procedures to make effective HRM decisions.
- It provides statistically valid data and evidence to create new strategies and implement existing ones.
- The process includes collecting, processing, transforming, and managing HR data for analytical models.
- HR Analytics connects human resource practices to strategic business plans using descriptive, predictive, and prescriptive methods.
- The goal is to improve employee performance and retention by applying analytical processes to human capital.
- HR analytics aims to provide insights into human resource processes and make informed decisions on how to improve them.
- Its goal is to generate revenue, minimize expenses, mitigate risks, and execute strategic plans.
- It involves applying statistical methods to integrated HR, talent management, financial, and operational data.
- HR professionals need to analyze different data sources thoroughly to create insights.
- Collecting data is not enough, and it's essential to analyze it to make informed decisions.

- Once an organization starts analyzing employee concerns using collected data, it can be said that it is engaged in HR analytics.

Difference between 'HR Analytics', 'People Analytics' and 'Workforce Analytics

- HR Analytics' deals with HR function metrics and is managed by HR for human resources.
- 'People Analytics' relates to people in general and encompasses employees, shareholders, customers, and suppliers.
- 'Workforce Analytics' refers to all types of employees, including regular, on-site, remote, freelancers, and potential AI and robots. Workforce Analytics and HR Analytics metrics may overlap.
- The goal of both HR and workforce analytics is to improve retention rate and enhance employee experience.
- People Analytics should enable a business to measure and track progress and assist HR in managing the overall people strategy to reach strategic business objectives.

HR Metrics Vs HR Analytics

- HR Metrics are associated with operational measures and are used to track performance, efficiency, and the impact of certain practices or changes.
- HR Analytics focus on comparing variables to guide future decisions and developing business measures that can predict future outcomes. HR Metrics measure progress and help firms analyze their human capital, while HR Analytics use metrics to help make decisions and track effectiveness on HR and business outcomes.
- HR Metrics reveal what is happening based on hard data, while HR Analytics look beyond the numbers to find out why something is happening and its impact.
- An example of HR Metrics is calculating the percentage of turnover in a particular vertical/section, while an example of HR Analytics is finding common reasons for employee turnover and creating a plan to remedy them.
- Both HR Metrics and HR Analytics are important tools for providing insights into an organization's operations and aid in making business decisions.
- HR Metrics provide data to HR Analytics, which in turn creates a path towards solutions.
- Both concepts are complementary to each other, with Metrics supporting analytics and analytics offering guidance on how to improve Metrics.
- The linkage between Metrics and Analytics is highly symbiotic, creating a holistic process for measuring business value and the effectiveness of HR policies, plans, and procedures.
- High-quality data is required for both concepts to be reliable, as faulty data will create inaccurate results.

Broad Areas of Application of HR Analytics

- HR Analytics deals with analyzing HR data on day-to-day functioning and emerging HR issues and constraints.

- HR function is data-driven and analytics-intensive, requiring HR professionals and leaders to understand areas in which HR Analytics can be considered.
- Vital areas that HR professionals need to address with the help of HR Analytics include aligning HR policies with business goals, addressing manpower needs, developing strategies for employee engagement, measuring employee satisfaction, and addressing attrition issues. HR Metrics provide data to HR Analytics to mine and analyze for meaningful insights.
- It is important to strategically and creatively decide which data is needed to address a particular issue, as a single data cannot address all problems.

Descriptive Analytics

- Descriptive Analytics collects and organizes historical data to present it in an understandable way, using simple mathematical and statistical tools.
- It focuses on explaining what has already happened in a business, rather than predicting or making inferences.
- Data aggregation and data mining are the key methods used in Descriptive Analytics to identify patterns and trends.
- It helps organizations measure performance and identify areas that require improvement or change.
- Descriptive Analytics can reveal patterns and meaning through the comparison of historical data.
- Its advantages include quick and easy application in day-to-day operations and gaining insights for improvement.
- Its limitations include not going beyond the surface of the data and not being able to predict or make inferences.
- Descriptive Analytics should be used in conjunction with predictive and prescriptive analytics to provide a more comprehensive analysis. Predictive Analytics

Predictive Analytics

- Predictive Analytics looks ahead to forecast possible future outcomes and the likelihood of events.
- It is based on probabilities and uses techniques like data mining, statistical modelling, and machine learning algorithms.
- Predictive Analytics helps in setting realistic goals, effective planning, managing performance expectations, and avoiding risks.
- It empowers executives and managers to take a proactive, data-driven approach to business strategy and decision making.
- Predictive Analytics can be used for forecasting customer behaviour, purchasing patterns, sales trends, supply chain, operations, and inventory demands.
- The advantages and disadvantages of Predictive Analytics

Advantages of Predictive Analytics:

- Helps determine cultural fit and estimate employee tenure
- Improves efficiency, customer service, fraud detection, security breach identification, and risk reduction
- Augments background checks and enables employee turnover forecasting Relies on historical data

Disadvantages of Predictive Analytics:

Not completely accurate due to its probabilistic nature Requires large amounts of historical data

Prescriptive Analytics:

- Provides recommendations based on predictions and past events
- Helps businesses make better decisions and take action
- Requires specialized analytics knowledge and tools
- Uses rules, statistics, and machine learning algorithms
- Anticipates possible outcomes and predicts multiple futures
- Can impact various aspects of business, such as staffing and onboarding

Various Steps Involved in'HR Analytics

- Frame a questionnaire that outlines the business reasons for undertaking the HR Analytics project. This ensures that the purpose of the project is clear and increases its chances of success.
- Build and clarify a hypothesis or assumptions to test beliefs about the causes of business issues. This helps guide the data gathering and analysis phases and guard against reaching conclusions based on chance relationships in the data.
- Gather relevant data to test the hypotheses and determine whether data quality is sufficient. Decide whether to gather existing data, collect new data, or both.
- Conduct analysis using methodology and statistics to test the hypotheses and provide insights. This is a critical step and necessary for discovering patterns in the data.
- Validate and verify the findings by using multiple methods, such as comparing the results with other sources or consulting with subject matter experts.
- Communicate the results to relevant stakeholders, such as senior management or HR departments, using appropriate visualization techniques and language that is easy to understand.
- Develop an action plan based on the insights gained from the analysis. This should include specific steps to address the business issues identified in step one.
- Monitor and evaluate the success of the action plan over time and make adjustments as necessary. This ensures that the HR Analytics project continues to add value and achieve its intended outcomes.

- Uncover insights that project sponsors and stakeholders may not be able to derive themselves. Without insights, organizations may draw their own conclusions that defeat the purpose of the exercise.
- Provide clear recommendations to help improve the business/HR performance. Well-articulated recommendations are necessary for change, and unclear recommendations can lead to project failure.
- Communicate outcomes to sponsors and stakeholders effectively, using storytelling and carefully considered visualizations to create impact and inform decision-making.
- Implement decisions and actions based on the project's outcomes and evaluate its value to the organization. This step ensures that the project results in actionable change and returns value to the organization.

Advantages and Disadvantages of HR Analytics

Advantages of HR Analytics

- Better HR decisions: HR analytics provides critical data and insights about the workforce, enabling better decision-making and improving HR performance. It helps in understanding the strategies that motivate employees to work productively and how organizational culture affects employee performance.
- Quality of Hire: HR analytics can identify the best matching talent for a vacant position through machine learning algorithms, improving the quality of hire.
- Employee Retention: HR analytics can help in identifying high performing employees and reviewing the employee hiring and retention strategy. It helps identify the departments suffering from maximum attrition and the reasons for it. It also helps in identifying activities with the maximum impact on employee engagement.
- Strategic Business Partner: HR analytics can validate the importance of the HR department and its role as a strategic partner in business performance. It provides verifiable data to back talent hiring, retention and engagement policies.
- Predict Hiring Needs: HR analytics can predict changes in HR and business in the future and the skills and positions needed to improve business performance.

Dis-advantages of HR Analytics

- Security and privacy concerns: Handling sensitive and confidential HR data requires the HR analytics system to have multiple levels of access and constant monitoring to prevent unauthorized access and data theft.
- High acquisition and maintenance costs: Implementing HR analytics can be expensive, and the cost of acquiring and maintaining such a system can act as a deterrent for smaller companies.
- Expertise and training costs: Operating a sophisticated HR analytics tool requires special expertise, and additional training costs or the cost of hiring an IT expert to handle the system can add to the expenses

HR Entrepreneurship: The Future Buzzword

- The HR function has become more innovative and strategic due to technological advancements.
- The traditional functions of HR have transformed from maintenance to welfare to strategy formation.
- Organizations view HR as a specialized function that requires core HR professionals.
- Many organizations outsource contemporary HR functions to professional firms for end-to-end solutions.
- Organizations are looking for young HR professionals with high-end academic and professional knowledge to lead HR portfolios with a business blend.
- Having an entrepreneurial mindset in HR functions is important for maintaining a holistic approach and competitive advantage.
- HR entrepreneurship involves making in-house HR professionals more entrepreneurial and outsourcing critical HR functions to external firms with HR expertise.
- HR entrepreneurship is an upcoming and untapped aspect in the HR domain, particularly in the banking industry.

HR Entrepreneur &'HR Entrepreneurship: Concept, Features and Traits/Qualities

- An entrepreneur is someone who creates a business or product for profit by identifying a need and filling it.
- Entrepreneurship is the ability to find solutions to problems and add value by seeing business opportunities.
- The three fundamental features of entrepreneurship are innovativeness, risk-taking ability, and proactiveness.
- An HR Entrepreneur is an HR professional who has a blend of creative thinking and a constant urge to innovate better and viable products and services in HR functioning, which can sub-serve the needs of people in the organization and also in meeting corporate business goals.
- Some qualities an HR Entrepreneur should possess are: efficiently managing basic HR operations, having innovative abilities to evolve creative HR policies/procedures/plans concerning people, propensity to take high risks and greater challenges, rewarding employees possessing entrepreneurial abilities, embracing constraints and having the ability to face them resolutely and boldly, possessing a holistic understanding and perspective of organizational goals and strategies, and leading change from the front instead of waiting for it.

- HR entrepreneurs need to understand the market and technical aspects of the business.
- They should aim to exceed industry standards and have an innovative mindset.
- They should be able to analyze and overcome risks while seeking out opportunities.
- HR entrepreneurs prioritize outcomes over assigned roles.
- They want their team members to approach their work with the same enthusiasm and entrepreneurial spirit.

- They create a working environment that encourages entrepreneurial thinking and values.

HR Consultancy/ Outsourcing – A New HR Model: Concept and Objectives

- In a competitive market, organizations aim to increase their scale and volume of production and launch innovative products/services. Human resource outsourcing is a new area that organizations are considering for better efficiency.
- HR managers/professionals today need to have multiple skills including business and marketing skills to lead and manage human resources portfolio effectively.
- In industries, HR managers who can fit into any role are in short supply.
- Lack of availability of HR generalists and domain knowledge of HR specialists results in organizations resorting to HR outsourcing. HR function is undergoing a major transformation in terms of its content, processes, and outcomes.
- Organizations aim for a more strategic use of their human resources and developing their competencies in line with the company.
- Organizations are under pressure to increase their production and launch innovative products and services while also reducing costs.
- Human resource outsourcing is a new area that organizations are turning to in order to improve efficiency.
- HR managers/professionals need to have multiple skills including business and marketing skills to play an active role in the formulation and implementation of business strategy.
- HR outsourcing involves hiring a third-party organization to handle certain HR functions.
- HR functions are among the services organizations are most likely to choose to outsource for cost savings and to free up HR professionals for more strategic efforts.
- HR outsourcing can involve outsourcing specific HR activities or the entire HR department.
- Routine HR activities that are people and effort intensive are often outsourced.
- Outsourcing non-strategic HR functions can deliver cost savings, liberate internal HR resources, and enable organizations to focus on business strategies.
- Other objectives of HR outsourcing include compliance with legal and regulatory requirements, sharing risk and liability for people issues, and saving time and effort through improved efficiency.

Broad Areas of HR Outsourcing

- Organizations can gain competitive advantage by exchanging knowledge and values between employees.
- HR functions can be outsourced as long as capability generation is still the responsibility of internal managers.
- HR functions that are repetitive and routine can be outsourced to external HR experts/firms.
- Some HR functions/areas that can be outsourced are:

HR Management System/HR Information System (HRMS/HRIS) including

- Payroll
- Recruitment & Selection (including background checks)
- Employee Induction Programs
- Training & Skill Development
- Leadership Development for Top Management
- Analyzing Organizational Structure
- Assessing Staffing Needs
- Productivity Improvement Services
- Attitudinal and Cultural Surveys
- Employee Engagement Surveys
- Benefits Administration
- Medical & Health Services (including Health Insurance)
- Building HR Brand Image

HR Audit

- Contractual employment of retired employees/officers is popular in certain sectors like banks.
- This is done to utilize the long experience and expertise of retired employees in strategic business functions, including HR.
- The government of India/IBA provides guidelines for such contractual appointments in banks.
- Generally, such appointments are for 1 year, extendable by one year at a time, up to the age of 65, subject to the need for such expertise and the incumbent's health conditions.
- Public sector banks (PSBs) are reaping rich advantages from such contractual appointments, especially when there is a dearth of experienced people due to large scale retirements.

Barriers & Disadvantages of HR Outsourcing

Barriers of HR outsourcing

- Questionable cost/benefit justification
- Inadequate readiness of people and systems
- Organizational resistance from within HR and from Trade Union/s
- Inability to manage relationships with outsourcers
- Losing considerable amount of authority to outsourcer
- Lack of complete control over the outsourced activity
- Likelihood of cost escalation (even the hidden costs) by the time of completion of the project
- Chances of spoiling the company's image especially when outsourcing is associated with downsizing
- Demotivation among the existing employees on the fear of losing their job or loss of control
- Lower than contracted service levels at outsourcer
- High employee turnover at the outsourcer thereby considerable delay in delivery

Disadvantages of HR outsourcing

- Employees with key talents may feel disposable or threatened and may quit their jobs
- Some staff members might become redundant or excess Possible communication issues, due to language or time zones between outsourcing partners.
- HR Policies and procedures will be difficult to control Data insecurity due to confidentiality and privacy concerns
- Outsourcing of company processes may fail or prove a poor organizational fit. Improperly implemented outsourcing could have an adverse impact on effective functioning of the respective sections as RPO service providers may fail to provide the quality or volume of staff required by their customers.

Introduction to Artificial Intelligence

- Human resource is important for the success of an organization.
- HR includes various functions like planning, hiring, training, payroll, employee welfare, etc.
- HR departments used to rely on manual processing, which was time-consuming and inefficient.
- Even banks were resistant to automation until the 1990s, but now automation is a necessity for competition.
- Intelligent automation is becoming more common in our daily lives and is now transforming workplaces.
- Automating repetitive tasks frees up resources to focus on value-adding tasks.
- Automation is transforming HR, allowing for streamlined processes and more time for developmental roles.
- Despite advancements, there are still many areas of HR that are manually-driven, but technology is rapidly advancing.
- Organizations are taking proactive steps to adapt to constant technological changes in HR.

Artificial Intelligence (AI): Definition & Concept

- Artificial Intelligence (AI) is a branch of computer science that deals with building machines capable of performing tasks that typically require human intelligence.
- It involves developing systems that can reason, discover meaning, generalize, or learn from past experience.
- AI aims to make machines think and act like humans, but no existing computer can match the complexities of human intelligence. Machine learning and deep learning are steps towards this goal, analyzing large volumes of data and making decisions/predictions with little human intervention.
- There are four different approaches to AI: thinking humanly, thinking rationally, acting humanly, and acting rationally.
- AI can be used in HR functions in organizations.

Types of Artificial Intelligence (AI)

Artificial Intelligence (AI) can perform tasks that usually require human intelligence.
AI systems are powered by machine learning, deep learning, or rules. AI falls into two categories:

Artificial Narrow Intelligence (ANI)

- ANI is also called Weak Intelligence and is trained to perform specific tasks within a limited context.
- ANI is focused on performing a single task well and is a simulation of human intelligence.

Artificial Strong Intelligence (ASI)

- Artificial Strong Intelligence (ASI) is a machine with general intelligence and can apply that intelligence to solve any problem.
- ASI is a theoretical form of AI where a machine would have intelligence equal to humans.
- ASI would have self-aware consciousness and the ability to solve problems, learn, and plan for the future.
- ASI would surpass the intelligence and ability of the human brain.
- Currently, there are no practical examples of ASI, but AI researchers are exploring its development.

Machine Learning & Deep Learning: Two Sub-Sets of Artificial Intelligence

- Artificial Intelligence is a set of algorithms and intelligence that try to mimic human intelligence.
- Machine learning is a sub-set of Artificial Intelligence.
- Deep learning is a sub-set of machine learning.
- Both machine learning and deep learning are two sub-sets of Artificial Intelligence.
- Machine learning is a subset of artificial intelligence that uses statistical techniques to teach computers how to perform tasks without being explicitly programmed for it.
- Supervised and unsupervised learning are the two types of machine learning. Supervised learning uses labeled data sets, while unsupervised learning uses unlabeled data sets.
- Structured data, which can be easily put into columns and rows, is fed to computers in most cases. Over time, computers become better at evaluating and acting on the data.
- Deep learning is a type of machine learning that uses a neural network architecture to process data. This neural network contains hidden layers that allow the machine to make connections and weigh input for the best results.
- Deep neural networks are built to allow data to be passed between nodes in highly connected ways, creating non-linear transformations of increasingly abstract data.
- Although it requires a large amount of data to build such a system, it can generate immediate results with little human intervention once the programs are in place

Major differences between 'Machine Learning' and 'Deep Learning'

- **Human Intervention:** Machine Learning requires less human intervention to get results, while Deep Learning requires more complex set up but requires minimal intervention thereafter.
- **Hardware:** Machine Learning programs can run on conventional computers, while Deep Learning requires far more powerful hardware and resources.
- **Time:** Machine Learning systems can be set up and operate quickly but may be limited in the power of their results, while Deep Learning systems take more time to set up but can generate results instantaneously.
- **Approach:** Machine Learning tends to require structured data and uses traditional algorithms like linear regression, while Deep Learning employs neural networks and is built to accommodate large volumes of unstructured data.
- **Applications:** Machine Learning is already in use in our email inbox, bank, and doctor's office, while Deep Learning technology enables more complex and autonomous programs like self-driving cars or robots that perform advanced surgery.
- Other differences include that Machine Learning requires less computing power, but cannot analyze images, videos, and unstructured data easily like Deep Learning can. Deep Learning typically needs less ongoing human intervention and can analyze images, videos, and unstructured data easily compared to Machine Learning.

Digital Assistant : Concept and Definition

- A digital assistant is voice-activated software that can understand and carry out electronic tasks for people.
- Digital assistants allow people to perform tasks without having to touch a device, by just speaking a command.
- They are built with machine learning algorithms to understand natural language and provide intelligent guidance to complete required steps.
- Digital assistants can help in HR functions such as new hires completing onboarding tasks and providing guidance to employees.
- The most popular digital assistants today are Siri and Google Assistant, which can be accessed on iOS and Android devices by using voice commands.

Role of Artificial Intelligence in HR Functions

- Human Resource Management (HRM) is an important function of any organization that is directly linked to the lives of employees.
- HR ensures that employees feel safe and secure, and have a healthy work environment to be efficient and productive.
- Technology has changed the pace and face of all industries, and artificial intelligence (AI) has entered various departments such as HR.
- AI can enhance an organization's performance and efficiently perform functions on a day-to-day basis.

- AI can be used in various HR functions, such as recruitment and selection, talent acquisition, performance management, skill development, and competency mapping.
- In recruitment and selection, AI can greatly enhance an organization's ability to find the right talent at the right time.
- AI reduces the time and effort required to complete tasks such as screening applicants, maintaining databases, arranging interviews, and addressing and resolving contestant queries.
- AI considerably reduces the recruitment process and time, allowing HR to focus on more essential tasks.
- AI can assist with interviews by providing a digital assistant that can help candidates, remind HR managers of upcoming interviews, and control the process.
- AI can reduce subjectivity by using data from previous employees in similar roles to prepare targeted questions for hiring managers and compare candidates against similar roles in other organizations.
- AI can help select candidates that meet pre-set standards quickly and justify the screening process.
- AI can screen resumes and shortlist the most suitable candidates for the job, eliminating those who are not appropriate.
- AI chatbots can trace and communicate with potential candidates and assign them jobs based on their job profile.
- AI can enhance an organization's ability to find the right talent by finding the best candidates, recommending jobs to candidates, and predicting candidate performance.
- AI can help recruiters and managers make better hiring decisions by comparing candidates to existing top performers, benchmarking data, creating individualized offers, and anticipating candidate behavior

On-boarding/Orientation of New Recruits

- On-boarding/Orientation is important for new employees to feel motivated and stay with the company in the long run.
- AI can help streamline the on-boarding process by providing necessary information, teaching corporate knowledge and rules, and tracking important tasks.
- AI can also automate administrative tasks, such as delivering necessary paperwork and tracking progress.
- Digital assistants powered by AI can guide new employees through on-boarding steps and recommend job-related learning to shorten the time to productivity.
- Learning and Development strategies are important to align employee skills, knowledge, and attitudes to the organization's needs.
- AI can help employees stay current with industry advancements, evaluate papers and exams, and recommend relevant learning programs.

Compensation Management

- Compensation management is a challenge for organizations in a competitive labor market, especially for employees with rare skills.
- AI can be used to evaluate employee engagement and job satisfaction through tailored feedback questionnaires and recognition programs. AI can personalize career development and optimize succession planning, filling skills gaps and guiding compensation strategy to improve employee retention.
- AI can suggest knowledge to equip employees with required intelligence for their job duties, providing a more personalized experience.
- AI can offer personalized career development recommendations that adjust to changing business needs, providing employees with tools to make career shifts.
- AI can mitigate and address bias in performance evaluations by measuring continuous testing and collaborative team activities.
- AI can help organizations develop robust succession plans by identifying flight risk and uncovering capable successors.
- AI devices can gauge the mood, anxiety, and stress levels of employees through their voice and expression, helping HR leaders step in and provide necessary help.
- Chatbots can simulate person-to-person conversation and provide immediate response times to employees' hiring questions, benefit concerns, or training issues.

Challenges & Remedial Measures in Implementing AI-Based Solutions in HR Functions

- AI can bring benefits to HR functions but also presents challenges Security and privacy concerns are common when using AI in HR, so obtaining consent and protecting personal data is important
- AI requires constant evaluation and upgrades, which can be time-consuming and costly
- To overcome challenges, reliable data and clear goals are crucial, as well as acquiring the necessary talent and implementing AI effectively Accuracy of data input is important as AI can only make decisions based on what it is programmed to do
- AI can improve hiring, engagement, retention, and employee productivity and performance
- Organizations should adopt AI-based HR solutions that integrate with their culture and are compatible with their needs

Unit 24: Leading in a 'VUCA' & 'BANI' Scenarios: New Approaches in 'Crisis Management'

- The world has become increasingly uncertain, and businesses are also affected by this uncertainty.
- Crises can occur in any segment of society and can lead to crises in business.
- Natural, technological, and human-induced disasters have greatly impacted both society and the business community.
- Advancements in technology have created a fast-paced and unpredictable business environment.
- Businesses need to take risks and manage uncertainties.
- Effective disaster management plans and business continuity plans are necessary investments rather than additional costs.
- Many organizations are not designed to anticipate or effectively manage crises
- Many organizations lack proper technology, mechanics, and skills for effective crisis management.
- Bad publicity and reputational and financial losses can occur when a crisis hits, and organizations need to respond promptly and proactively in today's social media environment.
- Rapid technological advancements and changes in the business environment have made businesses more complex and volatile.

VUCA (Volatile, Uncertain, Complex, and Ambiguous)

- The term VUCA (Volatile, Uncertain, Complex, and Ambiguous) emerged in the post-Cold War period to describe the social transformations and worldwide instability.
- VUCA is now used to describe technological and cultural changes and their impact on people and companies.
- The term VUCA became popular in the 2000s in the context of crisis management, particularly with the invention and dissemination of the internet.
- The study of crisis management, including the role of HR in crisis management, is relevant and contextual to employees, especially those interested in pursuing HR as their profession

Features of 'Crisis'

- Crises are distinct from incidents and require creative approaches to tackle effectively.
- Incidents have structure and predictable responses, while crises are unpredictable and require creative solutions.
- Crises may involve physical danger, confusion, pressure, and stress, and can affect an individual, group, organization, or society.
- Crises arise suddenly, trigger fear and urgency, and create a sense of loss of control.
- They may lack clear information, attract intense attention from stakeholders and the media, and involve a process of transformation.
- Three common elements of a crisis are a threat, surprise, and short decision time.

- Organisations must develop their own criteria for determining when a problem becomes a crisis

Common Causes/Sources of 'Crisis'

- Crises can be divided into two categories: industrial crises and natural crises.
- Sudden crises are characterized by their immediate onset and tend to be unanticipated, while smoldering crises grow over time and may be missed or ignored.
- Most crises are of the smoldering type, making it important to systematically examine potential threats and opportunities to identify and mitigate potential crises early.
- Common sources of crisis include natural disasters, cyber-attacks, technological failures, and organizational misdeeds.
- Organizations should be prepared to face these types of crises and address them effectively to maintain customer trust and organizational stability.

Embezzlement or Financial crimes

- Financial crimes: illegal activities related to a company's finances, taxes, and bribery can damage a company's reputation and values.
- Supply chain failure: if a company cannot manage its supply chain, it can lead to stock shortages, empty shelves, bankruptcy, and a crisis.
- Safety concerns: if a company's products are found to be defective, it can damage the brand and reputation.
- Staff issues: if a company's employees go on strikes, fight among themselves, or vent their frustrations online, it can create a negative image for the company.
- Disclosure issues: if influencers or brand ambassadors don't disclose their relationship with a brand, it can damage the brand's honesty.
- Other types of crises: natural disasters, IT or network infrastructure outages, property damage, employee injuries or death, violence or attacks against employees, and legal action can all lead to crises

Crisis Management: Concept, Features & Need

- Organizations can face unexpected crises despite having safeguards and processes in place.
- Any business can get bad publicity when a crisis occurs. News travels fast in today's social media environment.
- Organizations need to respond promptly and proactively to crises.
- Robust crisis management strategies and plans should be developed and implemented in a timely manner
- Crisis management is dealing with unexpected events that disrupt the organization and its stakeholders.
- It involves pre-established activities and guidelines for preparing and responding to significant catastrophic events.

- The focus is on solving the immediate problem and then restoring brand reputation and rebuilding consumer trust.
- The plan is a framework for making good decisions in abnormal, unstable, and complex situations.
- Successful crisis management incorporates programs such as emergency response, disaster recovery, risk management, communications, and business continuity.
- It is about developing an organization's capability to react flexibly and make prompt and necessary decisions.
- Teamwork and rehearsal are critical success factors. Crisis management planning helps organizations be better prepared for unforeseen events that may cause serious or irreparable damage.

Essential Features of 'Crisis Management'

- Crisis Management helps organizations deal with unexpected events that can harm the employees, the organization, and external clients.
- It involves identifying potential crises, responding effectively to changes in the organization culture, coordinating with different departments, and having HR play a crucial role in managing the crisis.
- Effective communication among employees is also important during a crisis.
- To handle a crisis well, it's important to avoid panicking, stay in touch with employees, clients, stakeholders, and the media, and be adaptable.
- Crisis Management requires quick decision-making and often involves creating a crisis management plan to reduce uncertainty in the event of a crisis.

Need for a Robust 'Crisis Management' in Organisations'

- Most organizations do not have a proper crisis management program in place.
- There is a need for a robust crisis management strategy that includes corporate culture, expertise, infrastructure, plans, and procedures.
- Crisis management helps individuals and employees face unexpected developments and changes.
- Crisis management helps managers devise strategies and prepare for uncertain conditions.
- The ultimate goal of crisis management is to minimize harm and move the business back toward normal operations efficiently.
- Crisis management requires businesses to be prepared to evolve, learn, and change how they handle a crisis.
- Every crisis is unique and requires a flexible approach.

Four-Levels of Uncertainty: Strategies to Manage

- Clear trends can be identified in uncertain business environments, such as market demographics that can help define potential demand for future products or services.

- There are usually factors that are currently unknown but can be knowable through analysis, such as performance attributes for current technologies, elasticities of demand for certain stable categories of products, and competitors' capacity-expansion plans.
- Residual uncertainty is the uncertainty that remains after the best possible analysis has been done, such as the outcome of an ongoing regulatory debate or the performance attributes of a technology still in development.
- The residual uncertainty facing most strategic-decision makers falls into one of four broad levels, which can be known to some extent: known-knowns, known-unknowns, unknown-knowns, and unknown-unknowns.

Level 1 uncertainty: This is basic uncertainty that can be easily measured and predicted.
Level 2 uncertainty: This is a bit more complex and involves some elements of unpredictability. Scenarios can be developed to plan for potential outcomes.
Level 3 uncertainty: This is even more unpredictable and can't be easily measured. Scenarios need to be developed, but it's difficult to determine which ones to focus on.
Level 4 uncertainty: This is the most unpredictable level, where multiple uncertainties interact in ways that can't be predicted. It's rare and difficult to plan for.

VUCA: Gravity-Driven Approach to 'Uncertainty' and 'Crisis Management' in Organisations

- VUCA is a term used to describe the gravity of uncertainties and sudden crises in businesses.
- It stands for Volatile, Uncertain, Complex and Ambiguous.
- The concept emerged after the Cold War period to explain the social transformations that took place and how the military should act in the face of possible conflicts.
- It describes the worldwide instability, rapid changes, and emergence of technological transformations.
- VUCA is used to describe technological and cultural changes and their impact on people and companies.
- VUCA presents challenges for individuals, teams, managers, and organizations.
- These challenges can be significant when combined.
- VUCA may not pose the same threat to all industries.
- Certain industries may be more stable, protected or regulated.
- Being proactive and setting the agenda for change can help in avoiding the full extent of VUCA threats.

Characteristics & Approach of a 'VUCA' Scenario

- Volatility: Refers to the speed of change in an industry or market, associated with fluctuations in demand or turmoil. Example: Commodity pricing can be quite volatile, such as jet fuel costs in the 21st century.

- Uncertainty: Associated with people's inability to understand and predict the future. Lack of knowledge as to whether an event will have meaningful ramifications. Example: Anti-terrorism initiatives are generally plagued with uncertainty as we understand many causes of terrorism, but not exactly when and how they could spur attacks.
- Complexity: Refers to the number of factors we need to consider to make more efficient decisions and their relationships. More factors, greater variety, and more interconnected they are, the more complex the environment. Example: Doing business in many geographies - all with unique regulatory environments, tariffs, etc.
- Ambiguity: Refers to the lack of clarity or understanding of a situation, often leading to confusion and indecision. Example: A new technology or market disruptor may create ambiguity in how to respond or adapt.
- 1V = Volatility: Refers to the speed of change in an industry, market, or the world in general. It is associated with fluctuations in demand or turmoil. Illustration is the jet fuel costs which have been quite volatile in the 21st century.
- 2U = Uncertainty: Associated with people's inability to understand. Uncertain environments are those that do not allow for any predictions to be made. Anti-terrorism initiatives are generally plagued with uncertainty; we understand many causes of terrorism, but not exactly when and how they could spur attacks.
- 3C = Complexity: Refers to the number of factors that need to be considered to make more efficient decisions, their veracity and the relationships between them. Doing business in many geographies - all with unique regulatory environments, tariffs, etc.
- 4A = Ambiguity: Relates to the lack of clarity about how to interpret something. It's not about analyzing a large amount of data; it's about doing advanced analytics for the right KPIs. A situation is ambiguous when information is incomplete, contradictory, or too imprecise to draw clear conclusions. An example is deciding to shift to an unknown or emerging market/business and/or to launch products in which no core competencies are available. The transition from print to digital media has been very ambiguous; companies are still learning how customers will access and experience data and entertainment given new technologies.

Enormity of 'VUCA' Environment

- VUCA is a challenging environment that can be difficult to predict or manage.
- VUCA can destabilize people and negatively impact organizational culture.
- It can undermine employee motivation and frustrate career movements.
- Constant training is necessary to acquire new skills, knowledge, and attitudes.
- Managing VUCA requires a significant amount of time and effort, potentially endangering long-term projects and innovations.
- Inappropriate decisions may be made, adversely affecting decision-making processes and patterns.
- VUCA can destabilize organizations and cause people to leave for better opportunities elsewhere.

- Organizations must take appropriate actions to face and overcome the challenges of VUCA with the collective effort of all stakeholders.

- When faced with a VUCA environment, an organization can either let it overwhelm them or choose to accept and manage it.
- Accepting and managing a VUCA environment can make the organization and its people less vulnerable and better equipped to deal with unpredictable forces.
- Not all industries and organizations are equally vulnerable to the threats of a VUCA environment, and some may be more stable, protected, or regulated than others.
- Proactive measures such as setting the right agenda for change can help organizations mitigate the threats and challenges posed by a VUCA environment

Leadership Strategies to Manage 'VUCA' Scenario

- To manage volatility, organizations should accept change and create a clear, shared vision of the future with flexible but challenging goals.
- Leaders should focus on evolving and implementing a robust business model that outperforms technology.
- Encourage and motivate teams with a spirit of inclusivity.
- Direct resources towards building slack and acquiring more talents for future flexibility.
- Team spirit and inter-personal relationships should be at peak levels where volatility is high.
- Establish robust communication channels between all stakeholders to ensure seamless flow of communication and consultations.
- To address volatility, leaders should focus on creating a strong vision for the future, setting flexible but challenging goals, and building strong interpersonal relationships within the team.
- To address uncertainty, organizations should invest in business and competitive intelligence, keep abreast of customer needs and preferences, and anticipate future threats and opportunities.
- Leadership strategies for uncertainty include creating robust mentoring programs, prioritizing new and contemporary learning endeavors, planning new business strategies, conducting periodic environmental screenings, and gathering new data and considering it from new perspectives.

Respond to Volatility with Vision

- Address Uncertainty with Understanding
- Respond to Complexity with Clarity
- Ambiguity refers to confusion about cause and effect, misjudging situations, and blurring of facts in new opportunities, markets, or products.
- To overcome ambiguity, leaders should promote flexibility, transparency, adaptability, and agility in their activities, and plan ahead to be resilient to changes.

- Leaders should hire, develop, and promote people who are collaborative, comfortable with ambiguity and change, and have critical and innovative thinking skills.
- Leaders should encourage people to be versatile in all areas of work through job rotation and cross-training to improve team agility and capability.
- Leaders should focus on developing their team members' skills and abilities instead of controlling them or finding faults with their mistakes. They should act as a friend, philosopher, and guide to their subordinates.
- Leaders and managers should encourage open communication and the generation of new and innovative ideas from every member of the team.
- Experimentation is necessary to reduce ambiguity. Leaders should try new strategies and approaches to determine what works best in situations where old rules no longer apply.
- Leaders should recognize and reward team members who demonstrate vision, understanding, clarity, and agility. They should highlight innovative and risk-taking behavior as valuable to the organization.

Evolution of 'BANI' Approach in Crisis Management

- The VUCA approach was useful in guiding organizations through volatility, uncertainty, complexity, and ambiguity.
- However, with the emergence of the COVID-19 pandemic, the VUCA approach was no longer sufficient in dealing with unforeseen circumstances.
- The current situation is characterized by non-linear logic and incomprehensibility, which is different from what the VUCA model predicted.
- A new approach called BANI has been coined by Jamais Cascio to better describe the current situation and deal with challenges like global warming and future crises.

Characteristics of 'BANI' Concept

- Brittle means that systems can easily break down or fail, even if they appear reliable and flexible.
- A brittle system can result from prioritizing profit over stability.
- Many systems have a critical point of failure, such as countries reliant on a single natural resource or monoculture agriculture.
- The interconnectivity of the world means that a failure in one system can have ripple effects on others, as seen in the COVID-19 pandemic.
- There are no automatic solutions to address such disaster situations
- Anxiety is a common feeling that affects people in their personal and professional lives.
- Anxiety can lead to passivity and a feeling of helplessness when faced with continuous changes and overwhelming information from the media.
- In an anxious world, people tend to become passive, worry about missed opportunities, and depend on others to make decisions for them.

- It is important to learn how to deal with anxiety in a productive way and focus on positive aspects, opportunities, and potentials for improvement.
- Small decisions can have disproportionate impacts that can be either beneficial or devastating.
- Changes can lead to consequences with huge delays or only become tangible later.
- The consequences of any given cause may take a long time to emerge.
- Non-linearity applies to various fields such as climate change, economics, biology, and health.
- Global warming is the result of decisions made by industries around 1980.
- The impact of the current pandemic will continue for months, probably years.
- The results of certain events and decisions can be incomprehensible because they may not follow a logical pattern or purpose.
- This can happen because of too much information or because the cause may have been too long ago or too unconventional.
- More information doesn't necessarily mean finding an answer, it may just create more noise.
- Artificial Intelligence algorithms learn from our behavior and available content, but can lead to disproportionate or discriminatory effects.
- Future technologies and synergy effects may help us better understand and comprehend these complexities.

Strategies to Deal with 'BANI' Scenario

- Strengthen teams with resources in terms of human, finance, and skills.
- Foster a culture of collaboration and invest in training to make the organization more resilient.
- Implement a collaborative culture to increase communication and transparency between individuals, teams, departments, and units.
- Train employees in soft skills to dispel anxieties about future challenges and changes.
- Constantly innovate and be creative in products, services, and ways of doing business to adapt to changes in the environment.
- Address misunderstandings with technologies like AI, Big Data, and Data Science.
- Address brittleness with resilience, flexibility, and alternative plans and systems.
- Address anxiety with awareness, empathy, and mindfulness.
- Address non-linearity with context, flexibility, and no expectation.
- Address incomprehensibility with transparency and intuition.
- Categorizing uncertainties with concepts like VUCA and BANI is essential to sensitize organizations and prepare for future challenge

'VUCA' OR 'BANI': Which is to be the Vision for Organisations to Deal with the Crises?;'

- There is a dilemma about which narrative of the world, VUCA or BANI, organizations should use to deal with crises.
- The determining factor should not be the objective ability of these concepts to describe reality.

- Both VUCA and BANI have their advantages.
- Organizations should consider the circumstances and choose the one that best fits their vision of reality at the time.
- The choice may change over time as circumstances change.
- Uncertainty about future changes and their scale generates fear and anxiety.
- Ideologies, religions, and methods provide stable references to cling to.
- Our perception of life is becoming more uncertain and stressful, despite progress.
- VUCA and BANI offer valid insights to address variability and acceleration.
- Organizations must deal with variability and acceleration.
- The challenge is to adapt to fast-growing transformations.
- Change is accelerated even without special moments.
- Both VUCA and BANI can help to de-code and cope with what's happening.
- VUCA requires vision, understanding, clarity, and agility to deal with volatility, uncertainty, complexity, and ambiguity.
- These abilities are not easy to find and require effort.

Typical Models of 'Crisis Management' Process

- A crisis is an unpredictable event that can have negative effects on an organization.
- The causes, consequences, and solutions to a crisis are often unclear and ambiguous.
- Effective crisis management is important to prevent avoidable damage to the organization.
- A crisis management model is a conceptual framework for all aspects of crisis management.
- Many management experts have developed crisis management models.
- Models emphasize the importance of taking initiative rather than being reactive.
- Some models aim to build overall organizational capacity and skill to anticipate, avoid, and mitigate crises.

Fink's Model of 'Crisis Management'

- Steven Fink's crisis management model consists of four stages: prodromal, acute, chronic, and resolution.
- The prodromal stage is proactive, aimed at identifying an impending crisis, and covers the period between first signs and crisis eruption.
- The acute stage is triggered by the crisis event and resulting damage, and crisis managers and plans are activated in this stage.
- The severity of the crisis and damage are influenced by the success of the prodromal stage.
- The chronic stage refers to the lasting effects of the crisis, and may include a stream of questions about the crisis which will keep the event visible to various publics.
- The resolution stage identifies a clear end to the crisis and involves root-cause analysis and implementing changes to ensure there is no repetition.
- The resolution stage does not discuss crisis management as a cyclical process, which is seen as an oversight of the model.

Burnett's Model of 'Crisis Management'

- Burnett (1998) identifies factors that inhibit crisis management: time pressure, control issues, threat level concerns, and response option constraints.
- These factors disrupt an organization's ability to focus on and strategically manage a crisis situation.
- Only when these factors have been addressed can the strategic management of the situation begin.
- Burnett's model has six steps divided into three categories: identification, confrontation, and reconfiguration.
- The 'identification' step includes goal formation and environmental analysis, which prepare for the crisis.
- 'Confrontation' involves strategy formulation and strategy evaluation, which occur when an organization is involved in the crisis.
- 'Reconfiguration' includes strategy implementation and strategic control, which deal with how the organization adapts to crisis intervention.
- The model follows a progression similar to other lifecycle models.
- The steps in Burnett's model are: goal formation, environmental analysis, strategy formulation, strategy evaluation, strategy implementation, and strategic control.
- Employing the tasks that comprise the inner-circle provides the organization an opportunity to control and manage a crisis situation.

Mitroff's Five-Stage Model of 'Crisis Management''

- Mitroff's model divides crisis management into five stages: signal detection, probing and prevention, damage containment, recovery, and learning.
- Crises tend to fall into certain categories or clusters, such as breaks in equipment, external actions, and threats.
- The first two stages, signal detection and probing and prevention, are proactive steps an organization can take before a crisis event.
- Signal detection identifies signs of possible crises within an organization, similar to Fink's prodromal stage.
- Probing and prevention features members of an organization seeking known crises and determining ways to prevent them.
- The last three stages, damage containment, recovery, and learning, feature slight variations from Fink's acute, chronic, and resolution stages.
- Damage containment focuses on the steps taken following the crisis event, similar to Fink's chronic stage.
- The stages discuss the trigger and containment of the crisis event, returning to the pre-crisis norm, and resolving the crisis event.
- Mitroff's model actively tries to prevent crises, while Fink's model implies that crises can be prevented.

Differences between Fink's three stage Model and Mitroff's five stage model:

- The main differences between Fink's and Mitroff's crisis management models are in the 'recovery' and 'learning' stages.
- Mitroff's model emphasizes the facilitation of organizational recovery and empowering crisis managers, while Fink's model focuses on the timeframe of recovery and the varying rates of recovery.
- Mitroff's model is cyclical, with a 'learning' stage that allows organizations to incorporate crisis learning into their philosophy. Fink's model does not mention future applications after crisis resolution.
- Both models recognize the importance of learning from a crisis to prevent future susceptibility.

Role of HR in 'Crisis Management' Process

- HR's role has expanded beyond traditional functions to include developmental and strategic functions that directly influence organizational performance.
- HR is expected to participate in crisis management to ensure employee needs are considered in crisis management plans.
- Crises are becoming more frequent and organizations need effective actions to mitigate them.
- HR has a role in crisis management to enhance preparedness and ensure effective disaster planning.
- HR is a custodian of employee wellness and must ensure that human capital within the organization is protected.
- HR has an important role to play in ensuring employees can continue to provide value for the organization beyond the crisis.
- HR's role in crisis management should be given significant priority among its other roles and functions.
- The role of HR in organizations has expanded beyond traditional functions to include strategic and developmental functions.
- HR is expected to participate in crisis management to ensure that employees' needs are considered during crisis management planning.
- The increasing occurrence of crises in contemporary times calls for HR to be involved in crisis management.
- HR has a crucial role in enhancing preparedness and providing training for employees to navigate through turbulent times.
- The role of HR in crisis management includes disaster preparedness and crisis management training, effective leadership and empowerment, ensuring employee safety, and developing communication plans.
- Including the human side in crisis management can help organizations deal with crises more effectively.

- All departments and functional areas have a role in managing crises in organizations, not just HR.

Crisis Management Planning

- Crisis management planning involves creating plans to prevent, reduce the impact of, and recover from crises.
- It is important for organizations to have a crisis management plan to deal with crises effectively.
- The HR department should also develop an exclusive crisis plan that addresses the human aspect of crises, such as protecting HR records and ensuring work continuity in the event of loss of staff.
- The HR department should also publicize its crisis management efforts to encourage better crisis management and promote competency within the department.
- This can lead to recognition of the HR department's role in crisis management and promote more inclusion in strategic management

Crisis Communication & Employee Relations

- HR plays a key role in crisis communication and employee relations during a crisis.
- HR ensures that internal communication channels are updated with relevant information such as HR policies, roles and procedures, employee contact lists, and company announcements related to the crisis.
- HR is responsible for identifying and communicating all possible threats within and outside the organization to employees.
- Recommended crisis communication channels include in-house company intranet, email updates, human resources web help or ticketing, daily bulletin boards, internet site for management, and social media.
- HR must ensure that management communication is timely, clear, and reliable in reaching employees to avoid the spread of misinformation.
- ‘HR is responsible for internal communication during a crisis
- HR ensures organizational intranet sites are updated with relevant information
- HR communicates potential threats within and outside the organization to employees
- Recommended crisis communication channels include company intranet, email updates, and social media
- Effective communication helps employees handle the crisis
- HR develops a crisis communication plan for employees HR works with management to ensure consistent crisis communication
- HR provides employee feedback to management for changes in crisis communication

Crisis Management Process & Policy

- HR is responsible for creating and updating policies and procedures for crisis management.

- HR can coordinate with departmental managers and IT to create guidelines for remote work during a crisis.
- HR maintains employee data in a central repository, which can be useful during a crisis for identifying skills and contacts.
- Training and talent development are important for effective crisis management, and HR should lead or participate in such training.
- Training can range from fire drills to more in-depth leadership courses.

Promoting Employee Involvement and Motivation

- HR plays a key role in crisis management and promoting sustainability preparedness in an organization.
- HR should design preparedness measures to promote sustainability and involve employees in the process.
- Employees are the solution-givers to the challenges faced by the organization during a crisis.
- HR should enhance motivational levels of employees through suitable schemes and policies for rewarding and recognizing employees who contribute to effective execution of all crisis management plans and policies.
- HR can influence culture within the organization to respond effectively to crises by emphasizing robust communication, employee empowerment, transparent decision-making, effective leadership, and flexibility.
- When skills such as problem-solving and positive thinking are embedded in an organization's culture, staff will be better positioned to survive the crisis.

Employee Assistance and Benefits Programmes'

- HR manages organizational benefits and service programs for effective crisis management.
- Employee Assistance Programs (EAP) are used to connect employees with mental health care providers and to support them psychologically for motivation.
- Outplacement procedures like rotational transfers and skill-based placements can be implemented.
- Coaching and mentoring programs can help in recovering and maintaining employee morale and motivation.
- Health benefits are necessary to help employees receive medical care and return to work quickly.
- Trimming down benefits in times of crisis can demotivate employees, and HR should work out a win-win situation between health insurance companies, organization, employees, and their families.
- Retrograde steps like trimming down or cancellation of benefits, compensation schemes, or dismissal of employees may lead to legal battles and financial burden.
- HR has to deal with such issues with a human touch.

Leadership Role in Crisis Management

- Leaders and managers have a crucial role in crisis management.
- Leaders should lead from the front, exhibit confidence, and take complete charge of the situation.
- Managers should attend to employee grievances promptly to avoid major unrest later.
- Leaders should counsel employees not to panic, encourage them to face tough times with courage, determination, and resolve, and make them work in unison.
- Leaders should interact with employees more often, create a sense of warmth and support, and provide necessary crisis management training.
- Leaders should be able to feel the early signs of crisis and warn employees against negative consequences.
- Leaders must strive to prevent a crisis and encourage effective communication among employees to come up with the best possible solutions.
- Leaders should make timely decisions during crises and eliminate hierarchical decision-making patterns to keep everyone informed about emergency situations.
- Leaders should communicate frequently with stakeholders, external parties, and media to develop strong partnerships and seek help when necessary.
- After the crisis, leaders should discuss key takeaways and lessons learned with employees to avoid future mistakes, regain the organization's image, and adapt to new situations.

Role of Employees in Crisis Management

- During a crisis, employees must enhance their performance and productivity by reviewing their performance periodically and striving to achieve organizational targets.
- Employees should sense early signs of crisis and warn fellow workers, escalate issues to seniors, and jump into action when a crisis is detected.
- Effective communication should be encouraged among employees during crisis situations, and they should generate and discuss innovative ideas to reach a plan that works best.
- Employees should not spread baseless rumors or encourage unfounded information about the organization.
- Employees must respect and be loyal to the organization, avoiding fights or finding faults in co-workers, and discussing issues face to face to reach mutually beneficial solutions.
- Employees should maintain their composure and avoid getting hyper, as stress and anxiety can lead to more mistakes.
- Employees should support management's efforts by coming up with innovative ideas and strategies to overcome tough times, identifying causes of the crisis and ways to avoid it.
- Employees should work with unity and inclusiveness towards the common goal of coming out of the crisis and avoid criticizing others.
- Discrimination on the grounds of caste, status, income, sex, and so on is unethical and leads to a crisis. Everyone must be treated equally with respect for a peaceful workplace environment.

Unit 25: 'Business Ethics', 'Corporate Governance' & 'Corporate Social Responsibility': A Winning Combination for Organisational Excellence

- A business is considered excellent if it gains the trust of all stakeholders.
- To earn trust, a business should operate ethically and maximize wealth for stakeholders.
- The primary responsibility of a business towards shareholders is to ensure safety and higher rates of return on investments.
- Shareholders are interested in participating in management and receiving regular dividends.
- Management should improve communication and coordination with shareholders through regular updates, annual reports, and annual meetings.
- An honest and fair business gains the trust of customers and other stakeholders, establishing long-term relationships.
- Consumers determine the success and survival of a business.
- Businesses have responsibilities towards consumers, including producing goods that meet their needs, offering them at reasonable prices, ensuring quality and efficiency, and fair distribution.
- A business is not isolated and must consider the best interests of society as a whole

Business Ethics: A Treasure of Trust

- In any business, organizations aim to perform well, earn profits, comply with laws, pay taxes, and fulfill social responsibilities.
- Increasing competition intensifies the urge to outperform others, which may tempt some organizations to indulge in illegal and unethical means.
- Such organizations may indulge in bad practices like fraud and insider trading, believing that unethical practices can help them earn profits and outbid competitors.
- Effective investigating mechanisms are well established in our country, and such organizations should know that unethical acts will be uncovered and exposed.
- Establishing a code of business ethics is crucial for organizations to earn trust and maintain a good reputation in the long run.
- Business ethics ensure that organizations adhere to moral principles and values, treat their employees, customers, and suppliers fairly, and contribute to society's well-being.
- A treasure of trust is established by organizations that conduct their business ethically and win the trust of their stakeholders, leading to long-term success.

- Organisations have the urge to perform well, earn profits, comply with laws, pay taxes, and fulfil social responsibility
- Some organisations may be tempted to indulge in unethical practices like fraud, insider trading, etc to outbid their competitors
- A code of conduct based on ethics for organisations is a potential solution to protect the interest of stakeholders and remedy greed

- Pursuing an ethical code of conduct is imperative for businesses as the implications of unethical means are enormous, and it may lead to loss of customers, disrepute, and facing law enforcement agencies
- Business ethics include principles and standards that guide behaviour in the conduct of business, and businesses must balance their desire to maximise profits against the needs of stakeholders and laws and rules of the government
- Transparency, fairness, and accountability are important pillars of any organisation, and top management must ensure abidance of them
- Ethical rules guide businesses to earn profits ethically without harming individuals or society as a whole
- Good corporate governance is about ethics and values that drive companies in the conduct of their business
- Business ethics act as a treasure of trust for organisations and their different stakeholders

Nature & Concept of Business Ethics

- The term 'ethics' refers to character, guiding beliefs, standards, and ideals that govern behavior.
- Ethics deal with morals and obligations and what is right and wrong.
- Business should not indulge in any activity that is harmful to the interest of all its stakeholders and should work for the upliftment of its surroundings.
- Business ethics is the application of moral and ethical norms to business.
- It is a framework of contemporary organizational standards, principles, sets of values and norms that govern the actions and behavior of an individual in the business organization.
- Business ethics are concerned with moral judgment and good conduct as they are applicable to business situations.
- Business ethics prescribe standards for how business should be carried out.
- It refers to moral principles and social values that businesses should adopt in their code of conduct.
- Businesses must accept and follow these rules for the welfare of society and all stakeholders.
- Ethics help businesses in deciding what is right and wrong for their operations.
- It enables a deeper understanding of good and bad, moral and immoral actions in business.

Characteristics of Business Ethics

Defines Code of Conduct
Protects Social Group
Instills Healthy Competition
Reduces Risk and Cost
Monitor Business Malpractices
Based on Moral and Social Values

- Ethics define social, cultural, economic, legal, and other limits of business, and they should operate within these limits.
- Business ethics protect different social groups associated with the business.
- Ethics in business instill healthy competition, maintain healthy coordination and cooperation with business partners and other organizations existing in the market, and prevent exploitation of other organizations existing in the market.
- Business ethics improve productivity and overall efficiency, reduce risk and expenses, and monitor and keep a check on any malpractices in business.
- Business ethics are based on well-accepted moral/principal values, and they focus on the welfare of stakeholders and not on harming or exploiting others.
- Ethics in business ensures that business should work for the welfare of its employees, and all employees should be provided better and timely wages and salaries, proper working conditions, and various other amenities.
- Business ethics focus on the survival of business organizations for the long term.
- Business ethics are not against fair profit making, but they are against profiteering by cheating and exploiting consumers, employees, or investors.
- Business ethics have an important role in improving the goodwill of the business.
- Business ethics are a relative concept and vary from business to business, organization to organization, and country to country.
- Businessman should be given proper education, guidance, and training in order to motivate them to follow ethical business practices, and trade associations
- and Chambers of Commerce should take an active role in educating businessmen.
- It's important to note that business ethics are voluntary and not enforceable by any law or statute or by force, so they must be adopted like self-discipline by businessmen at their own will and choice.

Difference between The Concepts of – Ethics, Morals and Values

- Ethics is the study of what is right or wrong in human conduct, while morals are specific and context-driven rules that govern a person's behavior, and are formed out of values.
- Ethics has a wider connotation and is a combination of morals and reasoning, while morals are mostly guided by culture and have a limited scope compared to ethics.
- To be ethical, one should figure out what is right by applying some principles and considering all the complexities involved, while being moral is about adhering to what is described by society or religion.
- A person whose morality is reflected in their willingness to do the right thing, even if it is hard or dangerous, is ethical, whereas a person who knows the difference between right and wrong and chooses right is moral.

Business Ethics, Corporate Governance

- Ethics are moral values in action, while values are things that are considered important by an individual or organization.
- Ethics are philosophical deliberations that guide moral values, while morals form part of cultures that are to be ethical.
- To follow an ethical culture is a harder path than to practice morals.
- Ethics determine what is right or wrong, while values judge what is desirable or undesirable.
- Ethics offer general guidelines for management to operate, while values offer alternatives for individuals to choose.
- Ethics involve reasoning to determine the right action, while values are mostly guided by an individual or organization's belief system.
- Ethics constrain and hold back individuals, while values motivate individuals to judge between good and bad.

Areas of Business Ethics

- Organizations need to practice business ethics in various areas.
- Personal responsibility is a vital area of business ethics.
- The areas of business ethics include personal responsibility, corporate responsibility, social and environmental responsibility, technology ethics, and interpersonal relationships.
- Personal responsibility involves acting with honesty, diligence, punctuality, and fulfilling the duties of one's job description.
- Corporate responsibility involves fulfilling obligations towards all stakeholders, including contractual or legal obligations and promises to conduct business fairly and treat people with dignity and respect.
- Social and environmental responsibility involves working towards environmental protection, social causes, and giving back to communities.
- Technology ethics involves adopting fair and transparent social media policies, protecting customer privacy and personal information, and practicing fair use of intellectual property.
- Interpersonal relationships involve treating colleagues and customers with respect and fairness, avoiding discrimination and harassment, and promoting a healthy work culture.
- Personal responsibility: Employees are expected to act responsibly and perform their duties with honesty, diligence, punctuality, and willingness to perform expected duties.

- **Corporate responsibility:** Businesses have moral and ethical responsibilities and obligations towards all their stakeholders, including contractual or legal obligations and promises to conduct business fairly and treat people with dignity and respect.
- **Social & Environmental Responsibility:** Businesses have a role in giving back to the community and promoting a safe and healthy environment through measures to reduce waste and adopting Corporate Social Responsibility (CSR) practices.

- **Technology Ethics:** Organizations must adopt fair and transparent social media policies and ensure strict enforcement of such policies to maintain ethical values, including customer privacy and intellectual property fair practices.
- **Inter-personal & Organizational Loyalty:** Loyalty is expected from both businesses and employees to maintain good business relations and a positive reputation, including mutual loyalties between subordinates and superiors.
- **Mutual Respect:** Respect is an important business ethic that should be shown to clients, customers, and employees. It encourages a sense of value and importance among team members.
- **Transparency & Trustworthiness:** Businesses should maintain transparency in their business practices, financial reports, and trustworthiness with clients, customers, and employees through honesty, transparency, and reliability. It helps maintain a positive reputation and encourages people to do business with the organization.
- **Fairness:** A business should apply the same ethical standards for all employees, regardless of rank, and treat customers with equal respect. Favouritism is unethical and personal biases should not affect decision-making. HR has a crucial role in creating and enforcing a fair and transparent ethical code of conduct.

Theories of Business Ethics

- Ethics is a normative study that aims to determine what is right or wrong.
- Normative theories aim to arrive at conclusions about moral rights and wrongs.
- There are three main theories of ethics: utilitarianism, deontology, and virtue ethics.
- John Stuart Mill's utilitarian theory aims to promote the greatest good for the greatest number of people.
- Kant's deontological theory is based on the idea that certain actions are inherently right or wrong, regardless of their consequences.
- Aristotle's virtue theory emphasizes the development of moral character and the cultivation of virtues.
- All three theories are based on normative principles.

John Stuart Mill's Utilitarian Theory

- John Stuart Mill's utilitarian theory is the first ethical system in normative ethics.
- Utilitarianism is often associated with "the greatest good for the greatest number".
- Mill defines utilitarianism as a theory based on the principle that actions are right in proportion to their tendency to promote happiness.
- John Stuart Mill's utilitarian theory is the first ethical system in normative ethics.
- It is based on the principle that actions are right in proportion to the promotion of happiness and wrong as they produce the reverse of happiness.
- Happiness is defined as pleasure and the absence of pain.

- The right action for a particular occasion is the one that produces more utility than any other possible action.
- The right action is the one that produces the most utility for all persons affected by the action.
- Mill's utilitarian theory focuses on the quality of actions.
- It is duty-based and non-consequentialist.
- It can also be called the "Ethics of Welfare" as it propagates the greatest good and welfare of the people.
- Utilitarian theory emphasizes on promoting happiness and reducing pain.
- It advocates for actions that produce the most utility for all persons affected by the action.
- It is based on the concept of "the greatest good for the greatest number".
- The theory recognizes the importance of external support for individuals and the society.
- Utilitarianism aligns with intuitive criteria used to evaluate moral conduct.
- It requires impartially taking into account everyone's interest equally.
- Utilitarianism can be useful in the organizational context, but it should be understood that it prioritizes the collective welfare over individual interests.
- Utilitarian theory emphasizes that individuals should strive for the happiness of society, not just their own happiness.
- External support is necessary for individuals, and harming others can be prevented through a moral conscience.
- Utilitarianism aligns with intuitive criteria people use when discussing moral conduct and requires an impartial consideration of everyone's interests.
- Utilitarianism provides standards for policy action, a means of resolving conflicts, and a flexible approach to decision-making.
- Demerits of Utilitarianism include difficulties in measuring utility and predictability of benefits and costs, lack of clarity in defining benefit and cost, and differences in interpretation of social issues by different cultural groups.

Immanuel Kant's Deontological Theory

- Immanuel Kant is associated with deontological ethics and the concept of the "Categorical Imperative".
- Kant believes that a good will is the only unqualified good and that actions must reflect a good will to be morally worth.
- Kant's ethics of duty emphasizes treating human beings with dignity and respect because they have rights.
- In deontological ethics, people have a duty to respect other people's rights and treat them accordingly.
- Kant's moral duty is unconditional and actions have moral worth only when done from a sense of duty.
- The core idea of Kant's categorical imperative is that an action is right if and only when it can become a universal law of conduct.

- Kant stresses that ethics are based on reason alone and not on human nature, blind beliefs, or rituals.
- Kantian theory provides firm rules for moral decision making, not dependent on circumstances or performer, and emphasizes the importance of individuals.
- In developing a code of conduct, an individual should not use others for their own advantage.
- Limitations of Kantian theory include a lack of solutions for resolving conflicts over principles, the potential for bad consequences from "right" choices, and unclear guidance on decision making when duties conflict.

Aristotle's Virtue Theory

- Aristotle's virtue theory focuses on the integrity of an individual's character in ethical behavior.
- Virtue is acquired through practice and the development of honorable and moral character.
- Virtuous habits help people make the right choices when faced with ethical challenges.
- Aristotle identifies four virtues as essential for being virtuous: prudence, temperance, courage, and justice.
- Virtue is equivalent to excellence and the distinctive activity of being human.
- The supreme good, according to Aristotle, is the activity of the rational soul in accordance with virtue.
- Rationality is our distinctive activity and its exercise is the supreme good
- Aristotle's virtue theory focuses on the integrity of an individual's character and acquiring virtue through practice.
- Virtue ethics emphasizes the importance of self-love as a precondition for achieving one's full potential and living a life of moral character.
- Virtue is a mean between extremes of deficiency and excess and is learned through habit and practice.
- A virtuous person exhibits all virtues, which are different aspects of a virtuous life.
- People are responsible only for voluntary actions made through rational deliberation.
- Virtue theory faces challenges when there are conflicting virtues, similar to Kant's deontological ethics theory.

Characteristics of an Ethical Organisation

- Organizational culture reflects the core values of the organization and defines accepted behavior for every employee.
- Top management and HR are important factors in shaping organizational culture.
- Developing an ethical work culture requires proactive effort from HR to convey acceptable and unacceptable behavior to employees.
- Ethical climate in an organization sets the ethical tone and forms the ethical conscience of the organization.

- Ethical organizations interact well with diverse stakeholders and consider their interests as much as their own.
- Ethical organizations are passionate about fairness and emphasize individual responsibility for actions.
- Ethical organizations view their activities in terms of their purpose, which is highly valued by members and connects the organization to its environment.

Corporate Governance: Shareholders' Primary

- Corporate governance represents the value, ethical and moral framework under which business decisions are taken.
- It is about balancing individual and societal goals, as well as, economic and social goals.
- Good corporate governance is important to investors since it shows a company's direction and business integrity.
- It deals with the manner the providers of finance guarantee themselves of getting a fair return on their investment.
- The functions/tasks of owners and managers should be clearly defined and harmonizing.
- Corporate governance is receiving increased attention due to high profile scandals.
- Good governance is based on a number of cardinal ethical values, including transparency, accountability, responsibility, and probability.
- Special emphasis is placed on the fact that good governance is based on ethical values.
- An effective corporate governance regime includes provisions for civil or criminal prosecution of individuals who conduct unethical or illegal acts.

Concept and Nature of Corporate Governance

- Corporate Governance refers to the way a corporation is directed and managed.
- It involves balancing individual and societal goals, as well as economic and social goals.
- The Board of Directors and concerned committees conduct Corporate Governance for the company's stakeholders' benefit.
- It is the interaction between various participants in shaping corporation's performance.
- The concept comprehends the agenda of rules, relationship, systems, and processes within which fiduciary authority is exercised and controlled in corporation.
- Corporate Governance represents the value, ethical, and moral framework under which business decisions are taken.
- It gives ultimate authority and complete responsibility to the Board of Directors in determining ways to take effective strategic decisions.
- Corporate Governance is essential to develop added value to the stakeholders and ensure transparency.
- It safeguards the interests of all shareholders and ensures they fully exercise their rights.
- It encourages a trustworthy, moral, and ethical environment.

- The terms 'Governance' and 'Good Governance' are increasingly being used in the context of Corporate Governance.
- Bad governance is recognized as one of the root causes of corrupt practices.
- Countries and organizations are expected to provide good governance to benefit all stakeholders.
- Good Corporates are made by the combined efforts of all stakeholders, including shareholders, board of directors, employees, customers, clients, government and society at large.
- Laws, statues and regulations cannot per-se bring positive changes in the behavior of organizations.
- Directors and management, ably supported by other stakeholders and inspired by social values, have a vital role to play in ensuring good corporate governance.
- Good Corporate Governance helps ensure long-term shareholder value.
- An organization with strong Corporate Governance is well-managed and the interests of all stakeholders are aligned.
- Good Corporate Governance builds strong brand reputation and makes the company more resilient, positively impacting its share price.
- The Board of Directors plays a crucial role in achieving good Corporate Governance.
- Follow the 4 Ps of Corporate Governance: People, Purpose, Process, Performance.
- Adhere to the basic principles of Corporate Governance: Accountability, Participation, Consensus-oriented, Transparency, Responsiveness, Documentation, Sound decision-making, Effectiveness & Efficiency, Equitable & Inclusive.
- Implement governance strategically and fairly.
- Balance the interests of stakeholders including shareholders, senior management, board of directors, customers, suppliers, and community.

Need and Strategies to Nurture 'Good' Corporate Governance

- The terms 'Governance' and 'Good Governance' are increasingly used in the context of Corporate Governance, and bad governance is recognized as a root cause of corrupt practices.
- Countries and organizations are expected to adhere to good governance for the benefit of all stakeholders.
- Good Corporates are made by the combined efforts of all stakeholders, including shareholders, board of directors, employees, customers, clients, government, and society at large.
- Laws and regulations alone cannot bring positive changes in the behaviors of organizations to be fair to all stakeholders.
- Directors and management, supported by other stakeholders and inspired by social values, have a vital role to play in ensuring good corporate governance.

- Good Corporate Governance is essential for ensuring long-term shareholder value and informing the market that the organization is well managed and that the interests of all stakeholders are aligned.
- Strong Corporate Governance builds a strong brand reputation, increases resilience, and positively impacts share price
- Follow the 4 Ps of Corporate Governance: People, Purpose, Process, and Performance, which involve determining the purpose, developing the process to achieve it, and evaluating performance outcomes to ensure success.
- Adhere to the Basic Principles of Corporate Governance, including accountability of leadership, participation by all who matter in governance, consensus-oriented decision-making, transparency of governance policies, responsiveness to stakeholders, documentation of policies and procedures, sound decision-making, and equitable and inclusive practices.
- Implement the company's governance strategically and fairly.
- Balance the interests of the company's stakeholders, including shareholders, senior management executives, the board of directors, customers, suppliers, and the community

Major Best Practices for Improving Corporate Governance

- A major best practice for improving corporate governance is to prioritize transparency and ethics.
- Transparent and ethical governance is difficult to measure quantitatively but is vital for balancing profitability with the board's duties to investors and other stakeholders.
- The purpose of corporate governance is to promote strong, transparent, and accountable organizations that benefit all stakeholders.
- There is no uniform set of norms for corporate governance, but best practices should be tailored to each organization's unique needs and circumstances
- There is no uniform set of norms or policies for adopting a particular model of corporate governance.
- Several aspects of the organization need to be considered when deciding on the right approach to corporate governance, including type of business, size of the company, scale of business, availability of resources, expectations of shareholders, and legal and regulatory compliance.
- Conceptually, corporate governance is the sole responsibility of the board of directors.
- Good governance is not just about compliance but also about improving the performance of the organization through strong strategies and business and operational policies.
- The board needs to balance its compliance role with the performance aspects of the organization and elaborate its position and understanding of the major functions it performs as opposed to those performed by management.
- The board has a significant role to play in the formulation and adoption of the organization's strategic direction.

- Best practices for improving corporate governance should be tailored to each organization's unique needs and circumstances
- The role of the Board goes beyond compliance and includes improving the performance of the organization through the formulation of strong strategies and policies.
- The Board must monitor the performance of the organization to ensure that decisions are consistent with the strategy and expectations of stakeholders.
- Key performance drivers should be identified and appropriate measures established for determining success.
- The Board should establish an agreed format for reports to ensure that all relevant matters are reported.
- The Board should be composed of directors with the right qualifications, expertise, competence, knowledge, ethics, and integrity.
- Vacancies in the Board should be filled transparently and in a timely manner with suitable candidates.
- The majority of directors should be independent, and the Board should be active, attentive, and engaged in decision-making
- The board of directors should be independent and diverse.
- New directors should undergo orientation training and be periodically assessed for performance.
- Roles and responsibilities of the board, chairperson, CEO, and management should be clearly defined and separated.
- Mandates should be established for the board and its committees.
- Sub-committees of directors should have clearly defined powers and responsibilities.
- The chairperson should demonstrate strong leadership and establish a good relationship with the CEO
- Directors need qualitative and factual information to make decisions, and may require additional briefings, presentations, and access to independent professional advice.
- Organizations should maintain a culture of integrity and ethical business dealings, including conflict of interest and whistleblower policies and a code of business conduct.
- The board of directors is responsible for overseeing risk management and establishing a framework for managing risks effectively.
- Risks should be regularly identified and assessed, including financial, operational, reputational, environmental, industry-related, and legal risks.
- The board is responsible for establishing the company's risk tolerance and developing clear patterns of responsibility and accountability for managing risks

Ethical Issues in Corporate Governance

- Corporate governance is responsible for allocating financial resources between different groups and is accountable to the public.

- Trust, honesty, integrity, ethical values, transparency, and compliance with laws are basic requirements for corporate governance.
- Business enterprises are expected to be good corporate citizens and respect business ethics and values.
- Unethical practices such as bribery, corruption, and insider trading are prevalent in the Indian business environment.
- Corporate scandals in India and worldwide have emphasized the need for businesses to imbibe ethics and values
- Corporate organizations are answerable to the public and must be based on trust, honesty, integrity, ethical values, transparency, and compliance with laws.
- India's business environment is plagued by unethical practices like bribery, corruption, and insider trading.
- These governance deficiencies are caused by flaws in decision-making, monitoring and supervision, inadequate training of board members, and inadequate auditing.
- The government and businesses have taken measures to improve corporate governance by embedding ethics and moral values in their policies and practices.
- The ethical climate in an organization depends on an individual's sense of values, social values accepted by the industry, and the system.
- To achieve better corporate governance, the focus must be on creating a climate of public governance and making needed changes in laws and regulations.
- Ethical behavior is putting the interests of the company above one's own personal interests in all transactions
- Business organizations are answerable to the public and must uphold ethics and values in their operations
- Corporate governance quality is determined by the allocation of financial resources to stakeholders
- Corporate scandals have led to increased emphasis on ethics in corporate governance policies and practices
- The ethical climate in an organization depends on individual values, social values, and the system in place
- Ethical behavior includes putting the company's interests above personal interests, transparency, fairness, trust, strategic thinking, societal responsibility, and compliance with all laws
- Corporate governance requires trust, transparency, ethics, moral values, and confidence among stakeholders, including the government, general public, and professional service providers
- The Government of India has implemented laws and mechanisms to enforce effective corporate governance with ethics and moral values

Corporate Social Responsibility'(CSR): A Resolve Towards Commitment to 'Business Ethics'& 'Social Wellbeing

- Corporate Social Responsibility (CSR) is the belief that businesses have a responsibility to society and the environment.
- Businesses are a part of society and control many resources, so they have a role in promoting social and environmental welfare.
- Some economists believe that businesses only have a responsibility to perform their economic function effectively and leave social functions to government.
- However, others argue that the corporate sector has a significant role to play in promoting societal wellness.
- CSR is an unassailable part of a business's strategy and vision.
- Businesses depend on society for infrastructure, an educated workforce, law and order, public health, transport facilities, and customers.
- Therefore, businesses have a responsibility to give back to society and the environment through CSR initiatives
- Corporate Social Responsibility (CSR) is a commitment towards business ethics and social wellbeing.
- Organizations are part of society and have a role towards society and the environment.
- Business organizations must give back to society and the environment as a reciprocal act.
- Economists like Adam Smith and Milton Friedman advocated that the only responsibility of business was to perform its
- economic function effectively and provide goods and services to society and earn maximum profit.
- Intellectuals like Prof. Paul Samuelson, T F Brasha, Prof. Robert Dahl, etc. have opposed and criticized this view.
- The concept of CSR has come to stay, and it is an unassailable part of a business strategy and corporate vision.
- Corporations have to behave as good citizens, pay taxes, observe laws, and go beyond laws in matters of pollution, operational and product safety, and energy and resource conservation.
- Corporations have to donate generously towards public welfare causes and get directly involved in social welfare programs.
- Corporations have to consider the interests of stakeholders, including shareholders, workers, consumers, suppliers, the government, and the general public.
- Businesses are turning to CSR to make a difference and build a positive brand around their company
- Mahatma Gandhi defined CSR as "wealth created from society has to be ploughed back into society"
- The World Business Council for Sustainable Development defines CSR as a commitment by businesses to behave ethically and contribute to economic development while improving quality of life for the workforce, local community, and society at large

- CSR involves companies integrating social and environmental concerns into their business operations and interactions with stakeholders
- The triple-bottom-line approach involves balancing economic, environmental, and social imperatives
- CSR strategies are implemented to keep companies socially accountable and have a positive impact on the environment, public, and consumers
- Leading practitioners believe CSR is an integral part of wealth creation and enhances competitiveness of businesses
- Advantages of CSR include improved financial performance, enhanced brand image and reputation, increased sales volumes and customer loyalty

The advantages of Corporate Social Responsibility (CSR) approach

- It improves financial performance of the concerned entity
- It enhances brand image and reputation of the company
- It increases sales volumes and customer loyalty
- It enhances the ability of the company to attract and retain key talents
- It enables reduced regulatory oversight
- It instills a sense of creativity, innovation and learning new horizons of knowledge
- It makes the Risk Management endeavors more robust
- It eases out the company's effort to access capital
- It reduces the operating expenses considerably

Various Models of Corporate Social Responsibility

- CSR refers to the ethical efforts made by a company for the betterment of society
- Companies can contribute to CSR through donations, implementing environmentally-friendly policies, etc.
- Investment in CSR activities can give a competitive edge and enhance brand image
- Maintaining ethical policies and procedures influences how customers perceive the company
- There are various models of CSR based on philanthropy or business strategy

Carroll's CSR Pyramid'& Four Model Framework

- Carroll's CSR Pyramid is a popular model that outlines four models of CSR
- Choosing a suitable model is important for a company's core competence
- Archie Carroll's pyramid is the foundation of the modern definition of Corporate Social Responsibility (CSR).
- CSR refers to a business's behaviour that is economically profitable, complies with the law, is ethical, and is socially supportive.
- The most important conditions for CSR are profitability and compliance with the law.
- In 1991, Carroll expanded on this definition using a pyramid to illustrate the building-block character of the four-part framework.

- Carroll's four-part definition of CSR encompasses economic, legal, ethical, and philanthropic expectations of society from organizations.
- This set of responsibilities creates a foundation or infrastructure that helps to delineate the nature of businesses' responsibilities to society
- Carroll's CSR pyramid is a framework for organizations to take social responsibility.
- The pyramid highlights four types of responsibility for organizations.
- The four types are economic, legal, ethical, and philanthropic responsibility

- Society expects and requires businesses to sustain themselves and be profitable to continue operating.
- Businesses create profits by adding value and benefiting all stakeholders.
- Economic responsibility involves making decisions that consider the overall effects on society and businesses, while abiding by ethical and moral standards.
- Economic responsibility can improve business operations while engaging in sustainable practices.
- Economic responsibility is a baseline requirement that must be met in a competitive business world.
- Companies' economic responsibilities aim to enable business growth while benefiting the community and society.
- Firms that are not successful in their economic or financial sphere may not be able to fulfill other responsibilities
- Companies that adapt manufacturing processes to use recycled products and lower material costs are economically responsible and benefit society.
- Legal responsibility is the second layer of Carroll's CSR pyramid.
- Companies have a legal obligation to comply with laws and regulations.
- Laws and regulations reflect society's views of fair business practices established by lawmakers at federal, state, and local levels.
- Compliance officers are mandated in all organizations to ensure legal responsibilities are met.
- Companies are expected to operate consistently with government requirements and laws, and comply with national and local regulations
- Businesses have three types of responsibilities: economic, legal, and ethical.
- Economic responsibility refers to making a profit and maximizing shareholder value.
- Legal responsibility involves meeting legal obligations and supplying goods and services that meet the minimum legal requirements.
- Ethical responsibility goes beyond legal obligations and involves conducting business in an ethical manner by embracing activities, standards, and practices that society expects.
- Ethical responsibility includes being responsive to the spirit of the law, conducting affairs in a fair and objective manner, and adhering to the full range of norms, values, and expectations that protect stakeholders' moral rights.

Corporate Social Responsibility: Indian Experience

- The concept of Corporate Social Responsibility (CSR) has gained importance globally, including in India.
- CSR is not a new concept in India, as the social responsibility of companies has been accepted for a long time.
- India has a tradition of CSR that includes philanthropy and the Gandhian Trusteeship model.
- In the 1990s, the liberalization of the Indian economy led to a shift from a philanthropy-based model to a multi-stakeholder approach, where companies are responsible for all stakeholders, including financial stakeholders, employees, and the community.
- This approach requires CSR to be integrated into a sustainable business strategy.
- Large global corporations such as Microsoft and IBM have exposed India to a highly developed regime of CSR initiatives.
- Indian businesses have realized that their long-term success depends on the satisfaction of their stakeholders, and ignoring them could jeopardize their future prospects in the community
- Mandatory provisions in the Indian Companies Act require corporations to spend a certain percentage of their profits on CSR activities.
- The Indian corporate world is becoming more committed to making society more qualitative and environmentally safe.
- Employees, including top management, are actively involved in CSR activities.
- Corporations are encouraging employees to give back to society through a holistic approach.
- Many Indian corporations are joining hands with NGOs to set up laboratories, adopt schools and villages, educate kids and women in slums, and start health programs.

Mandated Provisions Under Indian Laws for 'Corporate Social Responsibility'(CSR)

- CSR is a way for companies to incorporate environmental, social and human development concerns into their planning and actions for ethical and societal benefits.
- CSR in India was traditionally seen as philanthropy, but Section 135 in the Companies Act 2013 mandated and quantified the expenditure on CSR activities.
- Companies with a certain net worth, turnover or profit are required to spend 2% of their average net profits of the preceding three years on CSR activities.
- Schedule VII of the Act places the community at the heart of all activities and advocates integrating CSR into core operations.
- Parliament legislated that CSR expenses are not eligible for deduction under section 37 of the Income Tax Act as they have a philanthropic nature and the objective is to share the burden of providing social services

ALL THE VERY BEST FOR YOUR EXAMS

SHORT NOTES FOR

CAIIB – ELECTIVE PAPER

HUMAN RESOURCE MANAGEMENT

Though we had taken enough care to go through the notes provided here, we shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents. Creation of these short notes is the efforts of so many persons. First of all we thank all of them for their valuable contribution. We request everyone to go through the Macmillan book and update yourself with the latest information through RBI website and other authenticated sources. In case you find any incorrect/doubtful information, kindly update us also (along with the source link/reference for the correct information).

Dr. K Murugan, DMS, MBA (Finance), MBA (HR), MCA, MSc (IT), CAIIB