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FACULTY OF MANAGEMENT SCIENCES

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COURSE TITLE: HUMAN RESOURCES  
MANAGEMENT

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# BUS 809: Human Resources Management

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# COURSE GUIDE

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Human Resources Management  
Department of Administration  
Master of Business Administration

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## Introduction

Organisations today face many challenges in the management of their human resources. Every month brings media reports on organisational re-engineering, restructuring, delayering, outsourcing, workforce diversity and downsizing. Most of these change-management strategies have implications for human resource management. The purpose of this course is to provide understanding of developments in the field of human resource management, that managers of organisation will increasingly face.

Most students who take human resource management (HRM) courses will not necessarily become human resource generalists or specialists. But it is an accepted fact today that everyone who works in any organisation will come in contact with HRIsA, (both effective and ineffective). Those who become operating managers must be able to manage human resource activities, because as elemental management functions, they can have major consequences for every organisation.

The overall aim, therefore, of this course on HRM is to introduce the student to the fundamentals of managing people in organisations. Human resource is considered today as the most valuable but problematic resource available to management. What makes it such a vital resource? How is it being managed? How can it be best managed? Who should manage it?

Traditionally, its management was viewed as the exclusive role of the personnel manager. Have changes occurred in the management of this vital resource? It will be necessary therefore that the student is introduced, not only to the various core functions involved in the management of people, but whose responsibility it is to do so, both efficiently and effectively

### Course aims

The overall aim of the course can be summarised as introducing you, the student, to the basic concepts, scope and processes of HRM. This will be achieved in the following ways:

1. Introducing you to the essential areas of HRM;
2. Treating you to concepts and principles relating to the management of people in organisation;
3. Presenting HRM in the context of how it contributes to organisational effectiveness and efficiency;
4. Making you gain a clear understanding of how each separate HRM function is consistent and supportive of the corporate strategy through which an organisation achieves its goals and objectives.

### Course objectives

To achieve the broad aims set out above, the course objectives are set out below. Each of the separate units of the course also has its objectives at the beginning of the unit, to guide your focus.

Once you have successfully completed the course, it is expected that you should be able to do the following:

1. Understand and critically discuss the many ways in which HRM contributes to the success and survival of an organisation.
2. Gain a good insight into the theoretical discussions about the dynamics of human resource management.
3. Discuss fully the various strategies that management need to put in place to ensure effectiveness in the acquisition, utilisation, training and development, maintain and reward employees in your organisation.
4. Identify and contribute to better decisions about the design of strategies for organising cooperation and managing conflicts in workplace labour-management relations.

### Structure of the course

This is a three credit units course made up of twenty study units. The course is made up of twenty study units covering the following four

broad areas of personnel/human resource management:

Introduction to HRM functions (units 1-5)

Acquiring employees (units 6-10)

Training, developing and rewarding employees (units 11-15)

Maintaining harmonious labour-management relations (units 16-20)

The specific study units are as follows:

1. Module One: Introduction to HRM  
Unit 1: The personnel function of management  
Unit 2: Human resource management  
Unit 3: Human resource planning  
Unit 4: Planning for organizational entry  
Unit 5: Communication for effective management
2. Module Two: Staffing the organisation  
Unit 6: Attracting a pool of applicants  
Unit 7: Assessing and selecting human resources  
Unit 8: Managing the joining-up process  
Unit 9: Managing performance  
Unit 10: Performance appraisal systems

3. Module Three: Empowering and rewarding employees
  - Unit 11: Employee's training and development
  - Unit 12: Management development
  - Unit 13: Motivation of employees at work
  - Unit 14: Job evaluation
  - Unit 15: Reward systems
4. Module Four: Labour-management relations
  - Unit 16: Industrial relations context
  - Unit 17: Discipline and disciplinary procedures
  - Unit 18: Grievance procedures
  - Unit 19: Collective bargaining
  - Unit 20: Managing employee's organisational exit

The first five units concentrate on basic conceptual and theoretical discussions relating to the nature and dynamics of human resource management process and the need to adopt a planned as opposed to a fire-fighting approach to HRM.

The focus of the next five units is on staffing the organisation and putting in place effective structure and processes for performance measurements and appraisal of employees' performance on their jobs.

The next five units address the principles and processes aimed at the achievement of systematic approach to human resource training and development, and motivating and rewarding employees for sustained productivity.

Finally, the last five units discuss critical issues on labour-management relations, and the hitherto neglected function of managing people - organisational exit.

#### Assessment

There will be two aspects to the assessment of the course:

1. Continuous assessment - Tutor-marked assignments (TMAS)
2. The written examination - of 3 hours duration

#### Tutor-marked assignments (TMAs)

In attempting the assignments, you are expected to utilise the information on concepts, theories and practices gathered during the course. Each assignment, which you will find in a separate booklet, should be submitted to your assigned tutor, by the cut-off date to be decided by the National Open University authority. The assignment will count for 50% of your total course mark.

You are required to submit eight (8) (two from each module) assignments in all to your tutor (unless the university authority gives a counter directive on TMAs). Each assignment would count for 6.25% towards your total score. The assignment questions for the units are contained in an assignment booklet.

#### Examination

The final examination for the course will be of three-hour duration and count for 50% of the total course grade. Typically, all areas of the course will be assessed during the examination.

including the safety and welfare of their employees.

It is in this respect that line managers could be said to be their own personnel managers. It is the line managers who have the immediate and direct responsibility for effective personnel functions.

The growing importance and awareness of human resource issues at the strategic level in organisations has raised a number of questions about the role of line managers in recent years. Key aspect of this is who now has responsibility over human resources management functions? Specifically, to what extent has the role of a line manager changed?

Recent debate has suggested that human resource decision, by being pivotal to the core performance of business (Storey, 1992), becomes a central concern of line managers, encouraging them to assume more responsibilities for staff decisions, as opposed to relying on the expertise of specialist personnel advice.

As a result of the recent developments, it is suggested that people's management is now integrated with organisation's corporate and operational decision making, rather than being merely espoused in official policies that may fail to meet operational needs. Consequently, more and more of personnel functions, traditionally the domain of the personnel managers, have passed to the line manager, who are, after all, responsible for co-ordinating and directing all resources in their business units, including human resources, in the pursuit of the strategic objectives of the enterprises.

It should be noted, however, that if the human resources functions are to be effective, there has to be a good teamwork, co-operation and consultation between line managers and human resource managers. Whatever the respective roles of the personnel managers and line managers, the personnel function can only be effective if it is based and implanted on sound policies and procedures. If it is to be implanted effectively, it requires the commitment of all members of staff, whatever their duties or positions within the organisation. Because of its elemental nature - it permeates all levels of organisation and all phases of its operation - it cannot be the sole responsibility of selected members of staff, it must therefore be viewed as a shared responsibility among top management, line managers and supervisors and the personnel (human resources) manager.

## 4.0 Conclusion

In this unit, you have been introduced to the role of personnel management in organisations. The role, as you were clearly informed, is to provide for the effective and efficient acquisition, maintenance and utilisation of the organisation's human resources. Personnel management exists in two forms. On the one hand is the relationship between the individual and his manager, while the second relates to the staff concept. All organisations have a personnel function which covers many aspects of people in an organisation. There are many other functions in personnel management, which could be classified into major areas of managing people.

## 5.0 Summary

The main focus of this introductory unit has been on the role of personnel management in an organisation. We have now been introduced to the nature

Complete and up-to-date employee record and data are vital for all personnel functions.

It is important to note that the above five major areas and their related personnel functions share the common objective of providing an adequate number of competent employees with the skills, knowledge, abilities and experience needed to fulfil organisational goals. Furthermore, it is important to note that although each function has been assigned to one of the four areas of personnel responsibility, some functions serve a variety of purposes, as we shall discover in subsequent units of the course.

For example, performance appraisal measures employees' performance for training and development purposes, as well as for purposes of wages and salary administration. The compensation function does not only reward productivity, it facilitates retention of employee and also serves to attract potential employees to the organisation (a staffing function).

Some of the core human resource management functions, such as human resource management planning, organisational entry, performance appraisal, training and development, and employee rewards are treated in greater detail in subsequent units of the course.

## 3.2 Responsibility for personnel functions

Organisations have their unique ways of organising the personnel or human resource functions. Many large organisations centralise the function in personnel department, where it is viewed as a staff function. Such a department will be considered as the focal point of personnel activities.

The personnel function is part of the generality of all managers and supervisors. However, it is the line managers who have this authority in their departments, and who have the immediate responsibility for personnel activities, although they invariably need a specialist's advice from the personnel manager.

In modern organisations, effective management of human resources involves a partnership between line managers and personnel specialists. Within this framework, the personnel function can be found to operate at two levels; the organisational level where it provides specialist expertise and advice on broad policy which generally affects the organisation's employees. This might include such activities as human resource planning, policies and procedures for staffing, training and development, trade unions, staff affairs, maintenance of human resource records and statistics, and liaison with external organisations on human resources matters, such as employers' organisations, particularly the National Employers Consultative Association (NECA), governmental agencies, training and professional associations.

At the operational or departmental levels, line managers tend to assume a more prominent role for day-to-day matters, with the personnel manager playing the role of adviser and when necessary, a controller or arbitrator. The line manager is typically more concerned with operational aspects of personnel activities within their own department; and even then, acting within the framework of corporate human resource policy guidelines. This would cover issues such as the organisation and allocation of duties, standard of work performance, on-the-job training, minor disciplinary matters, and so on. The line managers have the right and duty to be concerned with the effective operation of their units /departments,





# Human resource management

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## Structure

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      - 3.1.2 Is FIRM different from personnel management?
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## 1.0 Introduction

In the last unit, we examined developments in the management function of managing people, an activity commonly referred to as personnel management. The duties and responsibilities for people's management were looked at, and we came to the conclusion that the management of people in organisation is a shared responsibility of management.

The growing use of the term human resource management in place of traditional personnel management calls for some attention. In this unit, therefore, we shall be taking a close look at HRM and in particular, at the main features of the HRM model. We shall be asking what is new about it, and the extent to which it has become institutionalised as a practice in firms.

## 2.0 Objectives

After getting through the materials of this unit, you should be able to do the following:

1. Explain the essence and nature of human resource management and contrast this with traditional personnel management;
2. Analyse human resources management activities and functions.

## 3.0 Essence of human resource

The centrality of human resource (people) to the life, survival and growth of an organisation, both large and small, public or private, cannot be controverted. People are the life-blood of any enterprises; even with the

and dynamics of the management of people in organisations, the many functions in managing people and the shifting nature of the responsibility and authority for managing people in the ever growing and complex organisations. Subsequent units of the course will take a deeper look at each of the elements of managing people in our ever changing organisations.

## 6.0 Tutor-marked assignment

### *Question*

Define personnel management and explain its scope.

## 7.0 References and other resources

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Storey, J., (1995): *Human Resources Management: A critical text*, Routledge London.

Torrington, D. and Hall, L., (1991): *Personnel Management: A new Approach* 2<sup>nd</sup> Ed. Prentice — Hall, London.

We shall be considering in subsequent units, how effective human resources management constitute an essential ingredient for harmonising and seeking to match the expectations, needs and objectives of the employees, with those of the organisation on a continuous basis.

### 3.1 Personnel management and HRM

During the last two decades of the twentieth century there emerged an increasing use of the term 'human resources management' (HRM) to replace the traditionally known term 'personnel management'. This change is, however, still a subject of debate and controversy. The critical question is whether the set of practices known as HRM is fundamentally different from those of traditional personnel management. To address this question, it is necessary that we take a close look at the concept of HRM. What is new about it? What are its distinctive features? How different (or similar) are they from those of traditional personnel management?

#### 3.1.1 Distinctive features of HRM

Accounts of HRM are often presented as if they represent a dramatic and fundamental break with the past practices. It is argued, for example, that it represents a change of paradigm in the following ways:

- i. From a union-dominated and compromise-riddled industrial relations to an individualistic and strategically—oriented human resource management;
- ii. From the obstructive and bureaucratic personnel department to the business-driven and 'can do' human resource function;
- iii. A focus on individualism rather than collectivism, as the basis of employment relationships.

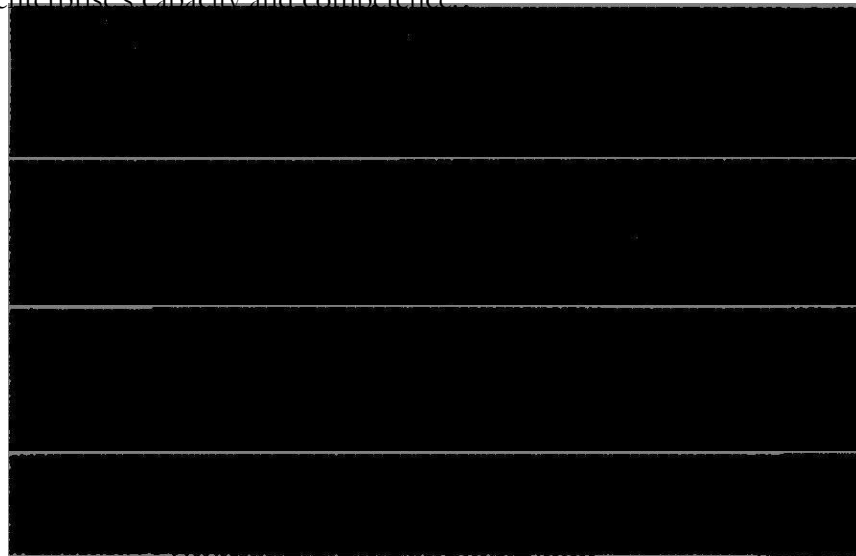
Storey (1992) presents a classification of the different meanings attached to the concept of HRM as follows:

- i. As a synonym for personnel management either loosely in order to substitute for others, equally loose usage (people management employee relations); or in a rather shallow way, to give a more modern ring to unchanged practices.  
As a signal that the various techniques of personnel management are being! ought to be used in a more integrated way, so that performance is improved through a cycle of strategic human resource interventions.  
i.e. integration of different aspects of HRM, in order to produce internal consistency in the execution of various policies.
- iii. As a description of a more business-oriented and business - integrated approach to the management of labour, approached in the same way as the other resources — capital, land, energy technology etc. — as having the potential to raise the performance and profitability of the organisation, rather than representing a problem area which can at best, be neutralised.
- iv. As an approach to the management of people which is qualitatively different, not only are HRM intervention firmly linked into a wider business strategy, but they look and feel different. This is because they tend to focus on the pursuit of employee commitment rather than the more traditional search for compliance and control.

wonders of modern technology, the human resources are the most versatile and adaptive resources available to organisations.

It has been suggested that the strategic value of human resource, among other things, lies in its discretionary decision-making ability. The critical element here are knowledge, skills and attitude (K.S.A) which people alone possess, and which is the source of the distinctive competence of any organisation. Thus, the essential strategic attribute of human resources is that it represents a firm's capacity to make decision and to respond to environmental threats and opportunities. This dependence of firm on the quality of their human resources has increased, as business survival increasingly requires effective management of PROCESSES, and not the management of THINGS.

This means, for instance, the management of processes of decision-making to bring the right people together as a team, around an identified, threatening problem, and ensuring that relevant resources are available on time, and are critically utilised to achieve desired objectives. Box 1.1 below provides a picture of human resource qualities and skill that makes up an enterprise's capacity and competence.



The decision thus far would suggest that without the right mix of human resources in an organisation, no corporate strategy, however well formulated in all other aspects, is likely to be successfully implemented. The essence of human resource goes beyond this.

The human resource is unique in yet another significant way Managing human resources is complex and problematic. People as individuals or as members of a work group, do not automatically embrace and take as their own, the objectives of the organisation that employs them as workers. As psychologists have empirically shown, individuals often have their own aspirations, expectations and needs (objectives), which they often seek to satisfy by working for a chosen organisation. People as individuals bring their own perceptions, feelings and attitude towards the organisation, systems and styles of managing their duties and responsibilities, and the conditions under which they are working. Invariably these individual objectives, which are known to influence employees' behaviour at work, may conflict with the corporate objectives of the firm.

Reasoning along similar lines, *Fowler (1987)* concluded that '*the real difference between HRM and personnel management is not what it is, but who is saying it. In a nutshell, HRM represents the discovery of personnel management by chief executives*'. That is, the chief executives have found out that personnel management is a major elemental function of top managers.

*Guest (1987)* has described some broad stereotypes which could be used to highlight the difference between the two models. Compared with personnel management, HRM is concerned with the following:

- i. Long-term rather than a short-term perspective;
- ii. Self-control rather than external control;
- iii. A unitary rather than a pluralistic perspective;
- iv. An organic rather than a bureaucratic structure;
- v. Integration with line management rather than specialist or professional role;
- vi. Maximum utilisation rather than cost-minimisation.

A detailed analysis by *Storey (1995)* identifies twenty seven points of difference between personnel and human resources management, categorised under four main headings of: beliefs and assumptions, strategic aspects, critical role of managers and key levers. (see table 1.2).

Table 1.2 Storey's HRM model

#### 1. Beliefs and assumptions

- a. It is the human resource which gives competitive drive;
- b. That the aim should not be more compliance with rules, but employee commitment;
- c. That employees should be very carefully selected and developed.

#### 2. Strategic qualities

- a. Because of the above factors, HRM decisions are of strategic importance;
- b. Top management involvement is necessary;
- c. HRM policies should be integrated into the business strategy to contribute to it.

#### 3 Critical role of managers

- a. Because HRM practice is critical to the core activities of the business, it is too invariant to be left to personnel specialists
- b. Managers need to be closely involved both as designers and drivers of the HRM policies;
- c. Greater attention should be paid to the management of managers themselves.

#### 4. Key levers

- a. Managing culture is more important than managing procedures and systems,
- b. Integrated action on selection, communication, training, reward and development.
- c. Restructuring and job redesign to allow delegation of responsibility and empowerment.

Source: Storey, 1995

Michael Armstrong (1992) has also put forward what he considered as four fundamental principles on which HRM is based. They are as follows:

People are the most important asset an organisation has, and their effective management is the key to its success.

Organisational success is most likely to be achieved if the personnel policies and procedures of the enterprises are closely linked with, and make major contribution to the achievement of corporate objectives and strategic plans.

- iii. The corporate culture, the values, organisational climate and managerial behaviour emanating from that culture will exert a major influence on the achievement of excellence. This culture must be managed, which means that strong pressure, starting from the top, needs to be exerted to get the values accepted and acted upon.
- iv. Continuous effort is required to encourage all the members of the organisation to work together with a sense of common purpose. It is particularly necessary to secure commitment to change.

### 3.1.2 Is HRM different from personnel management?

To what extent is FIRM genuinely new from the respective viewpoints of personnel management professionals and the wider management community? While noting clear similarities between FIRM and Personnel Management, Legge (1995) drew attention to some general differences. First, she identified the following significant points of similarity:

- i. Both models emphasise the importance of integrating personnel/HRM practices with organisational goals;
- Both models vest personnel/HRM firmly in line management;
- iii. Both models emphasise the importance of individuals fully developing their abilities for their own personal satisfaction, and to make their best contribution to organisational success;
- iv. Both models identify placing the 'right' people into the 'right' jobs as an important means of integrating personnel/ FIRM practice with organisational goals.

She has however, identified three major differences between the two practices:

- i. Personnel management is often viewed as a management activity aimed at non-managers. FIRM has a particularly strong focus on the development of the management team. There is an image of the organisation as a team with a common source of loyalty, one focus of effort and one accepted leader.  
In personnel management, the role of line management is an expression of '*all managers manage people*' with most specialist personnel work implemented within line management's department. FIRM gives much greater responsibility to line managers - moving beyond personnel management's sense of developing responsibility for the implementation of a set of personnel policies, that are still for the most part centrally determined, to a position in which line managers are seen as business managers, responsible for co-ordinating and directing all resources in the business unit, in pursuit of bottom-line results.
- ii. Most FIRM models emphasise the management of the organisation's culture as the central activity for senior management.

- i. HRM values are unitarist to the extent that they assume an underlying and inevitable differences of interest between management and workers.  
HRM values are essentially individualistic, and seek to avoid operating through group and representative system.  
HRM is not necessarily anti-union, but its practice poses considerable challenges to trade unionism. Thus, the rise of HRM is the reverse side of the coin from the decline of trade unionism
- iv. In reality, HRM tends to see little scope for collective representation or collective bargaining, and exerts pressure on employees to choose between their loyalty to their trade unions and their allegiance to the firm.
- v. Even where the practice of HRM does not take an overtly anti-union form, it may very well be introduced through policies, that tend to bypass the unions.
- vi. HRM, however, presents a major challenge to management competence, and to the ability of management to sustain the necessary quality of performance, so as to prevent issues arising, which provide fertile ground for union activity

#### Drawing the points together

We have looked at the range of ways in which HRM has been conceived and at some of the key differences between it and traditional personnel management. In summary HRM is based on the notion of integration — that decisions about the employment and management of people should not have an independent life of their own. It is highly focused on the relationship with an individual employee as well as the development of the individual employee, rather than on the collective regulation of relations with employees.

We have therefore noted the following distinctive features of HRM:

- i. It is aimed firmly at management and the development of management teams;  
It is inextricably bound up with shifting of responsibility for staff management to line managers;
- iii. It relies heavily on the active management of organisational culture, as a 'glue' that replaces the more procedurally-based framework of traditional personnel management;
- iv. It is, in the fullest sense, about more systematic exploitation (utilisation) of labour-force, in pursuit of corporate goals;
- v. It represents a shift in the ownership of people-management issues from the 'experts' of personnel and industrial relations to the mainstream, of the general management line. It is, in other words, about the discovery of personnel management by chief executives and general managers;
- vi. It represents a challenge to unions because it is individualistic in focus, and unitarist in tone and spirit;
- vii. It is a model that seeks to 'fit' the human resource to the organisation's strategic purposes, rather than seeking to reach accommodation with it (Cave 1994).

What evidence do we have of widespread adoption of HRM in practice and its systematic replacement of traditional personnel management? It would seem reasonable to conclude that, for now, there is no clear distinction between the two models. The term HRM has been used by different authors in different ways. Some used it as a prescription of the way employment

A key purpose of the model is to act as a classificatory device for determining what is and what is not human resource to the question, 'what constitutes human resources management (HRM)?' would be:

HRM represents a set of policies and practices for managing people.

This is integrated with the strategy of the business.

HRM describes a set of policies towards employees; notable for its internal consistency.

HRM represents an acceptance by the organisation, that its corporate strategy should be based on the capabilities of its human resources.

iv. HRM gives line managers a wider set of responsibilities for policies concerning managing people, and leads to a less prominent role for personnel specialists.

v. HRM captures the view that people are the prime resources of the organisations.

*Torrington and Hall (1991)* on their part see the nature and degree of difference between personnel management and HRM as remaining largely matters of opinion rather than fact, and that the similarities are much greater than the differences. They, however, drew attention to a substantive difference. Personnel management is workforce-centred, directed mainly at the organisation's employees. The employees are the starting point, and it is never totally identified with management interests. The underlying idea in personnel management is the fact that people have a right to proper treatment as dignified human beings.

HRM is more resource-centred, directed at management needs for human resources to be provided, deployed and utilised. There is greater emphasis on planning, monitoring and control, rather than mediation in everyday management—subordinate relationships. Underlying human resource management is the idea that this is much the same as any other aspects of management (of resources), and an integral part of it which cannot be separated out for specialists to handle.

### 3.1.3 HRM and industrial relations

Industrial relations, as we shall show in a later unit, is a specialised personnel management function. Here, we are interested in finding out if HRM model is different from that of industrial relations. Here, Storey (1992) again comes to our immediate help. According to Storey (1992), the classic definitions of industrial relations refer to it as 'the making and administering of rules which regulate employment relationships and the study of the institutions of job regulations'. He listed the distinctive features of HRM as follows:

- i. It eschews the joint regulative approach and even more so, the craft regulative approach.
- ii. It does not subscribe to custom and procedure manuals, and of deferring to personnel and industrial relations specialists.
- iii. It places emphasis on utilising labour to its full capacity or potential. Thus, it is about exploiting the labour resource more fully.

On his part, *David Guest (1999)* concluded that the impact which the adoption of HRM techniques has had on organisations' industrial relations are as follows:



relations should be conducted in today's organisation. It is this normative modelling that has dominated the literature, and which proposes the three distinguishing features of HRM as follows:

- i. A shift of focus from non-management employee relationship to the development of the management team;
- ii. A greater emphasis on line managers, rather than personnel specialists alone, in devising and driving integrated business and people management strategies;
- iii. The need for senior management to manage organisational culture.

Other writers have used the term HRM as a *description* of the way things are actually changing in organisations. Unfortunately, empirical evidence is as yet very scanty and by no means conclusive. It seems difficult, therefore, to escape the thought that HRM is really little more than 'old wine in a new bottle', associated with personnel management, seeking to enhance their status and influence.

## 4.0 Conclusion

In the foregoing discussion, we demonstrated the centrality of human resource to organisational growth and survival. We have also shown that there is much to admire in the human resource management\* (*as opposed to personnel management*) approach to the management of people in organisations. Especially, it can be argued that human resource management represents the elevation of personnel management to a more strategic level, the link with values and corporate mission, and the integration of all the activities into a framework which integrates these. It is not so easy, however, to distinguish human resource management from personnel management.

## 5.0 Summary

The discussion in the unit ended with the conclusion that, the extent to which personnel management can be said to have moved into another historical phase of human resource management is debatable. Human resources are clearly the most valuable asset of any organisation, and a resource which needs to be managed cost-effectively and strategically. It is pleasing, therefore, to see what appears to be an increasing emphasis on effective and strategic sourcing for, and securing the involvement and commitment of staff to the aims of the organisation. This can be argued as one of the justifications for the increasing use of the terminology 'people management', 'the management of people' or 'human resource management'. It remains difficult, however, to escape the feeling that human resource management is more real than the 'old wine in a new bottle' phrase, usually associated with personnel managers. To enhance their strategic status and influence within the organisation, there are no clear-cut distinctions, and titles do not necessarily provide clues. In many organisations, elements of human resource management approach and the personnel approach co-exist closely. It follows therefore that in subsequent units, we are going to use the terms, HR/M and personnel management, interchangeably.

## 6.0 Tutor-marked assignment

### *Question*

Many books and articles have been written about the differences and similarities between personnel and human resource management. What are your views on this debate?

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# Human resource planning

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## Structure

1.0	Introduction
2.0	Objectives
3.0	The need for a strategic HRM process
3.1	Factors encouraging strategic HRM
3.1.1	Elements of strategic HRM process
3.1.2	Organisational strategy and human resource
3.1.3	External human resource environment
3.1.4	Internal human resource audit
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## 1.0 Introduction

In Unit 2, the strategic importance of human resource to organisational growth and competitiveness was fully demonstrated. As a result of the strategic importance of 'people' to the organisation, it is commonly suggested today that the development of specific business strategies must be based on the areas of strength that an organisation has. Referred to as core competencies, they are the foundation for creating the competitive advantage for an organisation.

The competitive organisational strategy of the firm as a whole should be the basis for human resource management planning, which is the process of analysing and identifying the need for, and availability of human resource, so that the organisation can meet its objectives. In this unit, the need for a planning approach and the key characteristics of human resource planning model are discussed.

## 2.0 Objectives

After going through this unit, you should be able to discuss why organisations need to adopt a planned approach to their management of human resources, as well as define human resource planning, and fully discuss the critical elements of the human resource planning model.

### 3.0 The need for a strategic approach to HRM

As we have demonstrated in the discussions in the two preceding units of this course, the centrality of people to organisational performance and survival is no longer in dispute. Human resource has been confirmed by managers as having special strategic value for their organisations. They voiced the idea and have made the claim that their human resources differentiate them from their competitors — it gives them a competitive edge over their competitors. This significance of human resource as a source of core competence of an organisation has been confirmed by a study of 293 USA firms (Huselid et al, 1997). The study found that HRM effectiveness positively affected organisational productivity, financial performance, and stock market value.

A core competency is a unique capability in the organisation that creates high value and differentiates itself from its competitors. (Hamel and Prahalad, 1994) Core competency is the foundation for creating the competitive advantage for an organisation. A successful development of specific business strategies, is based on the area of strength (core competence) that an organisation has. Many companies are now developing competency profiles to describe the array of skills, knowledge and qualities required in a position. Such competency profiles are often used to define KSA required for specific positions.

It is now recognised by most managers that human resources contributes strategically to sustaining a competitive advantage for organisations. Barney and Wright (1998) have drawn attention to factors commonly referred to as the VRIO Framework, that relates to human resources as follows:

Value - it is human resources that create values and the ability of firms to respond to external threats and opportunities

Rareness - the special capabilities of people in organisations provide the significant advantage

Imitability - that human resources have a special strategic value when they cannot be easily imitated by others

Organisation - that the human resource must be planned and organised in order for an entity to take advantage of the competitiveness of the firm.

Application of the VRIO framework as a foundation for HRM means that people are truly viewed as assets and not as expenses. It also means that, like other organisational resources, it must be subjected to effective planning.

#### 3.1.1 Factors encouraging strategic HRM

Despite the strategic importance of human resource, the need for its planning, that is, treating it as an integral part of corporate strategic plan, has been given little attention or neglected altogether in most organisations. A strategic planning approach to this vital resource would provide a useful framework in which appropriate actions can be taken to ensure the desired result.

Effective human resource management requires a fundamental shift from the traditional short-term, tactical, fire-fighting approach of personnel-management, to strategic planning and management model.

Why is this a managerial imperative in today's business? First, we have drawn attention to human resource being seen today as a vital and strategic resources that must be managed cost-effectively like Other organisation's resources. Secondly, whether viewed financially or behavioural y, human resource is one of the single most costly and sensitive resource in most organisations. This is particularly true in service-oriented and labour-intensive organisations, both public and private.

On the financial (or fiscal) side, there are wages and salaries and other fringe benefits, the cost of which the manager must meet. It is common knowledge that the cost of meeting this overheads, on an average, can represent more than two-thirds of operating budgets of some organisations in Nigeria. And what is more, trends in labour and social legislations, since the late 1970's, which have granted workers greater security of employment and floors of rights and entitlements, have reinforced the upward trends in labour cost. Workers in Nigeria are now entitled to a galaxy of rights, the cost of which employers must bear in the process of attracting, utilising, training and developing, maintaining and disposing of human resource.

### *Activity*

Consult the Personnel or Human Resource Department of your organisation, from where you will obtain a list of fringe benefits and entitlements workers enjoy.

On the behavioural side are issues of labour satisfaction and dissatisfaction at work, the cost of which are evidenced in behavioural terms such as: low morale, poor productivity, labour turnover, absenteeism, poor work habits and strikes. Taken together or individually, each of these issues have serious cost implications.

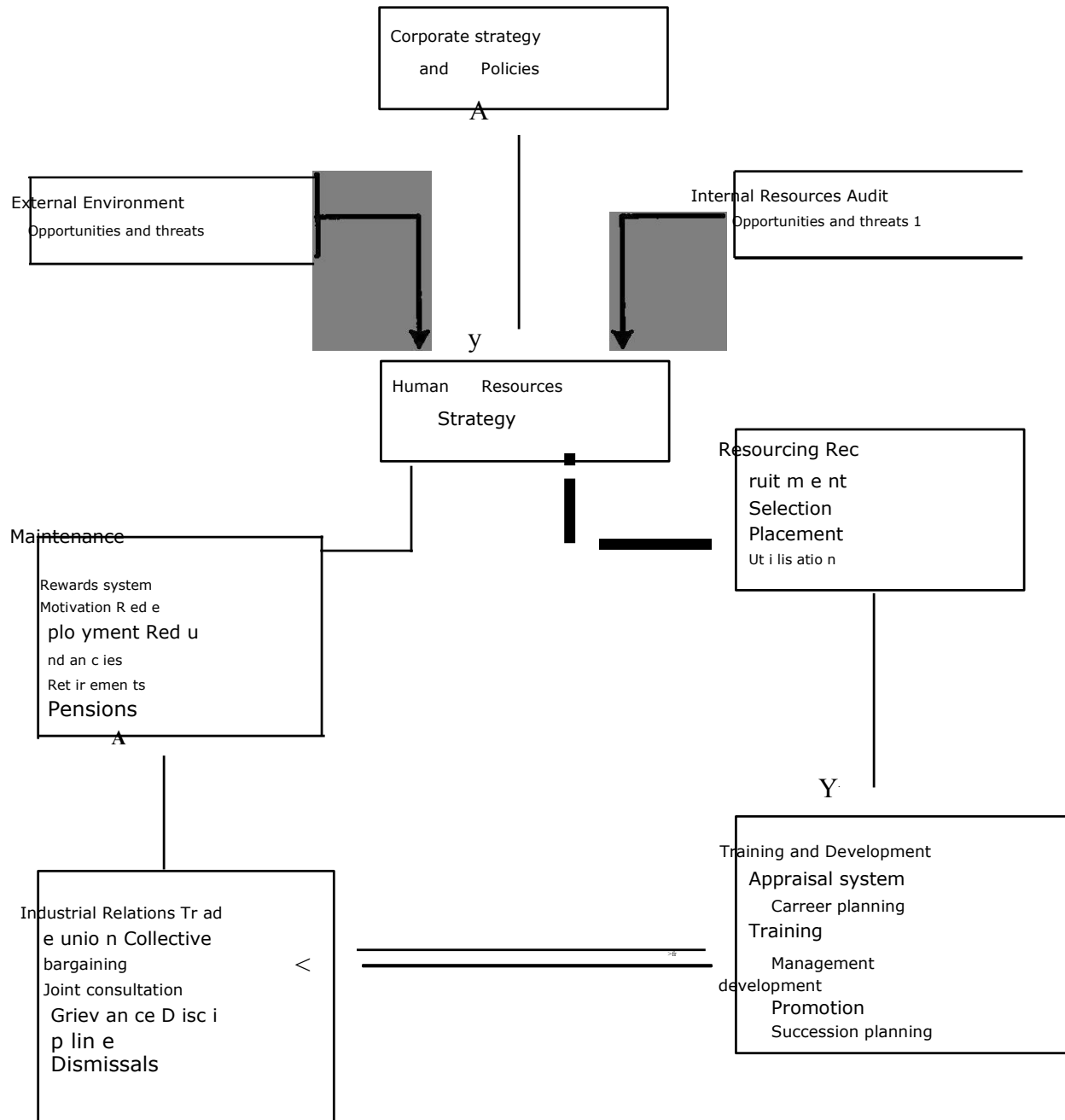
As trends in the business environment has become more varied, complex and illiberal (Child, 1973) the desirability of evolving a strategic planning approach to human resource management becomes imperative. A dominant feature of such an approach is that it seeks to integrate human resource policies into the corporate strategy with which the organisation pursues its corporate goals and objective.

The advent of corporate planning generally, has meant that in many organisations, more effort has been put into looking further ahead and checking that resources, including human, are sensibly organised to achieve agreed corporate goals and objectives. Those responsible for human resource management have been able to, or compelled by the growing complexity of managing change, identify the need to influence corporate decision-making in its earliest stages.

### **3.1.1 Elements of strategic HRM Process**

For HAM to be more responsive and capable of meeting the growing complexity of corporate management, it should form part of corporate strategy, and not regarded as something that stands in isolation. This demands that the starting point for thinking about human resource policy should be the identification of correct and future corporate human resources needs, for a given period, covered by the firm's corporate strategy.

Figure 1.3 Human resource management system



The activities of HRM described in unit one can be conceptualised and classified into groups of essential elements of the strategic HRM process, as depicted in Figure 1.3 on page 20.

The elements shown in the figure describe the core HRM activities, which management must undertake, if the organisation is to be successful in attracting, keeping, utilising, training, developing and maintaining its human resources. The specific activities of the sub-processes will be considered in greater detail in subsequent units of the course.

### 3.1.2 Organisational strategy and human resource

We need to specify, however, the key characteristics of the HRM process as depicted in figure 1.3. Chiefly, it is obvious that rather than the management of people being treated as marginal or reactive to corporate strategy, the process emphasises its direct integration and contribution to the achievement of sustained competitive advantage. HRM strategy is conceived of as an integral sub-process of corporate strategic planning. This integration of HRM policies with corporate strategic planning enhances the value of HRM functions. A precondition, therefore, for cost-effective HRM strategy is that decision-making is sufficiently informed by the corporate strategy of the organisation.

The outcome of corporate strategic management decisions should assist management, for example, in identifying functional activities and programmes related to the attainment of desired corporate objectives and indicating the required HRM functions, such as a needed pool of competences — knowledge, skills and abilities, levels, quantity and quality of human resources. This way, human resources strategy and policy are not simply reactive to corporate strategy, but contributing to it through the frame of references of the managers who formulate corporate strategy

### 3.1.3. External human resource environment

Second, the process indicates an integration of HRM planning with the external and internal environment of business. At the heart of strategic planning is the knowledge gained from scanning the external environment for changes. Environmental scanning is the process of studying the environment of the organisation, to pinpoint opportunities and threats. Scanning, especially, affects human resource planning because each organisation must draw from the same labour market that supplies other employers. In fact, one measure of organisational effectiveness is the ability of an organisation to compete for a sufficient supply of human resources with the appropriate capabilities.

The human resource environmental scanning process should take account of labour market threats and opportunities. The labour market is of strategic importance because it not only determines the supply of manpower, but also has a major impact on wage costs and the attitudes of employees. Some of the most significant labour market factors would include: demographic trends, patterns of employment, workforce composition and work patterns, levels of competition for labour, developments in the educational system, government initiatives on employment and other employment legislations, developments in technology and information technology in particular, mechanisation, and alternative work schedules (such as flexitime).

### 3.1.4 Internal human resource audit

The focus of internal environmental assessment is the analysis of existing stock of human resource, to identify potential strengths and weaknesses. The starting point here is an audit of the jobs currently being done in the organisation. The following questions would need to be addressed:

1. What job needs exist?
2. What is the manning levels of each job?
3. What are the reporting relationships?
4. Is such job still essential?
5. What new jobs need to be created?

Next, there will be need to obtain an inventory of current employees and their capabilities, age, sex, work experiences and other relevant values. Information obtained can be used to determine which additional capabilities would be needed and the long-term needs for staffing and human resource training and development. Equally important is that the audit of the current stock should seek to analyse changes in workforce to identify problem spots and likely changes as well as the labour losses to other organisations. Data from the above analysis can be aggregated into a profile of the current organisational workforce. This profile should reveal many of the strengths and deficiencies in organisations' human resources.

### 3.1.5 Human resource management strategy

The third major feature of the HRM planning process is the HRM strategy.

Activities in the foregoing three decision-making points (corporate strategy and environmental analysis) constitute critical inputs into the HRM strategy formulation process. Essentially, the inputs enhance management's ability not only to identify the organisation's human resources need, but also the firm's capability to meet the needs. Then through painstaking and critical analysis of data from the inputs, managers are able to generate policy options and develop strategies and tactical plans to meet the organisation's human resource needs on a continuous basis.

The HRM strategy becomes the means used to aid the organisation in anticipating human resources. It provides the overall direction for how human resource activities will be developed and managed. The plan provides what may be regarded as a blueprint for the future, to identify, where employees are likely to be obtained, when they will be needed, and what training and development they must have.

The HRM strategy also provides the critical inputs into the formulation of tactical HRM policies, which must be consistent and mutually supportive with one another. For example, the compensation system must fit into the performance appraisal system, which must fit into the human resource training and development. Above all, the different tactical human resource activities must be aligned with the general business strategy, as well as the overall HRM strategy, in order to support business goals and objectives. (Mathis and Jackson, 2000)

### 3.1.6 Tactical human resource action plans

Finally, the activities under the tactical action plans are aimed at ensuring the maintenance, on a continuous basis, of the capability of the organisation to achieve its corporate objectives, through the development of programmes



designed to optimise the contributions of human resources. The specific action plans are developed to provide more specific direction for the management of corporate human resource activities. These tactical activities are commonly known as the 'Core' functions of personnel or human resource management

Management functions in this regards, as depicted in figure 1.4 involve drawing up specific plans and procedures, to guide short-term and day-to-day practices in the following broad areas of human resource management.

#### Procurement of utilisation

- i. Job analysis
- Recruitment and selection
- ii. Placement and socialisation
- iv. Utilisation

#### Training and development

- i. Performance appraisal
- Training and development
- iii. Management development
- iv. Promotion and transfers
- v. Career planning and development

#### Maintenance and rewards

- i. Motivation and employees' welfare
- Remunerations and rewards
- iii. Retirement and pensions

#### Labour-management relations

- i. Union recognition and development
- Collective bargaining procedures
- iii. Joint consultation
- iv. Grievance and dispute procedures
- v. Health and safety
- vi. Redundancy and retrenchment

Some important points emerge from the model in terms of specific implications for human resource planning and management. First, the formal framework for organisational planning provides an explicit and comprehensive umbrella, within which specific planning for human resource should be developed. Planning for human resources, as part of a total corporate planning activity, therefore includes analysis, objective setting, determination of action, commitment of resources, and checking the outcomes against the objectives.

The second implication of the formal planning framework for human resource planning, is to raise the fundamental issue of the stage, at which 'people' influence the corporate planning decisions of the organisation. Hitherto, many organisations limit human resource planning to the traditional role of merely ensuring an adequate supply of suitably skilled employees, to carry out tasks necessary for achieving defined, organisational objectives. Some would now argue that human resources should directly influence the development and choice of particular corporate strategies. To do this implies a much more central role for human resource planning, as well as a much more comprehensive human resource management information system to back it up.

## 4.0 Conclusion

This unit has taken a close look at one of the newest and most significant personnel functions, human resource planning. The growing importance of human resource to organisational growth and survival will definitely increase the practice of strategic human resource planning and management. A strategic planning approach to HRM that we have shown, links human resources to organisational goals and objectives, which further lead to a systematic evaluation of the effectiveness of HRM programmes and activities. The model also links HRM planning to environmental (internal and external) scanning and analysis. Finally, the model requires tactical action programmes which will be internally consistent and supportive, and must align with the corporate strategy of the organisation.

## 5.0 Summary

Human resource strategies are critically important to organisational success in today's highly charged competitive environment. Human resource strategies guide development of a more flexible, adaptive organisation. There are plans which address opportunities, so as to gain and sustain competitiveness through the management of people. The capacity to implement business strategies requires implementation of human resource strategies, focusing on people-related issues. Human resource plans are designed to help management anticipate and manage increasingly rapid, even tumultuous change. They provide the means of aligning the management of human resources with the strategic context of the business. The planning approach, as we have discussed, defines human resource strategy in the context of the organisation's overall strategic management process. In this way, all other core functions of HRM become integrated parts of a dynamic process for managing strategic change.

## 6.0 Tutor-marked assignment

### *Question*

Outline the major steps in human resource management planning process and comment on the principal considerations at such steps.

## 7.0 References and other resources

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# Planning for organisational entry

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## Structure

- 1.0 Introduction
  - 2.0 Objectives
  - 3.0 Theoretical approaches to organisational entry
    - 3.1 Person-job fit
    - 3.2 Social negotiation
    - 3.3 Person - organisation fit
    - 3.4 Job analysis
  - 3.5 The importance of job analysis
  - 4.0 Conclusion
  - 5.0 Summary
  - 6.0 Tutor-marked assignment
  - 7.0 References and other resources
- 

## 1.0 Introduction

The most important function in any organisation is effective staffing. Everything about organisation comes back to people, as was argued in an earlier unit. Replenishing the stock of human resource is therefore a vital activity in all organisations. If you don't appoint staff with the right temperament and knowledge, skill and attitudes (KSA) to perform appropriately defined and assigned responsibilities and duties, all those fancy theories of motivation, empowerment and commitment are not likely to be of much use.

Since the staffing process either opens the firm's door to prospective employees (or slams it in their faces), the proficiency with which it is managed is of critical importance to efficiency and effectiveness in the organisation. The process should be conceived of as a series of intertwined, decision-making sub-processes, complementary but each of which is important in its own right. The basic element in the process are presented in the figure 1.4 below:

Figure 1.4 Basic elements in staffing process

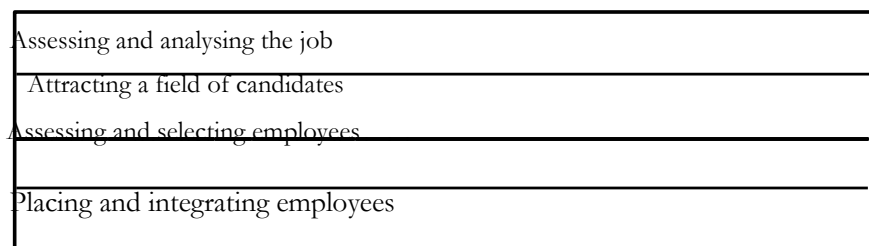


Figure 1.4. Shows the staffing process as made up of four major sub-processes. The cumulative result of these sub-processes invariably determines the future health of an organisation. Each of these sub-processes is treated as a separate unit that makes up the module on organisational entry. The discussion in this unit is therefore confined to assessing and analysing the

## 2.0 Objectives

Specifically, going through this unit, you should be able to do the following:

- i. Deal with the different theoretical approaches to the staffing process
2. Understand the importance of job analysis as a pre-requisite for sound and effective staffing;
3. Comprehend the work involved in job analysis.

## 3.0 Theoretical approaches to organisational entry

This section considers three different approaches to organisational entry, person-job fit, social negotiation and person-organisation fit. Each is based on different assumptions about people and about what determines behaviour at work. You need to be clear about these assumptions.

### 3.1 Person-job fit

This traditional approach to staffing is based on the view that organisations should specify as closely as possible, the requirements of the job, and then look for individuals whose personal attributes fit those requirements. Hence, it is often called the 'person-job fit approach'. The underlying assumption is that human behaviour is determined by factors external to the individual, and the clear implication is that staffing techniques should be concerned with accessing and measuring these internal, personal factors, which can then be matched against those required for the job. The reliance on this approach often involves the utilisation of a wide range of tests both informal and structured.

### 3.2 Social negotiation

The following ideas are central to this alternative organisational entry paradigm:

- i. People are constantly changing;
    - ii. People's self-perceptions are important;
    - iii. Jobs are constantly changing;
    - iv. Selection is of both parties;
    - v. Information is exchanged;
    - vi. Negotiation takes place;
- The purpose is to establish a psychological contract or discover that one is not feasible.

The expected outcome of this approach — the psychological contract

involves the creation of a work environment, favourable to good job performance. Importantly, this approach has highlighted the critical role of both parties - applicant and organisation - in decisions about organisational entry. This approach emphasises the need to help the newcomer perform better by enhancing their understanding and motivation during the process. In contrast, the person - job fit approach aims only to identify the person who will perform best on the job.

The two approaches are built on fundamentally different assumptions about the determinants of people's behaviour. The person -job fit approach states that the determining factors of people's behaviour come from within the individual - the personality traits that are consistent and enduring. In contrast, the social negotiation approach is based on the idea that factors external to the individual have critical bearing on the individual's behaviour.

Consequently, if you plan to develop appropriate staffing strategies, you would need to address the following questions about people's behaviour:

- i. Does behaviour come from within, or is it determined by the situation in which we find ourselves?  
Is behaviour consistent across situations, or do people behave differently in distinct situations?

- iii. Can behaviour be predicted?

It is important to note that after over three decades of argument between, the trait and situational theorists of a work behaviour, a consensus has developed. Many previous trait theorists have come to think of personality traits as ranges of possible behaviours which depend on the requirements or demands of the situation. Similarly, many situationalists now accept that human behaviour, while being driven by the situation, also has a degree of stability and predictability.

### 3.3 Person - organisation fit

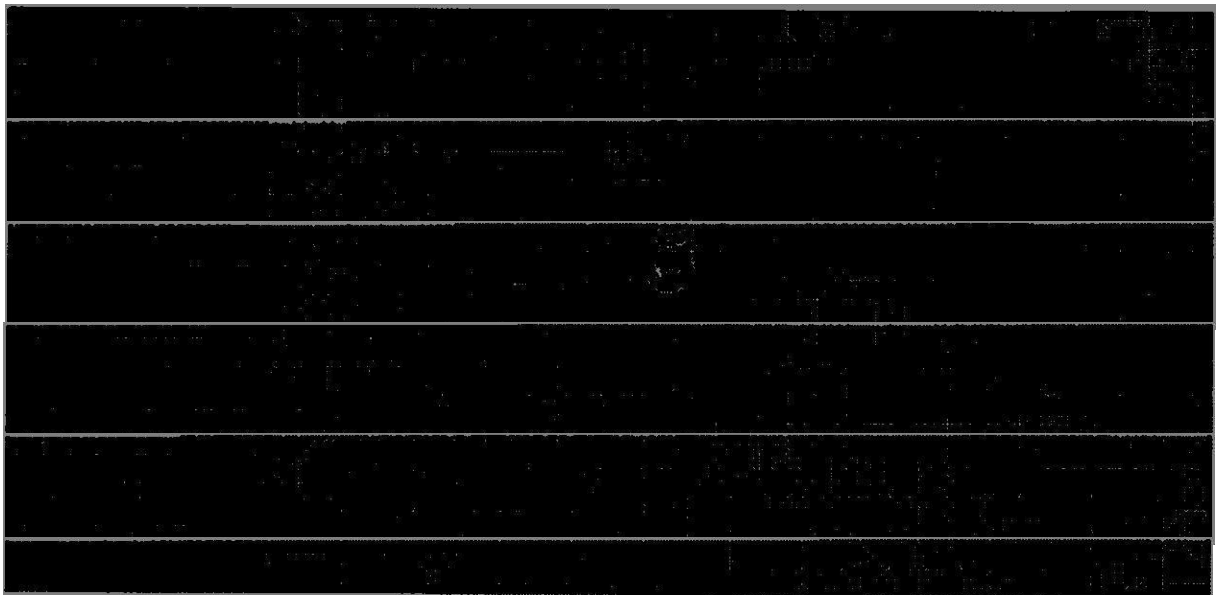
While the above development unfolds over the decades, personality theorists with an interactional perspective have appeared on the scene. This approach believed that human behaviour stems from an interaction of person and situation, or internal and external characteristics. This has important implications for organisational entry.

1. Several interactionalists have suggested that, if you want to predict people's behaviour and their performance, you need to analyse their 'fit' with the organisation's culture.
2. An interactional perspective on organisational entry highlights the importance not only of assessing job-related performance, but also of creating an environment that suits newcomers, and of creating a job that is satisfying and motivates the individual.
3. The interactional perspective acknowledges that high performance in one situation does not necessarily mean that the person will perform well in a new situation. Therefore, this perspective prompts the manager to explore the reasons why a person has performed well in their existing situations - that is, how the person interacts with the situational factors in their current jobs - so that he or she can consider how the person will behave in a new situation.
4. Organisations are affected by people, and people are affected by organisations. Therefore, when choosing who to recruit, the manager is influencing the future of the organisation.

The discussion so far on the approaches to organisational entry is summarised in table 1.5 below. In practice, the distinction between these approaches may not be clear cut. This is because the person - organisation fit approach incorporates the person - job fit approach to some extent, and considers a number of other factors as well. It is also the case that the social negotiation approach incorporates the person - organisation fit approach. Hence, the difference between the three approaches are a matter of emphasis, with the new approaches striving to take account of a broader range of factors associated with the entry process. And it is precisely that relative importance of different factors that will determine which approach should form the basis of an entry strategy in a particular situation.

Table 1.5

Summary of approaches to organisational entry



Source: OUUK. B800.85

### Activity

- a. How important is ability to do a job, to both the person - organisation fit and social negotiation approaches?
- b. How would you react to the claim that the person - organisation fit and social negotiation approaches are impractical in most situations, because they would be costly, difficult and time consuming?

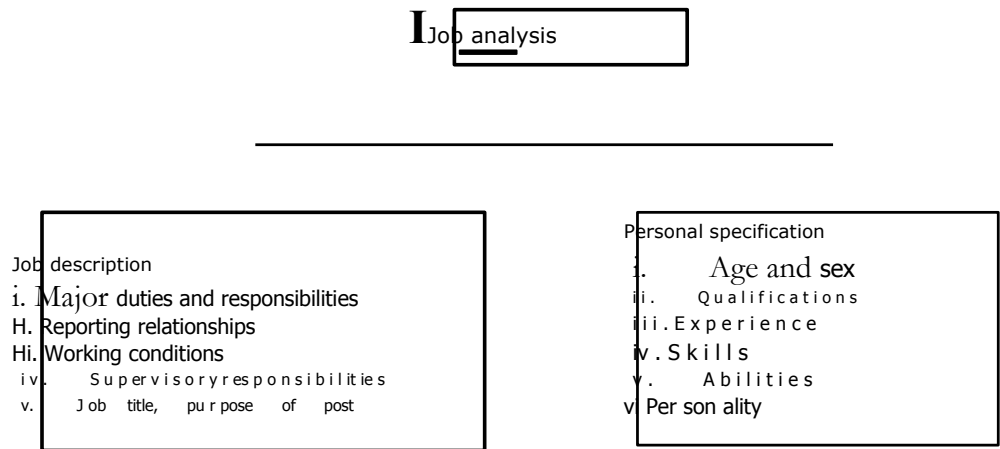
## 3.4 Job analysis

Central to effective staffing is job analysis. As the steps involved in the staffing process is sequential, any error made during job analysis will cascade down through the whole process, creating greater problems elsewhere. Job analysis is therefore the total process by which you derive, first, a *job description*, leading to second, a *person specification*. Information

about a specific job is obtained through observation, questioning, using tests, critical incident analysis and so on. This information is typically assembled to gain a full understanding of the critical component of the job and the context of the job. The entire human resource management function rests on effective job analysis.

Figure 1.6 below gives a graphic representation of that which we have discussed in the foregoing.

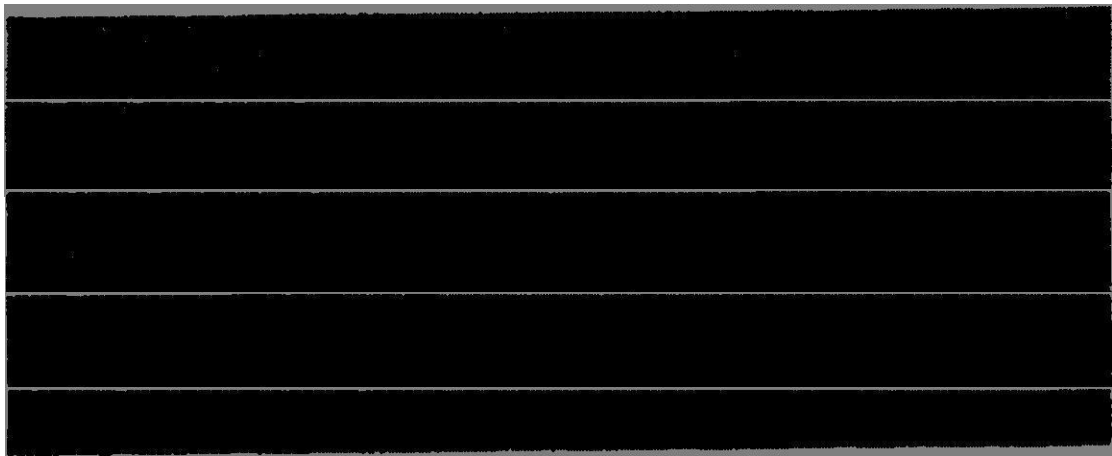
Figure 1.6 Job analysis, Job description and person specification

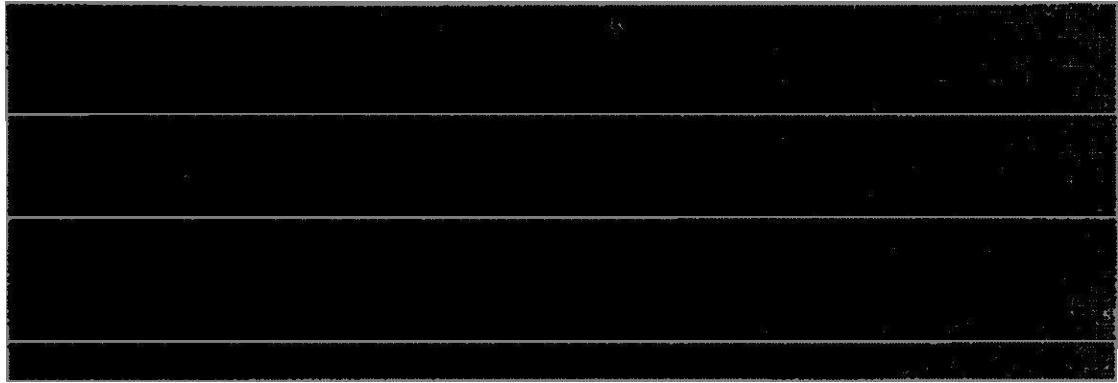


A job description tells you about the total requirements of the job. It tells you precisely what a job is, its purpose, the duties, activities and responsibilities attached to it, and its position within the formal structure of an organisation.

A person specification is an extension of the job description. It not only tells you about the job, but also provides a blueprint of the 'ideal' person to do the job. Typically, it details the personal attributes and qualities associated with successful performance of the job, for example; acceptable qualifications, experience, technical skills, physical characteristics, health and personality, and any special requirements necessary to carry out a specified job. An example of job description and person specification is illustrated in figure 1.7 below.

Figure 1.7 An example of job description and person specification





### 3.5 The importance of job analysis

Despite possible limitations, the process of job analysis can aid managers in the following human resource decision - making points:

- i. Assessment of where the organisation stands, and where it wants to get to with regards to the tasks that must be performed, the skills required to do the work, and the roles that need to be performed;
- ii. Analysis of how the job might develop, and what qualities will be needed for the individual to develop within the organisation;
- iii. Analysis of the organisational environment which involves the job that the newcomer will do, the subculture and work group they will join, the organisation's mission, objectives, value and dominant culture, the technologies that are used, and the external environment in which the organisation is located. As you progress through this course, you will encounter several tools and techniques for environmental scanning and analysis of organisational change.

#### Activity

*Consider a job you have had. State briefly what was done by the unit in which you worked. Explain how your job fits in with others in the organisation and identify the purpose of your position.*

### 4.0 Conclusion

In this unit, we have discussed different theoretical approaches to the staffing process. The need to have an accurate idea of a job, and the particular skills and attributes that it demand, as a pre-requisite to effective staffing was treated under job analysis, job descriptions and person specifications. We also tried to explain what is involved, and the benefits of preliminary sub-processes.

### 5.0 Summary

It is worth stressing that a vital work in effective staffing of organisation lies in the preliminary stages of knowing the job, and the particular demands of the job in terms of KSA. Through this unit, your understanding of the theoretic assumption about people in work organisation, and the concepts of job analysis, job description and person specification, and how they are



closely intertwined, ought to have been enhanced. Above all, it would have become obvious that if you are going to identify and select the right person for the job, you need to have an accurate idea of the job.

## **6.0 Tutor-marked assignment**

### *Question*

Explain the following human resources management techniques and show their relevance and signification in human resources management processes: Job analysis, job description and job specification

## **7.0 References and other resources**

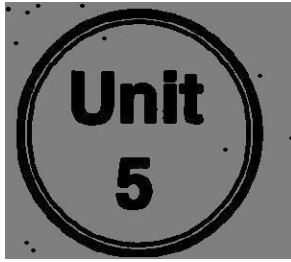
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The text also draws material from the following Open University (UK) text:

B800135. Core functions in Managing People.



# Communication for effective management

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## Structure

- 1.0 Introduction
  - 2.0 Objectives
  - 3.0 Why communicate?
  - 3.1 Understanding communication process
  - 3.2 Barriers to effective communication
    - 3.2.1 Technical and physical barriers
    - 3.2.2 Socio-psychological barriers
    - 3.2.3 Perception
    - 3.2.4 Serial distortion
  - 3.0 The communication climate
    - 3.3.1 The open, supportive communication climate
    - 3.3.2 The closed, communication climate
  - 4.0 Conclusion
  - 5.0 Summary
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  - 7.0 References and other resources
- 

## 1.0 Introduction

Communication for effective management in an organisation is the theme of this unit. When we communicate, we are trying to establish a 'commonness' with someone; that is to say, sharing information, ideas and attitude. Conducting relationships implies communicating with people, and your work as a manager is filled with instances of communicating with others.

Communication is a major activity of business organisation. The ability to communicate clearly and accurately is one of the most valued skills in business. In this unit, we shall take a closer, analytical look at communication. We shall introduce the idea of communication as a process, and then explore some of the barriers to effective communication. We shall also examine some of the ways in which the quality of communication in an organisation is determined.

## 2.0 Objectives

After studying this unit, you should be able to do the following:

1. Explain why communication is important to the managers;
2. Analyse the ways in which your work as a manager involves communication of various kinds;
3. Explain the relevance of the communication process;

4. Recognise the common barriers to communication that arise within an organisation, and suggest how they might be overcome;
5. Understand and explain the following concepts, feedbacks, serial distortion and perception, as active process and technical and human models of communication.

### 3.0 Why communicate?

In the modern era of the information explosion, nothing is more central to an organisation's effectiveness than its ability to generate and transmit relevant, accurate, meaningful and understandable information among its stakeholders. All the advantages of organisation — economics of scale, technical and financial resources, diverse competencies, are of no practical value, if the organisation's stakeholders are unaware of WHAT is required of WHO, HOW, WHEN and WHERE. These must be communicated by management, who are charged with the responsibility of achieving desired results through cost - effective utilisation of resources. Interacting and conducting required relationship with these stakeholders implies communication.

Managers are the nerve centre of the organisation. Effective communication is the crucial tool a manager has at his disposal for developing and sustaining a smooth, functioning work-team, for directing the employees, and for coordinating and controlling their activities towards the accomplishment of corporate goals and objectives, as well as satisfying the aspirations and expectations of employees.

A manager, who wants to successfully accomplish his objectives of managing work and people, occupies many work roles simultaneously, and all the roles demand that the manager is effective in communicating. Executives have estimated that they spend approximately 90 percent of their time communicating in form of; reading, writing, speaking, or listening (Lewis, 1980).

Mintzberg (1991), a management guru, confirmed that a sample of the Chief Executives he studied, spent 78% of their working time on verbal communication alone. Of the ten managerial roles, Mintzberg identified communication is of prime importance. For example, let us consider the manager's role as a decision maker, which requires making discriminating choice. Here, the manager would request for data, facts, ideas, reports, opinions, and make observations to enable him or her monitor work in progress, control and take appropriate decisions to guide and direct the organisation towards the achievement of objectives and targets.

It is through effectiveness in communicating that the manager is able to do the following:

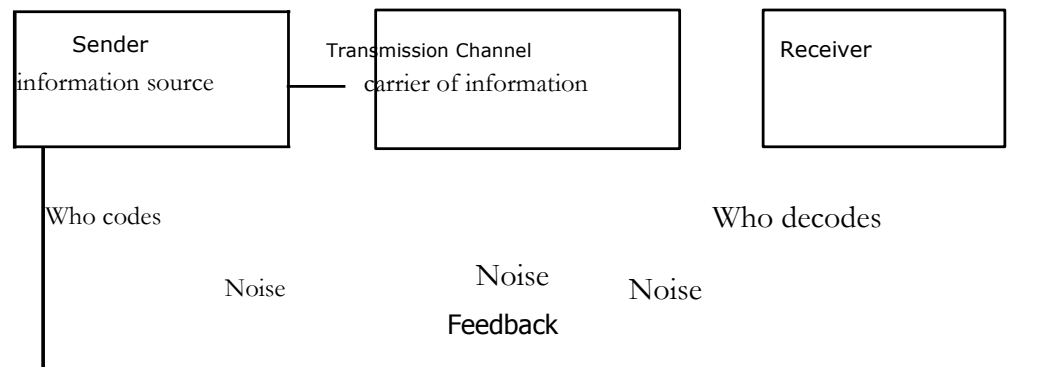
- i. Inform—establish and disseminate information;
- ii. Influence—lead, motivate and mobilise;
- iii. Activate—direct, instruct and control.

Communication has as its ultimate purpose, the integration of managerial and employee functions. Furthermore, it is through effective communication that managers can perform all the core functions of managing people within the organisation.

### 3.1 Understanding communication processes

Communication, as we have noted, is the capacity of an individual to convey ideas and feelings to another individual, and where necessary, to evoke a discriminating response. Effective communication means the successful transfer of information, meanings and understanding from a SENDER to a RECEIVER. This is usually referred to as a process of imparting ideas, and delivering objective, accurate and timely information from a source to a receiver through a channel. Figure 1.8 below shows the conventional model of the communication process.

Figure 1.8 Conventional model of the communication process



What comes out clearly from the above model is the sender, who initiates the communication process, *encodes* the message, chooses a channel for transmitting the message so that it can reach the receiver, who decodes it. In other words, the sender sends the message through a channel to the receiver, who interprets and deciphers the message, and sends meaningful feedback for the former sender, to in-turn decipher. The ultimate aim is for the meaningful feedback to be the same as the message 'received'.

The exchange of information is successful and effective only when mutual understanding has taken place. Unfortunately, communication seldom results in effective transmission of information for a number of reasons:

- i. If the information is distracted;
- ii. If the receiver is unable to interpret or use the information;
- iii. If there are other forms of barriers to effective communication.

Feedback is a process of checking and clarification, through asking questions and repeating the message to ensure that the encoding and decoding result in mutual understanding of the message. This is an essential but often neglected part of the communication process. The feedback process also draws our attention to the fact that true communication is a

two-way process. The major benefit of the feedback process is that it provides opportunity not only for clarifying the original message, but also for new insights and perspectives on the original ideas, which may then be notified.

## 3.2 Barriers to effective communication

A number of barriers to effective communication exists in all organisations.

These can be classified into two, namely physical or technical, and socio-psychological barriers.

### 3.2.1 The technical or physical barriers

These barriers are those that can minimise the opportunities for effective communication to occur. These may include, among others:

- i. Poor means of communication such as typing facilities, photocopying, telephone breakdown, poor audio-visual aids, and other related facilities.
- ii. Time constraints that prevent the opportunity to communicate.

Most physical barriers are relatively easy to remove, once they are known to exist.

### 3.2.2 Socio-psychological barriers

The more difficult sets of barriers are the socio-psychological barriers. These usually arise from perceptual differences of persons in communication relationships. Many of the problems may be the result of attitudes, norms, values and beliefs held by parties. For example, the sender determines what he or she wants to communicate, how to phrase the message which is often influenced by his perception of himself, the image he has of the receiver, and his conception of this role in the organisation. What you must be aware of, as a manager, is that the process of communication is an active (*not a passive*) process. People do not simply encode and decode messages passively, they actively select and interpret them, try to make sense of them, and strive to give expression to their thoughts.

Consider, for example, the sender, who initiates the communication process. The message he intends to communicate is rarely self-evident; it often consists of half-formed thoughts and ideas. To communicate, he has to give expression to those thoughts and ideas by putting them into acceptable words (languages) and symbols. This is a complex process, which would require you to choose appropriate language (technical and socially acceptable), the symbol and expression.

As for the receiver, we need to be aware that people do not passively receive messages; they select, filter and interpret them. If people think that a message is unlikely to be interesting or unimportant, they may ignore it altogether. Even when we have decided to concentrate on something, our mind may wander and we may switch our attention to some other things. Each of us, because of our unique background and socialisation, develop our own frame of reference, which influences our perception of the world around us, and the way we see and respond to it.

### 3.2.3 Perception

This is the process by which we actively make sense of the world around us and respond to it, taking in information that is consistent with our frames of reference, and filtering out information that does not fit. If our personalities and perceptions were identified, we would all tend to think alike and communication problems would be rare.

### 3.2.4 Serial distortion

There is what is commonly referred to as serial distortion process. A common problem in a large organisation is that messages often have to travel long distances, and go through several people, before they reach their final destination. When this involves oral communication, the chances are that the message received would be somewhat different from the original message — because everyone involved in receiving and transmitting it will inevitably add their own interpretation. In what ways can messages be so distorted?

- a. Particular points in the message may be highlighted, that is to say, given an increased prominence and importance.
- b. New information may be added (or subtracted) to make the message sound more interesting and palatable.
- i. Certain details may be modified to suit either the receiver or the sender. The order of the events may be altered - often done to make the message seem more logical, but it can affect the accuracy.
- iii. Gaps may be filled-in to make sense of the message, and make it sound more credible.

Sometimes, these distortions are deliberate. People may decide that a particular message reflects badly on them, or they may want to withhold it from others in order to exercise their own power. We must bear in mind that information can rapidly assume a political perspective in an organisation. Often, however, the intention may not be malicious. It is simply that as we decide, interpret and decode any message we convey, and the more stages it passes through, the more room there is for distortion.

As a form of summary of the many ways distortions can block effectiveness in the communication process, table 1.9 on page 37 provides a picture of the major phrases and possible barriers to effective communication.

Table 1.9 Major barriers to effective communication


Source: Torrington & Chapman, 1979.

### 3.3 The communication climate

Why is it that communication often seems to flow more smoothly within some groups of people than others? One reason is that the prevailing communication climate directly influences the extent to which communication is a positive or negative force in any organisation. An open or supportive communications climate promotes co-operative working relationships, and is therefore conducive to effective information gathering and transfers. A closed and defensive communication climate has the opposite effect.

Communication climate is not something that exists beyond the people who work together in the organisation; it reflects the skills and dispositions that people bring to the work situation and modified by their interactions and experiences in the organisation. A conducive communication climate has to be created and nurtured by management.

#### 3.3.1 The open supportive communication climate

It has long been observed that people are more likely to have a sense of worth and importance, and feel free to speak without fear of reprisal, in an open and supportive environment. This kind of situation promotes an understanding of what each team member wants to accomplish, and also encourages working together towards common goals.

Supportiveness is communicated most clearly with the following kinds of response.

- i. Descriptive response: statements that are informative rather than evaluative.  
Solution-oriented response: a focus on problem-solving, rather than an emphasis on what cannot be done.

- iii. Open and honest response: even if criticism is expressed, there are few hidden messages; the aim is to help and improve.
- iv. Caring response: puts an emphasis on empathy and understanding.
- v. Equalitarian response: communication that values everyone, regardless of their role or status.
- vi. Forgiving response: recognising the inevitability of error or misjudgments, and the likelihood of taking action to minimise repetition.
- vii. Feedback response: these are seen as a positive and essential part of maintaining good working relationships and high levels of performance.

Management style is a critical factor in determining whether the communication climate is open and supportive. If there is a history of suggestions being welcomed and acted upon, mistakes being used as an opportunity to learn, and crises being dealt with in an even-handed way, then staff are more likely to be open in their communications. They will feel trusted, secure and confident in their jobs and in the organisation as a whole. Effective team-working, flexibility and a sense of involvement—all contribute to (and benefit from) an open and supportive climate.

### 3.3.2 The closed communication climate

Effective communication is one of the first casualties in a closed and defective work environment. When the environment is highly 'political', competition for approval, promotion or resources is invariably high on the hidden agenda. In this kind of environment, 'information is power'. People often become very possessive and territorial about the information to which they have access. Control is maintained through the suppression of open forms of communications. Information is given or withheld to reinforce a person's position rather than to contribute to effective working.

Communication behaviours that are likely to predominate in a close communications environment have been found to include the following:

- i. Judgment behaviour: people are explicitly expected to conform to

certain types of behaviour and to inhibit or change attitudes and behaviours that are inconsistent with the norm.

Deceptive behaviour: messages tend to hold a hidden meaning, or are expressed insincerely or in a manipulative way.

Non-caring behaviour: communications tend to be detached and impersonal, and show little concern for others.

- iv. Superior behaviour: people's ways of interacting with each other tend to emphasise their differences in status, skills or understanding.

- v. Dogmatic behaviour: there is little discussion and an unwillingness to accept other points of views or to compromise.

- vi. Hostile behaviour: there is a predominantly negative approach, which places little importance on the needs of others.

Effective managerial communication, in these circumstances, tend to breakdown to such an extent that the interaction between individuals is minimal; certain topics are simply not discussed and verbal aggression becomes more commonplace. Communication still exists, but it can easily become defensive and covert.



## 4.0 Conclusion

An important way to achieve behavioural effectiveness in the workplace is to communicate effectively. Effective communication is one of the major ingredients of the manager's job. It involves a process of passing information and understanding from a sender to a receiver. Managing communication involves understanding the numerous barriers to effective communication and knowing how to overcome them. The unit examined some of the barriers that arise from time to time, and also introduced a number of ways to underline the communication culture.

## 5.0 Summary

Communication is what all managers spend most of their working day doing as the 'nerve' centre of the organisation. It is a major part of their role. In particular, communication is about people in an organisation. It is essential to the main function of management — managing people. Communication cannot take place outside a network of people encoding, transmitting, decoding and interpreting information.

As we shall find in subsequent units of the course, effective communication is integral and supportive of each of the core functions of managing people in organisations.

## 6.0 Tutor-marked assignment

### *Question*

What is the value of effective communication skills in the workplace?

## 7.0 References and other resources

Lewis, P.V. (1980) *Organisational communication: Essence of effective management, 2<sup>nd</sup> Ed.* Grid Publishing, Ohio.

Majors, R. E. (1990) *Business communication*, Harper and Row Publishers, NY.

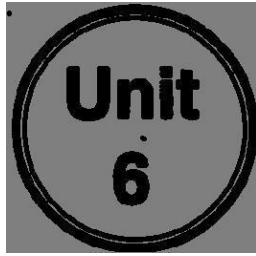
Material was drawn from the Open University course B800 book 6: *Managing People: A wider view*, Session 2. Communication.

Mintzberg, H. (1975) *The Manager's Job: Folklore and Facts*, Harvard Business Review, July — August, pp. 49-61.

Mintzberg, H. (1991) *The Manager's Job: Folklore and Facts*, Prentice Hall, Englewood, Cliffs, NJ.

Oribabor, P. (2000) *Effective communication: A tool for successful management* in Oribabor, P. E. and Ogunbanjo O.A. Ed., *Introduction to industrial Sociology*, O.A.U. Press Ltd., Ile-Ife.

Torrington, D. and Chapman, J. (1979) *Personnel Management*, Prentice Hall, NJ.



# Attracting a pool of candidates

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## Structure

- 1.1 Introduction
  - 2.0 Objectives
  - 3.0 Recruitment: what is it?
  - 3.1 Responsibility for recruitment
  - 3.2 Sources of recruitment
    - 3.2.1 Internal recruitment
    - 3.2. External recruitment
  - 3.3. Evaluation of recruitment methods
  - 3.4 Shortlisting
  - 4.0 Conclusion
  - 5.0 Summary
  - 6.0 Tutor-marked assignment
  - 7.0 References and other resources
- 

## 1.0 Introduction

A company's ability to recruit new employees, depends to a large extent on its enterprise, in making known the opportunities it has to offer. For the position to be satisfactorily filled, only prospective candidates who meet the person-specification is prompted to apply. Consequently, it is essential to approach the task of attracting suitable applicants in a systematic way.

As we noted in an earlier unit on staffing, the cornerstone for effective recruitment is to have a job description and a person specification on hand, to assist in the identification of potential candidates from a pool of applicants. Thus, the recruitment process is the second sub-process in the staffing process. It lies at the heart of the employment function, which starts the relationship between the employee, his job and its environment, and the enterprise which employs him or her.

## 2.0 Objectives

After going through this unit, you should be able to do the following:

1. Define what recruitment is all about;
2. Name the various sources you can use for attracting the desired types of candidates;
3. Explain and evaluate the various methods of recruitment.

## 3.0 Recruitment: what is it?

It is important to know where suitable applicants are likely to be found,

how best to make contact with them, and to secure their application. This involves a thorough knowledge of sources of labour and methods of recruitment. The most appropriate means of attracting suitable applicants will depend upon the nature of the organisation, the vacant position, and possibly the urgency of need. Essentially, recruitment process involves all sets of activities, which organisations use to identify, search for and stimulate candidates who have the abilities and attitudes needed to help an organisation achieve its objectives.

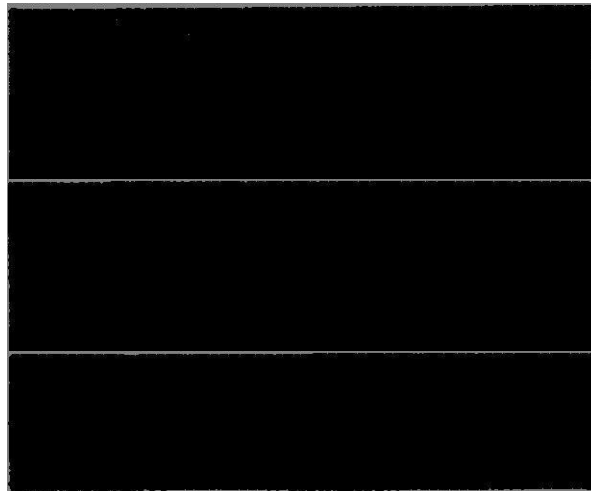
In practice, three initial conditions must be fulfilled before the search begins:

- i. Confirmation of the need to fill the vacancy;
- ii. Reference to the manpower plans;
- iii. Completion of an appropriate job analysis process.

The decisions that are made about recruiting help dictate not only the kinds and numbers of applicants, but also how difficult, successful recruiting efforts may become.

Figure 2.0 below shows an overview of these recruiting - related decisions

Figure 2.0 Recruiting-related decisions



What to note about the above is that recruiting requires planning decisions. The strategy entails identifying the kind and number of required recruits, where to recruit, who to recruit and what the job requirements will be. A key consideration will be deciding about internal and external searches that have to be made.

### 3.1 Responsibilities for recruiting

In a small organisation, the owner-manager is usually solely responsible for recruiting of staff into the organisation. He might do so by utilising informal methods, and where situation demands, he might outsource the task to a consultant agency. Figure 2.1. shows a typical distribution of recruiting responsibilities between human resource department and line managers in large organisations, where recruiting is generally a shared responsibility.

Figure 2.1 Typical recruiting responsibilities

HRM	Line managers
<ul style="list-style-type: none"> <li>• Forecasts recruiting needs</li> <li>• Prepares for recruiting drive</li> <li>• Plans and conducts recruitment</li> <li>• Audits and evaluates all recruiting activities</li> </ul>	<ul style="list-style-type: none"> <li>• Anticipates needs for positions to be filled</li> <li>• Determines required KSA</li> <li>• Provides job requirement information to assist recruiting drive</li> <li>• Reviews recruiting activities</li> </ul>

## 3.2 Sources of recruitment

There are two sources for potential employees; the internal and external labour market. The former is made up of current employees, the latter is the pool of potential applicants outside the organisation. Figure 2.2 details the merits and demerits of both sources

Figure 2.2 Advantages and disadvantages of recruitment sources

Sources	Advantage	Disadvantages
Internal •	<ul style="list-style-type: none"> <li>• Promotes morale</li> <li>• Better assessment of abilities</li> <li>• Lower cost for some jobs</li> <li>• Motivator for good performance</li> <li>• Results in succession of promotion</li> </ul>	<ul style="list-style-type: none"> <li>• In breeding</li> <li>• Poor moral problem of those not promoted</li> <li>• Need for managerial - development programme</li> </ul>
External •	<ul style="list-style-type: none"> <li>• New blood</li> <li>• Cheaper and faster than training</li> <li>• May bring new industry insights</li> </ul>	<ul style="list-style-type: none"> <li>• May select unfit ones.</li> <li>• Large adjustment or orientation line</li> </ul>

### 3.2.1 Internal recruitment

When a vacancy exists, the first place you look to fill it is naturally in-house. To this end, most organisations have a formal policy of filling vacancies through internal recruitment. This often takes the form of promotion, transfer, re-deployment, and even demotion.

Where feasible, internal recruitment is favoured for some of these reasons:

- It helps build morale and motivation among existing staff;
- It is less costly in terms of advertisement costs, interview costs and other placement costs;
- Management's knowledge of this employee is likely to be more accurate, and thus provides better prediction of success than information on external candidate.

While internal recruitment is generally recognised as a good source of employee, it is not without its shortcomings. Typically, it could lead to what is commonly referred to as 'in-breeding' a situation whereby applicants from the same organisational culture, with little new things to offer, are employed to fill vacancies. This often discourages new blood from

being injected into the organisation. Also, those who apply for job and are rejected can become disgruntled employee.

### 3.2.2 External recruitment

When qualified candidate cannot be found within the firms, the external labour market is tapped. The external source typically includes college graduates, the unemployed with a wide range of skills and abilities, and some retired experienced persons.

Like internal recruitment, there are merits and demerits of external recruits. It provides a wider market. It also brings new blood into the organisation. However, the organisation has to make longer investment in its recruitment selection, socialisation, training and integration of staff into its (organisation's) fold.

An effective external search process involves analysing the market, to define appropriate catchment areas, so as to design the most appropriate communication strategies for reaching out to the prospective candidates.

#### *Activity*

What ways or methods are there for an organisation to contact possible new staff? Jot down as many as these methods that you know of.

The type of position on offer invariably determines which communication strategy will be used, and which segment of the labour market will be searched. As a company manager, you would not use the source method to reach out to an experienced accountant and a typist. Unskilled labour are usually recruited through job posting in company's newsletter and employee referrals. The positions that require specialised skills and knowledge will require a different strategy. For this type of candidates, advertisement in professional journals, the use of executive selection/search and consultants might be more appropriate. Recruiters may also require a more direct search by organising school, college and university visits to search for students about to graduate.

What is also interesting to note is that all the methods of recruitment can be grouped into the following three categories:

*Direct methods* — School and university visits; employee contacts with the public;

*Indirect methods* — through advertisement in newspaper, on radio, television and Internet, as well as in professional and technical journals.

*Third-party method* — this includes various agencies, placement in professional associations, managing consulting firms.

The advantages and drawbacks of some of the above methods of recruitment are summarised in figure 2.3 on page 44:

Figure 2.3 Methods of recruitment

S/N	Method	Advantages	Drawbacks
1	Internal advertisement	<ul style="list-style-type: none"> <li>- Maximum information to all employees, who might then act as recruiters.</li> <li>- Opportunity for all suitable internal employees to apply</li> <li>- If internal staff is appointed, the cost of induction is saved</li> </ul>	<ul style="list-style-type: none"> <li>- There is a limit to number of suitable applicants</li> <li>- In-breeding</li> <li>- Internal candidates not matched against outsiders.</li> </ul>
2	Vacancy list is placed outside the premises	<ul style="list-style-type: none"> <li>- Economical way of advertising, particularly if on a busy thoroughfare</li> </ul>	<ul style="list-style-type: none"> <li>- Vacancy list seen by few people and passersby</li> <li>- Usually only barest information is put out.</li> </ul>
3	Advert in National press	<ul style="list-style-type: none"> <li>- Information reaches large population.</li> <li>- Newspapers are acceptable medium for important job searchers.</li> </ul>	<ul style="list-style-type: none"> <li>- The cost</li> <li>- Much may be 'wasted' in reaching inappropriate people</li> </ul>
4	Advert in technical press	<ul style="list-style-type: none"> <li>- Reaches a specific population with minimum waste</li> <li>- The standard of applicants can be guaranteed.</li> <li>- Socially responsible and secure</li> <li>- Can produce applicants very quickly</li> </ul>	<ul style="list-style-type: none"> <li>- Inappropriate for non-specialists</li> <li>- Infrequent publication</li> </ul>
5	Job centres and labour offices	<ul style="list-style-type: none"> <li>- Registers are mainly for the unemployed rather than of the employed, seeking a change</li> </ul>	
6	Commercial employment agencies	<ul style="list-style-type: none"> <li>- Availability of data</li> <li>- Access to nationwide employers</li> <li>- Little administrative hassle</li> </ul>	<ul style="list-style-type: none"> <li>- Can produce staff who are likely to stay only for a short time.</li> </ul>
7	Executive search consultants	<ul style="list-style-type: none"> <li>- Can approach 'known' individuals</li> </ul>	<ul style="list-style-type: none"> <li>- Cost</li> <li>- Potential candidates outside the network are excluded.</li> </ul>
8	Schools/ University visits	<ul style="list-style-type: none"> <li>- Useful for small business and employers with little or no previous experience in specialist fields.</li> </ul>	<ul style="list-style-type: none"> <li>- Interviewers tend to be enquirer rather than applicants</li> <li>- Interviewing schedules can be laborious.</li> </ul>
		<ul style="list-style-type: none"> <li>- Inexpensive and administratively convenient</li> <li>- Can produce a regular annual flow of enquires</li> </ul>	

ity

*Recall your appointment to your current organisation and prepare a brief write on the sources of recruitment that was used by the organisation.*

Source: Adapted from D.  
Torrington J. Chapman

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### 3.3

## Evaluation of recruitment methods

Naturally it will not be necessary to utilise all the recruitment methods listed earlier, but it can be helpful to be aware of the variety of sources available in case of need. It is vital that you conduct periodic evaluation of the methods. Many indexes can be used to evaluate effectiveness of a recruitment method. Some of those are given in table 2.4 below.

Table 2.4 Indexes for evaluating recruiting efforts

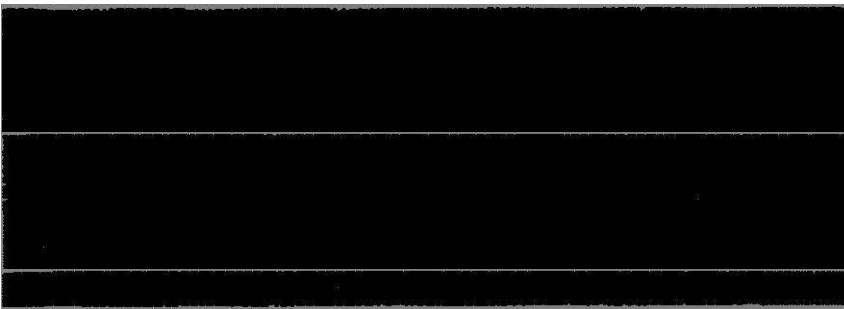


Table 2.4 is a table with 3 columns and 4 rows. The first column is labeled 'Index' and the second column is labeled 'Description'. The third column is labeled 'Rating'. The rows contain the following data:

Index	Description	Rating
1	1. Number of applications received	1-5
2	2. Number of interviews conducted	1-5
3	3. Number of offers made	1-5
4	4. Number of new hires	1-5

You want to evaluate and judge in terms of the degree of success in obtaining competent personnel. Periodically, it is useful you conduct a survey of all areas of recruitment, so as to ascertain which methods have proved most productive. One form of evaluation is to try to correlate the source of the applicant with ultimate efficiency rating. Another is to check elapsed time between order placement and subsequent referrals. Although conclusion may not necessarily prove definitive, they will at least serve the purpose of indicating fairly well, which method appears to be most productive, and which brings satisfactory results. This would aid ultimate decisions on which methods to continue to utilise and which to discontinue.

### 3.4

## Shortlisting

The ultimate objective of recruitment should be to produce a shortlist of candidates who are worth selecting. A good recruitment drive should provide you a degree of choice, to enable you match the information on the application forms against the person-specification. You would need to sort out the applications into three categories of *'Probable'*, *'Possible'* and *'Unsuitable'*.

Shortlists can then be made up from the first two categories, while the unsuitable applicants are politely declined. It is vital that you promptly and courteously notify unsuitable candidates. A sloppy attention to this aspect of the process does nothing to enhance the reputation of the organisation in general.

### 4.0

## Conclusion

As we have attempted to show, recruitment is the process of finding suitable applicants, who meet the requirements identified, by analysing the job. The unit has helped us to follow the process of identifying sources of



recruitment, and to gain a good understanding of the various methods, that can be utilised to reach out to suitable applicants. It has also helped us to realise the various merits and demerits of those methods of recruitment.

## 5.0 Summary

Two conditions must exist for effective selection to occur. First, the organisation must have a candidate, who it is willing to employ. The second condition is that the candidate must be willing to accept an offer. Recruitment is the process of finding and attracting candidates who meet both of these conditions. The process begins, as we have shown, when the organisation through job analysis, determines its qualitative need for personnel. Also, job analysis leads to a description of the duties and responsibilities of the job. Recruitment starts when the organisation knows the type of person it is seeking and it lays a good base for effective selection process.

## 6.0 Tutor-marked assessment

### *Question*

Explain the following human resources management techniques and show their relevance and significance in human resources management processes: job analysis, job description and job specification

## 7.0 References and other resources

- Cole, G.A. (1993) *Personnel Management; Theory and Practice*, ELBS with DP Publications, London.
- Cowling, AC. and Maller, C. J. B. (1981) *Managing Human Resources*, Edward Arnold (Publishers) Ltd., London.
- Torrington, D. Y. Chapman, J. (1979) *Personnel Management*, Prentice Hall International, London.
- The text also draws on materials from the following Open University (UK) texts.
- B800.SR: People 2, Supplementary Resources.

# Assessing and selecting human resources

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## Structure

- 1.0 Introduction
  - 2.0 Objectives
  - 3.0 Selection — what it involves
    - 3.1 Methods of selection
      - 3.1.1 Interview
      - 3.1.2 Other selection techniques
      - 3.1.3 Limitations of selection tests
  - 4.0 Conclusion
  - 5.0 Summary
  - 6.0 Tutor-marked assignment
  - 7.0 References and other resources
- 

## 1.0 Introduction

In the two preceding units, it was emphasised that recruitment and selection sub-processes of the staffing process, should be thought of as a matching process. This concept is fundamental. Having assessed the demands of a job and you know, through the person specification; the yardstick against which you can assess the suitability of the candidate, the next practical step is to decide the methods by which you shall recognise the presence or absence in individual candidates of the attributes you are seeking. Simply put, you will be seeking to obtain, analyse and interpret information about people who have responded to your recruitment drive. In doing so, your aim would be to narrow the field of candidates by progressively eliminating those who do not measure up to your person(man) specification.

## 2.0 Objective

After going through this unit, you should be able to:

1. Explain the need for selection;
2. Identify an appropriate combination of methods to aid selection decisions;
3. Explain the purpose of and problems of interview as a selection tool;
4. Identify the strengths and limitations of other selection methods.

## 3.0 Selection — what it involves

This is an important sub-process of the broader staffing process. Once you know about the job requirements, and your recruiting drive has attracted

job application, you must seek to evaluate each applicant and select the most suitable candidates.

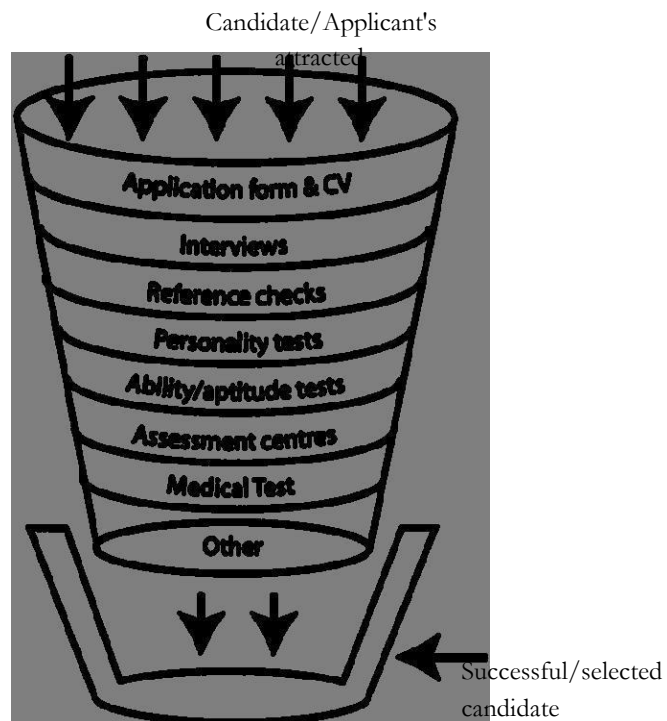
Selection is therefore the process by which you choose from a list of applicants, the persons who best meet the criteria for the position available, considering current environmental context. The aim is to compare the demands of the job with the candidates capabilities and inclinations, by various techniques. The intent of such a process is to generate information from the applicants, that will predict their job success, and then to hire the candidate predicted to be most successful. The importance of selection is that it represents the final stage of decision-making in the recruitment process.

### 3.1 Methods of selection

In practice, selection is not that simple. How you go about it will depend on a number of factors. The first of these, is the theoretical approach you take to the process of organisational entry (OUUK 2000). Managers who take a person-job fit view of the process will use tests designed to expose key psychological traits thought to be related to the intended job. Such a test might take a variety of forms but the purpose is to measure a person's fitness to the job.

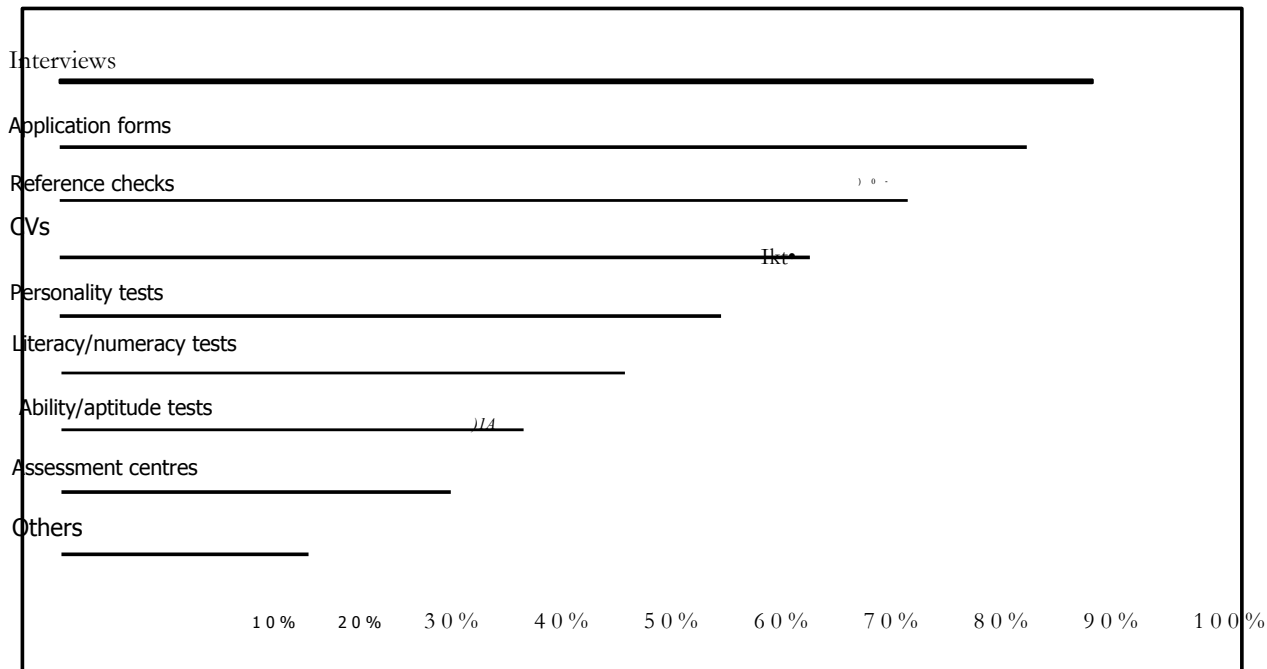
Selectors who prefer the person-organisation fit approach will seek to gauge the extent to which the person's KSA complements those of the organisation. Several different selection instruments can help to discriminate between candidates as illustrated by the figure 2.5 below:

Figure.2.5 The selection hopper



Although in practice, the formal interview remains an almost universal part of the selection process, recent research has shown an increasing use of other selection methods. Most large-scale and complex organisations in Nigeria, like her counterpart in the United Kingdom, now regularly use some forms of testing — ability, aptitude, etc., in their selection process. Figure 2.6 below provides evidence of this increasing practice

Figure 2.6 The Use of various selection techniques by organisations in the U.K.



Source: Adapted from OUUK, B800B5, 2000

### 3.2.1 Interview

The interview is commonly referred to as a conversation with a purpose. You will notice that the interview is used in almost all organisational entry exercise for all jobs, despite the fact that much current research has indicated their poor predictability of performance by applicants. For example, an often cited researcher's study, reports that interviews have a predictive validity of 0.14, on a scale of 0 (chance prediction) to 1 (perfect prediction). A vast literature describes the problems with interview as follows:

- i) Impressions formed in the first five minutes greatly influence the selection, but are based on very little information;
- i) Interviewers tend to look for reasons to reject rather than for reasons to accept interviewees, which suggests the 'list bad' applicant gets the job;
- i i) Halo and horns - the interviewer's perception of one good or one bad comment contaminates their perception of other comments;
- iv) Appearance affects an interviewer's judgement,

- v) It is difficult to assess skills and attitudes in an interview,
- vi) The interviewer's recent experiences in his or her work environment disproportionately influence the decisions taken.

Effects to reduce problems, like the above, have led to the development of structured and situational interviews. By listing suitable questions and perhaps developing a rating scheme for answers, much of the problems of instructed interviews may be reduced.

Contradicting the traditional view of interviews, a recent review by McDaniel et al (1994) has produced an authoritative statement, of how well, interviews predict the performance of individuals.

### Activity

*Think deeply and critically of a formal job interview in which you took part.*

- (a) *What were the strengths of the interview as an interviewer?*
- (b) *What did you find to be the major weakness of the interview technique?*
- (c) *What can be done to make the interview more effective?*

Interviews are useful for assessing personal characteristics such as interpersonal skills, practical intelligence, social interaction and communication skills. The interview can also be used for answering applicants' questions, selling the organisation and for negotiating terms and conditions. It is a matter of some debate, whether the interview accurately assesses ability at work, relevant experience and work skills.

Two final points need to be made about the interview. First, during the interview, applicants develop much of their impression of what it would be like to work in the organisation. Therefore, the manner of the interview plays a major role in shaping the psychological contract between individual and organisation. Second, the interview is the only technique which currently exists for assessing the interaction of individuals and environments. If you adopt a systematic approach to the investigation of this interaction, perhaps using a structured or semi-structure interview, you can gain evidence that should lead you to make a more objective decision about the interviewee's fitness to the organisation.

### 3.2.2 Other selection techniques

Table 2.7 on page 51 summarises the strengths and weaknesses of the main types of selection tests.

Table 2.7 Summary of main types of selection techniques

Selection techniques	Description	Strengths	Weaknesses
Physical ability tests	Tests that measure whether the applicant is physically able to do the job	Mainly limited to unskilled or semi-skilled jobs. Good validity	Danger of unfair discrimination if not used on job-related criteria.
Literary and numerical tests	Tests that measures applicants levels of literacy and numeracy	Good for screening applicants from school, or for unskilled workers.	Suitable for relatively few jobs
Intelligence tests	Tests that measure many different types of intellectual or cognitive functions	High validity and reliability. Intelligence is likened to trainability and problem solving,	Not always easy to identify the type of intelligence you want to measure. Trained psychologists are needed to administer the test. This can be expensive.
Personality tests	Tests that measure personality traits.	Useful if you know exactly what personality trait you are looking for and why	Trained psychologists are required to administer these tests and provide feedbacks. It can be expensive if used in isolation, and it has a poor predictive validity.
Analogous tests	Tests that stimulate the work the newcomer will be doing	High predictive validity. Only useful for a limited number of jobs	May just indicate who has done the tasks before, or the trainability of applicants
Assessment centre	A process, rather than a place, which uses a number of selection techniques in combination	Moderate validity. Also useful for staff development. High validity rate,	Expensive and time consuming. How do you combine the results of the diverse range of tests? It is quite artificial.

Typically, information relevant for preliminary screening of candidates are provided by a review of candidates' application forms and/or Curriculum Vitae (CVs). Applicants who do not have the relevant training, experience, or who possess other desirable characteristics can easily be screened out at this point. The use of tests, after the preliminary screening, is becoming a growing practice in many large scale business corporations in Nigeria. This has become a major practice, for example, in the banking and financial sector. These tests may be designed to measure general intelligence and knowledge, aptitude for the work, skill levels, work motivation and personality

Performance tests, such as asking a typist to type a letter, or questions about the job, are also commonly used to determine applicant's level of abilities and skills. The use of reference checks is a traditional practice. It is however, a growing practice for organisations to design their specialised forms, which they send to referees to obtain information about the applicant's past performance. Physical examination can tell if an applicant has the physical and mental requirements for a position. The general practice in Nigerian firms is for successful candidates to be required to be medically examined before taking up appointment.

### Activity

If you were a small-scale business manager, which of the selection methods would you use in considering applicants for a job? Which one or ones would you drop out?

### 3.2.3 Limitations of selection tests

An intrinsic merit of tests is that tests can measure some attributes which are difficult to assess by interview. They can help to reduce the area of subjective judgement and of possible human error in the selection process as a whole. A word of warning is necessary here. Tests in the hands of untrained persons can be more misleading than helpful. Tests will serve no useful purpose if they are not properly constructed, selected and administered. It is advisable that those who have to administer tests should either take some formal training course in psychological testing, or refrain from dabbling with such tests. In other words, test design, scoring, administration and interpretation should be done only by persons with technical competence and training in testing.

## 4.0 Conclusion

This unit has helped you to follow and understand the process of assessing and selecting, from job applicants attracted during the recruitment drive. It has helped you to gain an insight into the major activities involved in the process and the vital tools available to enhance your effectiveness in selection.

## 5.0 Summary

By now, it should be obvious to you that the basic goal in selection should be all round assessment of candidates, using a number of different sources of information, rather than a decision based on just one criteria. We have seen that selection is a decision-making process during which the manager utilises various tools or screening devices to assist him in choosing and matching candidates (attracted to the organisation), with the suitable requirements for the right job — as specified by job analysis. It must be mentioned that the ideology, norms and values of the managers as well as the organisations' politics do influence the final selection decisions which managers make.

## 6.0 Tutor-marked assignment

### *Question*

Describe the features of a selection hopper.

## 7.0 References and other resources

Cowling, A.G. & Maller, C.T.B. (1981), *Managers of Human Resources*, Edward Arnold (Publishers) Ltd., London.  
McDaniel, M.A. et al (1994), "The Validity of Employment Interviews: A

comprehensive and meta-analysis', *Journal of Applied Psychology*,  
Vol. 79 pp. 599-616.  
01513K (2000) *Core Functions in Managing People* Book 5, Session 2.  
The text draws on materials from the following Open University (UK)  
texts.  
8800B5. Core functions in managing People  
B800, SR: People 2: Supplementary resources



# Managing performance

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## Structure

- 1.0 Introduction
  - 2.0 Objectives
  - 3.0 What is performance management?
  - 3.1 Performance management system
  - 3.2 Measuring Performance
    - 3.2.1 Objective measures
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  - 3.3 Taking appropriate action
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- 

## 1.0 Introduction

In an earlier unit on the staffing process, we looked at the first process in the series of processes involved in bringing people into the organisation. Of course, the interest of managers in a new employee does not stop, once the induction process is complete. Since employees are employed in order to contribute to the organisation's objectives, there must be systems in place for assessing the contribution and promoting high performance. Several tools have been designed to achieve this objective. They include, setting targets, monitoring performance, managing rewards and developing people. These activities are sometimes grouped together under the concept 'managing performance'.

In this unit, we shall examine some of the key issues in managing performance. The aim is to attempt to produce a broad conceptual framework for a discussion of staff performance appraisal in subsequent units.

## 2.0 Objectives

At the end of this unit, you should be able to do the following:

1. Discuss performance management as a core function of human resource management;
2. Describe and understand the control loop as a useful framework for thinking about the management of performance;
3. Contribute meaningfully to standard setting processes and the monitoring of performance relative to set standards;

4. Recognise the limitations involved in choosing measurement criteria, and the place of management judgments in performance management.

### 3.0 What is performance management?

Performance Management can be defined as a systematic approach to the

management of people, using performance goals, measurement, feedback and recognition, as a means of motivating them to realise their maximum potential (Alo, 1999). It embraces all formal and informal methods adopted by organisations to increase commitment, as well as individual and corporate effectiveness. It consists of an interlocking series of processes, attitudes and behaviours that together provide a coherent strategy for improving performance. It provides the means for an organisation to translate strategy into results. A key feature of performance management, therefore, is the emphasis it puts on linking departmental, individual goals and objectives with the broader, corporate, strategic goals and objectives.

Armstrong (1994) defines performance management as a process which is designed to improve organisational, team and individual performance and which is owned and driven by line managers.

Performance management is a much broader concept than performance appraisal which as we shall see in a later unit, is traditionally concerned with judging the individual's performance, giving the individual feedback about his performance, and helping the individual to improve by systematically motivating them to work harder.

Performance management is concerned with improving not only the performance of the individual, but also the performance of the team and organisation. As a process, it is concerned with the effectiveness of the individual, the team and the organisation. Performance management forms part of the human resource management approach to managing people. Performance is basically a shared process between managers, individuals and teams, in which objectives are agreed and jointly received, and targets are set to integrate corporate, individual and team objectives. Performance appraisal schemes form part of the techniques used in a performance management system. Apart from performance appraisal, performance management uses a range of other techniques which may include, team building, quality circles, and total quality management. These techniques are, however, not discussed in this course.

### 3.1 Performance management system

There is no single, universally accepted model of performance management in use. But the management literature is replete with models, which typically contain and link a common set of elements, that can be

expressed as a performance measurement System (PMS). A more detailed way of thinking about managing performance is to use the control loop framework. The loop involved three main elements: (00UK B800 B5)

- i) Setting specific performance objectives and targets;
- ii) Measuring outcomes by monitoring the extent to which targets are at-

tained;

iii) Taking appropriate actions which may involve granting rewards linked to outcomes, revising standards and

setting new targets. The

PMS is depicted in the form of a loop as shown in figure 2.9 on page 63

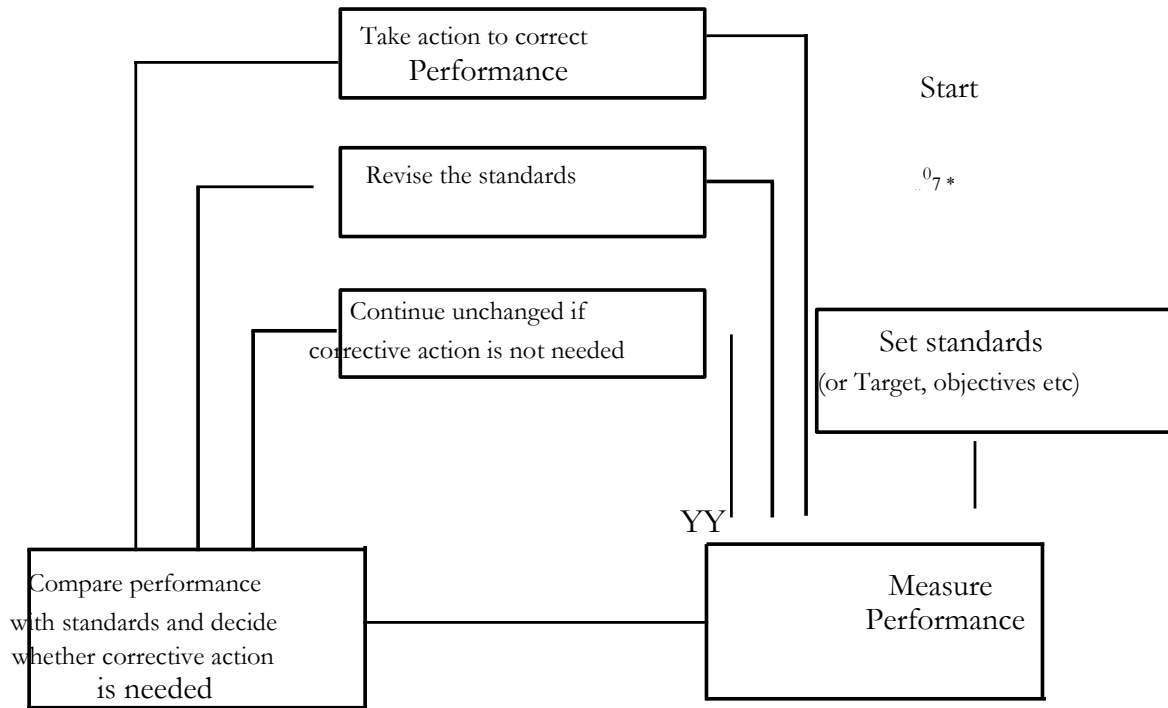


Figure 2.9 The control loop

This analysis of performance management assumes that management is, in essence, a rational activity. From this perspective, performance management and appraisal can be seen as part of a range of mechanisms by which management seeks to exert control.

### Activity

What do you consider as the main features of a PMS? List and attempt a brief description of them.

Management, when thought of as a rational activity assumes implicitly that:

- i) An organisation's goals can be expressed in terms clear enough, that they can be used to construct actual policies, standards and targets; It is possible to measure — or at least estimate reliably, the extent to which an individual or a group is helping to achieve these standards and targets;
- iii) Human performance can be analysed as a series of interlocking causes and effects;
- iv) This series can be managed — in other words, poorly performing parts of the chain can be 'repaired' or at least 'improved' by the action of 'managers'.

How realistic is this rationalist model of performance in real work situation? It is important that individuals have their performance monitored, for reasons other than those associated with control. Individuals feel more secure and valued, when they receive constructive feedback from their manager, on how they have performed. This process will happen during day-to-day management, individual review sessions or appraisal. The emphasis is placed on encouraging high performance overall, rather than on



control loop-style management, related to individual tasks carried out in pursuance of particular plans.

In the context of managing performance, one of the theoretical bases of the control loop is goal-setting theory, which was first put forward by Edwin E. Locke (1981). He argued that goals pursued by employees can play an important role in motivating superior performance. In aiming to achieve goals, people examine the consequences of their behaviour. If they think their current behaviour will not allow them to achieve their goals, they will either modify their behaviour or choose different goals. If managers can intervene to set goals, in such a way that the individuals think the organisation's aims are worth achieving, then they should improve their staff's performance.

There are many reasons why the day-to-day control of human resources is more 'messy' than the rationalist model of performance. First, very few managers are able to identify and articulate clear strategic objectives. Often, there may be too many objectives, and some of them may even be mutually contradictory, or competing. If the organisation is unable to set out explicitly its strategy, it is unlikely to be able to carry out the next step which is to identify particular dimensions of performance, that are most likely to achieve its goals (Mabey et al 2001).

Second, objectives may be changing so fast that any attempt to base a system of performance on them would be useless. Even when the objectives are relatively stable, the standards to be attained and maintained may not be so clearly specified. For example, how do you satisfactorily measure increasing customer satisfaction? Another danger lies in assuming that the manager has to be involved in the error correction process. In many cases, it will be sufficient to feed back information to the employee who will then be able to correct performance without the need for managerial intervention. Also, if corrective action is needed, it will not always be clear what is appropriate, nor will the results of an action be totally predictable.

### Activity

List the most common means of monitoring and measuring performance you know of and identify the strengths and weaknesses of each one.

## 3.2 Measuring performance

One of the key implications of the control loop as a metaphor for managing human resource is that there should be standards against which an individual can be assessed. This raises the issue of measurement, and there are essentially two types: Objective measures (based on independently verifiable data) and Subjective measures (based on human judgment).

### 3.2.1 Objective measures

These are usually numerical measures of how well an individual or a group is meeting the main objectives set. They might specify targets, such as timescales and deadlines, quantities, costs and resource usage.

For example, many organisations will have financial health as one of their objectives, and so monitor their financial performance regularly. Organisations also generate a whole range of quantitative data such as sales figures, output, productivity, absenteeism.

### 3.2.2 Subjective measures

Not all aspects of performance can be easily measured and quantified.

As a result, subjective measures of performance are made in all organisations. Many aspects of performance identified for inclusion in a performance management system may, if they are to be assessed at all, rely not on quantitative measures, but on qualitative judgments. Most people will have a complex picture of the ability and performance of their colleagues, which is based only in part on formal results. These subjective judgments may be useful in deciding who to promote within a department, for example. In other words, if subjective assessments are well designed and thoroughly audited, they may offer a more accurate gauge of performance than many objective measures. The challenge for a performance management system according to Mabey et al (2001) is that its procedures should be auditable, so that it can be verified that the measures are being used fairly and effectively. This tends to result in a move to formalise the process of subjective performance measurement. The most common way in which this is carried out is via a system of appraisal. A detailed discussion of appraisal system is taken up in a subsequent unit.

#### Activity

Make a note of two aspects of your own work, in your organisation, which you could easily measure; assess your own performance against specific targets.

*Who set these targets?*

*Are they realistic and achievable?*

## 3.3 Taking appropriate action

Ensuring effective control demands that appropriate action is taken when there is a difference (good or bad) between planned and actual performance. Three options are generally possible as demonstrated earlier in the control loop:

- i) Continuing unchanged;
- i i) Taking action to correct or improve performance;
- i ii) Revising the standard.

In reality, you may respond to a problem with a mixture of all three.

### 3.3.1 Continuing unchanged

This option is less straightforward than might appear. Perhaps your monitoring suggests that not only is an individual not likely to meet his or her targets, but also there are reasons why the best option might be to avoid taking corrective action. For example, it might be that the gap is so insignificant that you might have to delay intervening and allowing more time to establish reasons for the observed disparity.

### 3.3.2 Correcting performance

This option might involve insisting that the work is done again or improved, getting directly involved yourself to resolve difficulties, arranging additional training for staff or any other form of appropriate, corrective action. Whenever you have to take any corrective action, think critically about

what it is you are correcting. There may, of course, be occasions when you have no choice but to cure the effect while seeking the cause.

On some occasions, discipline must be enforced to ensure that standards are not compromised, undermined or ignored. In dealing with this type of situation, you will need to take into account other aspects of the social aspects of work, including leadership, motivation, power, conflict and disciplinary procedures.

### 3.3.3 Revising the standards

The standard or target may need revision when a standard is exceeded. Do not simply raise the standards as a 'reward'. Where you feel that the standard is unrealistic and should be revised, it is important to consider whether you will cause more problems by changing than by holding firm. For example, by changing would you:

- i) Encourage people to ignore any future standards (or targets) you set?
- ii) Remove a good incentive, even if the standard (or target) cannot quite be achieved?
- iii) Make those who have really exerted themselves feel it was a waste of effort?
- iv) Be setting no more realistic standards (or target) than you had before?
- v) Engender a feeling of failure?

These are crucial points to consider before embarking on taking decisions on revising set standards. Their consideration may also help you to decide that the original standard (or objective) was not appropriate and needs modifying. The conclusion one can make from the above discussion is that continuous improvement of performance will only happen, if individuals are able to make a realistic assessment of their performance, and modify their targets and plans, if they are no longer appropriate or effective.

## 4.0 Conclusion

In this unit, we have discussed what performance management system is all about, and utilised the concept of the control loop framework to show how performance management can be carried out in theory. The detailed steps involved as well as the problems involved in the practical application of the framework have been described and discussed.

## 5.0 Summary

Performance monitoring and management are designed to encourage managers and individuals to work and organise their behaviour in such a way that they help the organisation achieve its goals and objectives. A useful framework through which to approach the problem is framework that involves setting individual or group standards, measuring performance, applying corrective action where appropriate, and revising the objectives where necessary. The feasibility of this framework is still open to debates. The performance management framework, however, provides a theoretical backcloth for meaningful discussion of performance appraisal system.



## 6.0 Tutor-marked assignment

### *Question*

List and briefly discuss four main operational imperatives of PAS.

## 7.0 References and other resources

The unit draws material from the Open University (UK) B800 People Book 5 (Managing Performance).

Alo. O. (1999), *Human Resource Management in Nigeria*, Business & Institutional Support Associates Ltd, Lagos.

Armstrong, M. (1994), *Personnel Management*, Kogan Page, London.

Locke, E.A. et al (1981), 'Goal setting and Task Performance 1969-1981', *Psychological Bulletin*, Vol. 90, pp. 125-52

Mabey, C.; G. Solomon & J. Storey (2001), *Human Resource Management. A Strategic Introduction*, Blackwell, Oxford.

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# K10) Performance appraisal system

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## Structure

- 1.0 Introduction
  - 2.0 Objectives
  - 3.0 The need for a performance appraisal system (PAS)
  - 3.1 Setting up a PAS
  - 3.2 Methods of appraisal
  - 3.3 Problems of validity and reliability
  - 3.4 Making PAS more effective
  - 4.0 Conclusion
  - 5.0 Summary
  - 6.0 Tutor-marked assignment
  - 7.0 References and other resources
- 

## 1.0 Introduction

Of all the activities in HRM, performance appraisal is arguably the most contentious and most popular among those who are involved. Line managers do not seem happy doing it, employees see no point in it, and personnel or human resources managers, as guardians of an organisation's appraisal policy and procedures often have to stand by and watch their work fall into disrepute.

Since improved performance is a basic criterion for individual and organisational growth, individual employee's performance and progress need to be evaluated against established goals on specific set of expected behaviour. By appraising individual's performance, areas of relative strengths could be identified and reinforced, while areas of weakness or shortcomings can be communicated to the employees, and thus be encouraged to redirect their work habits. It has therefore become an accepted part of management orthodoxy, that there should be some means by which performance can be measured, monitored and controlled.

In this unit, critical issues relating to performance appraisal as an information-processing system, providing vital data for rational, objective and efficient decision-making, regarding effective human resources management will be examined.

## 2.0 Objectives

After studying this unit, you should be able to do the following:

1. Identify the purpose and uses of appraisal system;
2. Understand and explain some of the important operational imperatives that should guide the choice of appraisal techniques;
3. Identify different methods of appraisals;
4. Appreciate some of the problems and obstacles to a successful PAS.

## 3.0 The need for a performance appraisal system (pas)

Appraising others is not only inevitable, but also natural in human existence. Whenever we have to make a social choice, such as a friend, a political candidate or an employee, it is unavoidable for people to rate one another. Performance appraisal, which can be either formal or informal can be viewed as a systematic process, through which an individual employee's behaviour is evaluated and measured. The major aim of appraising and measuring an employee's behaviour is to judge the relative worth or ability of the employee in performing a given task or responsibility. Such appraisal, if well conducted, enables management to obtain feedback information about the effectiveness of organisational processes, including the performance of employee.

It is therefore a systematic method of obtaining, analysing and recording information about an employee. Every organisation needs feedback information for monitoring and reviewing performance, so as to allow for appropriate adjustments to be made with respect to:

- i) Assisting management to manage efficiently;
- ii) Assisting the individual employee to know how well he is doing and plan his future;
- iii) Providing employer with a rationale for making and adjusting many personnel decisions.

Thus, the performance appraisal system can serve as an auditing and a central device, by generating information necessary to direct (and reorientate) organisational processes towards desired objectives.

In the context of FIRM, performance appraisal serves two major purposes, namely: evaluation, administration and development.

The evaluation aspect involves its use as a check on the effectiveness of the following:

- i) Job analysis, job description and specification process;
- ii) Job evaluation;
- iii) Wages and salary administration;
- iv) Staffing processes — recruitment and selection;
- v) Promotion, discipline and dismissal.

As a developmental tool, PAS can facilitate the following:

- i) The identification of training needs;
- ii) Evaluation of training practices;
- iii) Effective communication and feedback between supervisors and subordinates with respect to role clarification;
- iv) Career planning and development;
- v) Effective motivation of employees;
- vi) Management planning.

Figure 2.10 summarises the range of purposes that can be served by performance appraisal schemes:

Figure 2.10 Role of performance appraisal

<b>Administrative</b> Objective setting Auditing Compensation Promotion Dismissal Motivation of staff Checking the effectiveness of HRM practices procedures	<b>Developmental</b> Identification of strength and weakness of individuals Discovering training needs Identification of areas of growth Career planning Succession planning Human resources planning
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Giving real effect to the multiplicity purposes of PAS means paying considerable attention to the construction and integration of PAS as a whole, and to the way in which it is managed by everyone involved.

### 3.1 Setting up a PAS

The wide variety of performance evaluation techniques will be discussed later. It is not very difficult to assemble a list of reasons why any of the PALS methods will fail to work. Much of the responsibility for choosing a suitable technique and operating it effectively rests directly on your shoulder as the manager. To achieve effectiveness, therefore, there are a number of operational imperatives to guide your action.

First, the success of any technique largely depends on selecting a technique (or a combination of techniques) that matches the objectives you seek to attain.

Figure 2.11 below provides some illustrations.

Figure 2.11 Matching PAS objectives and techniques

Purpose of PAS	Suggested techniques
1. To provide back-up data for management decisions on merit, pay increase, promotion redeployment, dismissals and so on	Simple graphic scale, essay formforced-choice rating, ranking methods.
2. To assist supervisors to observe subordinates more closely and observe effective performance	Work standard technique, BARS graphic rating, forced choice, MBO critical incidents.
3. To motivate employee and provide feedbacks, coaching and counselling,	MBO, critical incidents, BARS ranking methods, work standard technique.
4. To improve identification training and development needs, career development, and effectiveness of HRM practice	Critical incidents, MBO field review, BARS.

The important point to emphasise here is that as a manager, you should endeavour to undertake a matching of techniques with objectives, if many of the common pitfalls of appraisal system are to be avoided.

The second requirement is informed by the belief that PAS is designed to measure individual performance. This demands that critical or relevant performance criteria (what counts for success or failure on the job) are identified, isolated, measured, evaluated and selected. In choosing such criteria, a distinction is generally made between personality or traits and observable work-related factors.

In choosing trait-related criteria, it is assumed that there are traits which lead to productivity. Commonly accepted traits include: reliability, initiative, drive, determination, integrity, job knowledge, judgment, attitude, cooperative commitment and temperament.

The second assumption is that objective measures of employee's productivity can be made on the basis of process and output measure. This focuses on the way people interact and go about their work, and the results actually achieved. Typical examples would include the following: punctuality at work, ability to plan and organise, relationship and cooperation with colleague, quantity and quality of work, accuracy, time management, meeting deadlines, compliance with rules and regulation and so on.

Expert opinion suggests that personality oriented criteria are notoriously difficult to correlate with job performance, because it largely measures rater-ratee interaction, while work related methods are easier to observe and more susceptible to objective measurement. Serious effort must be made, however, to select a mix of performance criteria, considered relevant to success on the job.

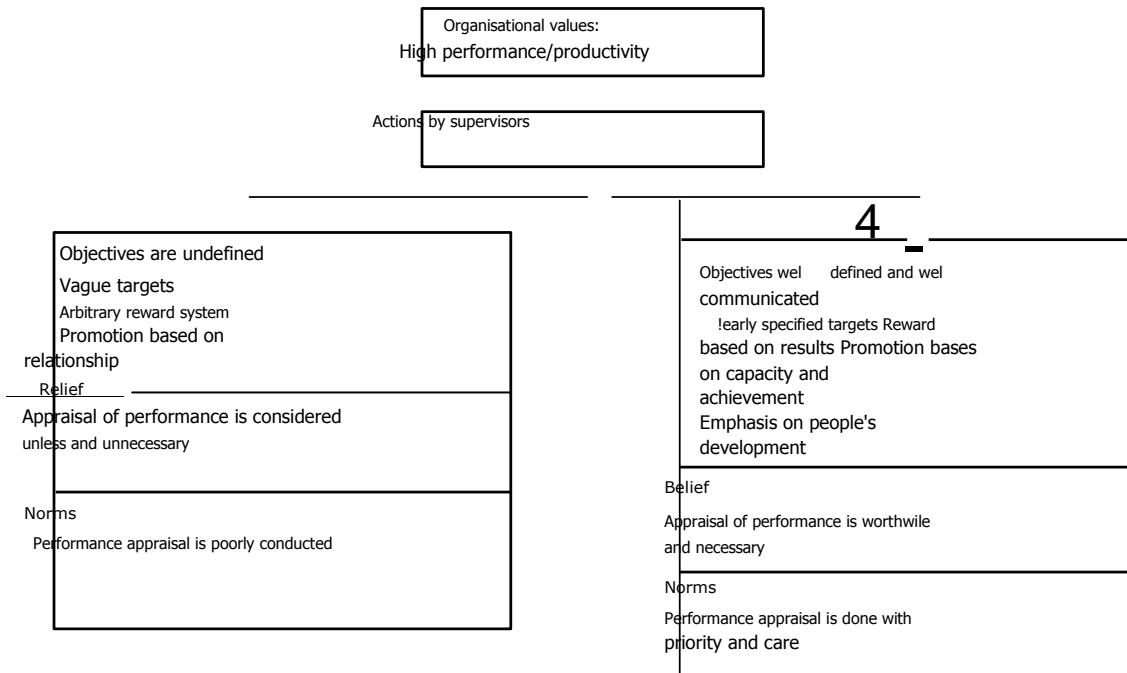
A third critical imperative for successful implementation of PAS is that it is made acceptable and well understood by the parties involved in the PAS process. PAS is an important means of achieving a joint problem-solving approach to performance management and improvement. When both the chosen assessment techniques and its applicability are clearly understood, then you can expect to attain the mutual problem-solving approach, that is crucially needed as a sound basis for a productivity-oriented PAS.

As the manager with direct responsibility for a result-oriented PAS, the open involvement of employee affords you the opportunity to discover the strengths and weakness of the employee, as well as the employee's views and definition of contextual problems retarding his or her performance. Thus, implementation should offer opportunity for employee to complete some parts of the PAS form (i.e. a self-appraisal section be designed into the form) sign the completed form and add any comments on their perception of the accuracy of the assessment.

Finally, it is imperative to bear in mind the recognition that, proper administration of a result-oriented PAS is an outgrowth of organisational culture that values performance (productivity), and fosters beliefs and norms of behaviour that supports such values. As was suggested in an earlier unit, values are the basis of human behaviour, and it is upon them that missions, goals and objectives of organisation rest.

Organisational cultures that profess to value high performance are illustrated in Figure 2.12 on page 72.

Figure 2.12 Cultural norms in organisations which value performance



Source: Roy Serpa. *Why many organisations often fail to give employees fair and useful performance reviews' Management review (American Management Association) Vol. 73 (7) July, 1984 Pp. 41 —45; Management by objectives (MBO) to avoid the feeling.*

The sequence on 'A' outlines the actions that are contrary to the value of productivity and the resultant beliefs and norms of behaviour. The contrast is a performance-oriented culture where appraisals are conducted with seriousness. In the sequence on 'B', the superior defines and communicates clearly defined objectives and targets, rewards employees on the basis of results achieved, promotes on capability and emphasises development. These actions are consistent with productivity-oriented values and thus foster a belief that performance appraisal is worthwhile.

The conclusion to be drawn is that if an organisation values, high performance, the management must ensure a congruence between value statements and actions taken. Thus, creating and developing suitable work-culture that values high productivity and appraises performance fairly and equitably, is a vital ethical issue, which management must give serious consideration.

### Activity

Reflect on the PAS of the organisation which you work for or which you are familiar with:

1. Write out the features of the PAS to show the extent to which it meets the above operational imperatives.
2. Outline all the processes that have been put in place to ensure employee's active participation in the operation of the system.

## 3.2 Methods of appraisal

Performance can be appraised by a number of methods. Unfortunately, not only are there no acceptable standards to determine which method of appraisal produces the best results, there also no commonly acceptable and utilised norm. In figure 2.13 , various methods of PAS are categorised into four major groups and compared on a number of characteristics.

Method	Techniques	Major purposes Evaluation (E) Development (Di)	Typical content
1. Narrative	Essay Critical incident Field review	E and D E and D E	Variable behaviour; Traits behaviour; traits and result
2. Ranking scales	Graphic ranking scale Check lists Mixed standard scale	E and D E and D E	Traits and behaviour Traits and behaviour Traits and behaviour
3. Comparative method	Straight ranking Paired ranking Forced Distribution	E E E	Overall assignment Overall assignment Overall assignment
4. Behaviour and objective	BAR MBO	E and D E and D	Behaviours, traits and result Behaviours, traits and result

Let us take a brief look at some of these methods.

### 1. Essay appraisal

In its simplest form, the rater is asked to write a paragraph or more on the employee's strengths, weaknesses, potential and so on, without making a distinction on performance dimensions. The assumption is that an honest and informed statement from someone who knows the employee, is as valid as more formal and complicated methods. The major drawbacks are their subjectivity, variability in content, as well as the problem of comparability

### 2. Graphic - rating scales

This usually allows you as the rater to assess an employee's performance on a continuum. Because of its simplicity, it is a most frequently used method. Typically, a graphic scale assesses an employee on the quality and quantity of his or her work (as outstanding, above average, average or unsatisfactory), and on a variety of other factors that vary with the job, and usually include personality traits, and some specific performance items. Although it remains most widely used, trait-rating scales are extremely vulnerable to problems of halo effect, recency, leniency and central tendency rating that would seriously affect their validity and reliability of rating.

### 3. Critical incident appraisal

In this method, you are required to keep a record on each employee, and to record actual and observed incidents of positive or negative behaviour, over a given performance period. The information so obtained can be used to review the performance of the employee. The major drawbacks are, that you set the standard often without inputs from employee, and you have to determine which incidents are critical to job performance. The record keeping can also become a chore.

### 4. Comparative method

Under this method, you are required to provide an overall evaluation of performance of your employees by checking one of the following: Top 1%, 5%, 10%, 20%, 30%, 50%, with those in Top 1% - 50% as highest, 30% as marginal and 50% as unsatisfactory. Alternatively, the ratings of employee's performance are distributed along a bell-shaped curve, which typically ranges from outstanding, very good, satisfactory, marginal to unsatisfactory.

The major drawbacks of these methods are these:

- a) The size of difference among individuals is not always well defined, and
- b) Supervisors may resist placing any individual in the lowest (or highest) group. Then there is the difficulty and cost of developing forms.

### 5. Management by objective

MBO was a vogue in Nigerian public sector following the Udoji commission report of 1974/75. Under this method, objectives and standards

should be set, preferably jointly by you and subordinate, whom you are required to appraise. Appraisal will then be based on the extent to which the objectives / targets have been met in relation to the predetermined standards.

Typically, MBO has not lived up to expectation, possibly due to the absence of necessary precondition for its success, such as training to provide needed KSA and the culture that favours joint problem-solving approach.

#### Activity

Obtain a copy of the performance appraisal method used in your organisation, and describe the features of the firm, and evaluate their advantages and limitations.

## 3.3 Problems of validity and reliability

There are many problems and obstacles to the success of formal PAS. It is important, for example, that you should be aware of the problems that can affect the validity and dependability of the PAS.

### Validity problems

Performance appraisals are intended to evaluate performance LIel potential of employees. But they may not be valid indicators of what they are intended to assess because of a variety of limitations on their use.

#### 1. The halo effect

This is rating a person high or low on all items because of a specific characteristic. It involves a tendency to generalise from a predetermined overall impression for the appraisal of specific trait or characteristic.



## 2. Recency effect

This occurs when a rater gives greater weight to recent events when appraising individuals. Giving an employee a high rating even though he made a quota only in the last two weeks of the rating period.

## 3. Central tendency

This involves rating all employees in a narrow 'safe' band in the middle of the rating scale (i.e. around the midpoint).

## 4. Leniency and strictness error

Leniency error occurs when a rater artificially assigns all or a specific group of employees high performance ratings and all or certain scores cluster at top levels of the scales. Strictness occurs when a rater uses only the lower part of the scale to rate employees.

## 5. Rater bias

This covers error that occurs when a rater's values or prejudices distort the rating. You as a rater may be biased for many reasons such as ethnic, regional or religious background, interpersonal conflict, etc. It may happen that you do not personally like the person you are evaluating. Age, sex, appearance or other arbitrary classifications may be reflected in appraisals if the process is not properly designed.

### *Activity*

From your experience, prepare a list of errors and biases which are present in the PAS used in the organisation you work for. Suggest possible ways of overcoming or reducing such errors.

## 3.4

## Making PAS more effective

For performance appraisals to be successful, they should be based on performance standards and multiple assessment, and should result in face-to-face performance review.

- Be based upon multiple assessment.

### 1. Result-oriented schemes

These form of schemes embody the principles of management by objective, first developed by Douglas Mc Gregor and popularised by Peter Drucker. Their principles suggest that emphasis in performance appraisal should be shifted from evaluation to analysis. To them, this would imply a more positive approach, since the subordinate would be more involved in examining and identifying not only his weaknesses but also his strengths and potential. He becomes an active agent, not a passive object to be appraised by you, the manager.

This procedure offers the following advantages:

- a) The subordinate is given the opportunity to make his own evaluation of achieved results. By this process of participation, he develops a sense of 'ownership' of his results, and gains an insight on how he can improve his own methods and behaviour.
- b) Your job as a manager shifts from that of criticising to that of helping the employee to improve his performance.
- c) It is consistent with the belief that people work better and are more

committed when they participate in defining objectives to be achieved within a given time frame.

## 2. Performance reviews

The purpose of performance reviews is to analyse what a person has done and is doing in his job, in order to help him to do better by developing his strengths, or by overcoming his weakness. It is a deliberate stock-taking exercise. In a well conducted performance review session, you should ensure that the employee is able to freely discuss work problems and be encouraged to bring out his own solution to them. As indicated in an earlier section of this unit, joint-problem solving system should be encouraged. In today's effective organisations, managers are trying to make their appraisal system into one based on a shared process in which the emphasis is on mutual development rather than traditional, one-way judgments. This means that managers are now faced with multiple responsibilities and demands.

## 3. Multiple appraisals

To reduce problems of validity and reliability, it may be more useful to use multiple rating than single evaluations. While the rating of one supervisor may not be valid, the overall pattern of several ratings do provide an indication of overall performance and potential for development. Peer rating and self-rating are attempts that have been made recently to improve the PAS. More positively including self-rating is a useful development, because active participation can improve the quality and acceptability of PAS process.

# 4.0 Conclusion

This unit is focused on sharpening your understanding of performance appraisal as an important managerial tool, and as a technique of organisational intervention. It has attempted to increase your knowledge and sensitivity as an appraiser or appraisee, by bringing into focus the manifold problems that beset the PAS — its purpose, methods and implementation strategies. A knowledge of these, it is hoped, would have increased your skills for evaluating the PAS of an organisation more systematically and objectively.

# 5.0 Summary

This unit has examined an important way in which performance appraisal can be designed, put in place and administered. PAS are introduced as we saw for a wide range of reasons, and it is important to be clear about the purpose, scope, and processes of the scheme in your organisation.

# 6.0 Tutor-marked assignment

## *Question*

List and briefly discuss four main operational imperatives of PAS

## 7.0 References and other resources

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Motivation, Job design and Appraisal.

Oberg, W. (1972), *Making performance appraisal relevant*, Harvard Business  
Review, Jan - Feb, Vol. 50.

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This unit also draws on materials from the Open University (UIC) courses;  
B800 B5 Core functions in Managing people.



# Employees' training and development

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## Structure

1.0	Introduction
2.0	Objectives
3.0	What is training and development?
3.1	Responsibility for training
3.2	Thinking about training
3.3	Planned approach to training
3.3.1	Formulation of training policy
3.3.2	Training need analysis
3.3.3	Specifying training objectives
3.3.4	Programme implementation
3.3.5	Evaluation of training programmes
4.0	Conclusion
5.0	Summary
6.0	Tutor-marked assignment
7.0	References and other resources

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## 1.0 Introduction

One of the objectives of PAS as you can recall, is its use of a check on the effectiveness of other HRM activities. Periodic and effective appraisal and monitoring often highlight obstacles to employee's ability to contribute fully to the objectives of the organisation. Some of these obstacles may centre on the employee lacking the KSA required to perform well and indicate an opportunity to use training to acquire the missing KSA. In this unit, we shall consider the importance of training and what has to be put in place so as to attain effectiveness in the conduct of training.

## 2.0 Objectives

After you have read through this unit, you should be able to do the following:

1. Explain what training and development are all about and the difference between them;
2. Explain the responsibility structure for training function in an organisation;
3. Explain the features of a planned approach to the training functions.

### 3.0

## What is training and development?

Human resource training and development are vital input in the management process, aimed at improving and enhancing the output of organisations, both quantitatively and qualitatively. Through systematic training and development, organisations' employees are equipped with appropriate knowledge, skills, abilities and attitudes relevant to the cost-effective performance on the job. Both training and development are integral part of the total framework for effective management.

The purpose of both training and development is similar. The main difference between the two is in respect to the levels of employees for whom they are meant, and the contents and techniques employed. Training tends to be a short-term process, utilising a systematic and organised procedure, by which employees (mostly non-managerial) acquire essential technical knowledge and skills for a definite purpose. It refers to instructions in technical and mechanical operations, such as acquiring knowledge and skills of using a computer package. It is often for a short period, and for a specific job-related purpose.

Development is a long-term educational process, which utilises a systematic and organised procedure, by which personnel (mostly managerial) acquire conceptual and theoretical knowledge. This refers not only to technical knowledge and skills in operation, but also to philosophical and theoretical educational concepts. It involves broader education and its purpose is long-term development.

Training and development are necessary for all organisations, particularly in today's world of fast changing technology, changing values and environment. Both training and development can therefore be thought of as a form of investment of human capital. Not only can both forms of intervention contribute to the organisation's ability to achieve its objectives, but they can transform the lives and prospects of the individuals who benefit from them.

Emphasis in this unit will, however, be devoted to training as a management intervention tool, aimed at equipping employees with relevant KSA.

### Activity

*Recall all the programmes attended by you since you joined your present organisation and mention in respect of each, whether it was a training or a development programme.*

### 3.1

## Responsibility for training

Training is a stupendous task, and a basic elemental task of all those who manage people. Typically, the total responsibility for training is shared in organisations among the following people:

- i) The top management who are responsible for formulating and authorising the basic training strategies and policies, reviewing and approving broad outlines, training plans and programme, and approving training budgets;
- ii) The personnel (or HRM) department, which should plan, establish, monitor, coordinate and evaluate training programmes;

- i i) The line (or functional) manager who should not only supply the various training and development plans, but also implement them;
- iv) Individual employee who attends the programme, and should provide feedbacks and suggestions for a continuous review and improvement in the programme.

A typical division of training responsibilities between the HRM unit and line departments is shown in figure 3.0 below.

HRM unit	Line managers
<ul style="list-style-type: none"> <li>Coordinates formulation of training policies and plans</li> <li>Provides inputs and expertise for training and development and organisational development</li> <li>Monitor training needs</li> <li>Conducts and arranges for off-the-job training</li> <li>Evaluate training programmes</li> </ul>	<ul style="list-style-type: none"> <li>Provide technical inputs for policy formulations</li> <li>Prepares skill-training materials</li> <li>Conducts on-the-job training</li> <li>Continually discuss employee's growth and future needs</li> <li>Participate in organisational efforts</li> </ul>

## 3.2 Thinking about training

Training as we have confirmed earlier is one of management's vital tool for achieving organisational objectives, by ensuring that the right calibre of employees are available on a continuous basis. Training costs money, and hence it represents a vital investment; in fact, it is commonly regarded nowadays (this will be discussed in the next unit on human resource development) as an investment in human capital.

As with any investment, you like the assurance of knowing that expenditure on training is well spent - i.e. there is value for money. This you can only realise when training benefits the relevant organisational stakeholders, namely: the organisation, the trainee and society at large. You should therefore consider a number of vital issues, before coming to the conclusion to embark on training. There are a number of non-training measures which are perhaps cheaper, and their effects more basic and long lasting than training remedies. Here are a few of them:

- i) Incentive programmes to stimulate and motivate employees to high morale, motivation and productivity;
- ii) Redesigning of equipment;
- iii) Redesigning of procedures and work rules to make them more appropriate;
- iv) Reallocation of tasks and duties;
- v) Methods improvement;
- vi) Improved information system;
- vii) Improved control system;
- viii) Job enlargement and enrichment;
- ix) Improved management and supervisory styles.

This list is not exhaustive, but the important point you need to note is that not all work-related problems require training intervention. These non-

training interventions may be cheaper and their effects more fundamental.

There are, however, many factors that can give rise to the need for training such as:

- i) Employment of new and experienced employee would require detailed instructions for effective performance of the job;
- i) People have not only to work, but work effectively, with minimum supervision, minimum cost, waste, and spoilage and to produce quality goods and services;
- i i) Increasing use of fast changing techniques in production and other operations requires training into newer methods for the operatives;
- iv) Older employees need refresher training to enable them to keep abreast of changing techniques and the use of sophisticated tools and equipment;
- v) Training is necessary when a person has to be moved from one job to another, as a result of transfer, promotion or demotion.

A systematic approach (well-planned and implemented) to training (as well as development) should result in education in waste and spoilage, learning time, supervisory burden, grievances, machine breakage and maintenance costs and accident rate. It should also bring about an improvement in methods of work, quality of products, production rate, efficiency and productivity, as well as in morale. It should also create wider awareness among participants, and enlargement in skill and personal growth.

### 3.3 Planned approach to training

There are usually problems associated with training effort in themselves, and in the design, structuring and sequencing. Often, amateurish approaches to the training function prevails in many organisations. This takes one form or another. In one form, training functions are undertaken without a training policy to guide action. In another form, training programmes are selected without any attempt made to assess their relevance to the organisation's needs, or employees, whose training needs have never been identified, are nominated to undergo training. Worst still, there is often no formal procedures for evaluating the effectiveness of the training programmes undertaken by employees.

If training efforts are to be purposeful, you need to put in place a policy to guide the actions of managers. Put bluntly, a training policy is a necessary pre-requisite to a cost-effective training activity. This is even more necessary since most of the traditional personnel management functions (especially so in the case of training) are now being taken up by line managers, as we saw in the introductory unit of this course. A planned approach to training is presented in Figure 3.1 on page 82. As you will recall, training is one of the action plans that is usually derived from the HRM strategy of the organisation.

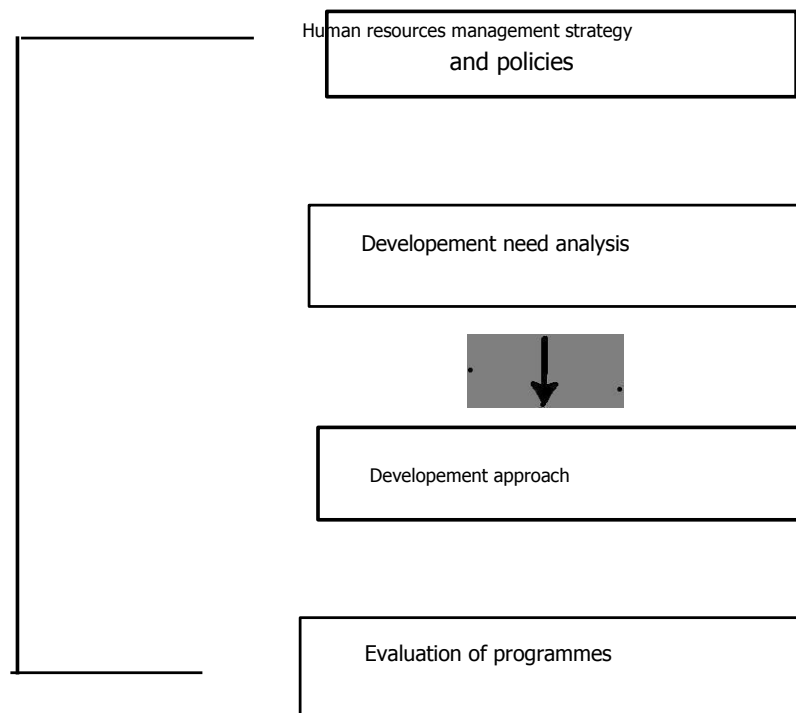
### Activity

Does your organisation have a definite plan for developing managers for assuming higher position? Do you know about the plan?

1. If your answer is yes to both questions, give a detailed description of the plan.
2. If no, reflect on day-to-day practices in your organisation and give a description of forms of development in your organisation, even if informally, i.e. without a definite plan.

As we discussed in the preceding unit on training, management development should begin or derive from the HRM plans of an organisation. Such plans should deal with analysing, forecasting and identifying the organisational needs for human resources. It helps to identify the capabilities that will be needed by the organisation in the future..

Figure 3.2 below provides an illustration of a management development process.



#### 3.3.1 Needs analysis

Much as with HR training, employee development must begin with an attempt to analyse the needs of both the organisation and individuals. Evidence from organisations, however suggests that this analysis of an individual's management development needs is often not given adequate attention in most organisations.

You can anticipate development needs from corporate business decisions. Consider the following examples:

- A large Nigerian National Bank decides to merge with another in Ghana to create one of the largest banks in the ECO WAS region;



A brewery firm plans to diversify its activities into the production of maize.

The common feature in the above situations is that they involve transitions by the organisations concerned. Transitions like these are familiar, and to a large extent, predictable responses to environmental changes. Organisations go through phases of formation, growth, establishment and maturity, or they decide to undertake a different type of work (*by diversifying into related or fundamentally different line of business*), or they adopt a new policy demanding new KSA and making new demands on staff.

Likewise, an individual's involvement within an organisation often goes through several different stages as he or she becomes responsible for a wide range of activities. The more clear-cut transition, the more likely it is that those involved will appreciate — and request — the chance to learn skills and knowledge that will help them in their new or future role, or to share experiences with others in comparable positions.

### *Activity*

*Think of the last major change your department or organisation went through.*

*What were the staff development implications for you and for those with whom you work?*

Apart from transition-related changes, there are other day-to-day development-related problems. For example, if someone is having problems coping with work, or a team is not working well together, they may benefit from opportunities to learn new ways of handling difficulties. What is important is that you will need to conduct some forms of assessment, which must involve all relevant stakeholders. Appraisal sessions, as we recognise in an earlier unit, often lead most appropriately to a joint-problem solving approach to management development needs analysis.

It may be profitable for you or a HR development officer, in collaboration with the relevant line managers, to conduct a detailed training and development analysis. This could be as detailed as you saw in the preceding unit on training analysis (TNA).

For the purpose of emphasis, we saw that in such TNA, you would need to do the following:

- i) First, identify what the job involves — through job analysis, to determine the purpose, area of responsibility key activities, tasks and demands of the job.
- ii) Next, with the aid of job or persons' specification, you will work out the competences, knowledge, attitudes that are required to do the job, distinguishing as far as possible between those that are essential, those that are desirable, and those that are a liability to possess.
- iii) Then draw up a profile of the existing skills of the persons doing the job, on the basis of their past experience, qualifications and demonstrated abilities in the workplace.
- iv) You will then match these with your list of KSA required. If significant gaps are apparent between the required job and the existing KSA, especially if they are so vital for the job, then this is identified as development (*and training*) need.

The above approach has important benefits. It is systematic, and so helps to prevent you jumping to the wrong conclusion. It also helps set priorities for varied training needs that are based on organisational requirements. However, it works best with well-defined jobs, that require specific skills

or techniques, that can be reliably cultivated among people who are willing to acquire them

Some of the problems that may complicate the use of this approach especially as you move up the management hierarchy, are as follows :

- i) The work is unstructured and rather fluid. In addition, the smaller the organisation, the less specialised and defined will be the roles.
- i) The skills and knowledge may not be so obvious from the lists of the key activities. It may not be easy to train a person in the abilities required.

People who offer particular skills may resent being told they are 'deficient' and need training; the organisation may do better to fit the role to what the person can offer.

A corollary from the above is the need for caution. A formal training-and-development analysis may not always be fruitful or appropriate.

### 3.4 Development approaches

You have earlier in the preceding unit, studied various methods of training workers and supervisors. Similar to the approaches for this group of staff, a number of job-site and off-the-job methods are available. A major difficulty with development that takes place on the job is that too often, many unplanned activities are regarded as development. Depending on the size of the organisation, the number of people involved and the complexity of what it is that needs to be learned, the following methods are readily available. In reading through, you will notice that what makes the major difference between training and development approaches, is that in the latter, the emphasis is not on the skills but more on handling of situations, people, and managerial problems.

- i) Job rotation: encouraging members of a team to be able to work proficiently in each other's jobs, thus creating greater flexibility and skills within the team as a whole.
- ii) Special assignments/projects: Increasing the skills base of individuals by arranging supervised project work in preparation for greater responsibilities.

Action learning: a group of individuals who work on their own chosen problems, but share advice and approaches to solving each other's problems.

- iv) In-house courses: a means of conveying knowledge and skills to groups of individuals through trainers (*either from the organisation or from external providers*).
- v) Course provided by external agencies: again to convey knowledge or skills to a group of individuals.
- vi) Distance learning: A course such as this one.
- vii) Creation of assistant to positions: here, the supervisor can act effectively as the teacher and can judge the assistant's decision-making and leadership ability
- viii) Understudy: this is a person selected and being trained to assume, at a future time, full duties and responsibilities for the position presently held by his supervisor.
- ix) Acting up: the candidate is moved up to the next rung of the managerial hierarchy and tested for his/her performance and made accountable during the period.

x) Coaching: this is the oldest on-the-job development technique; which involves daily observation, training and feedback given to employee. Effective coaching requires patience and good communication skill from you as a manager. See box 3.3 below for a summary of the ideal approach to coaching

Coaching is a way of transferring knowledge and skill from a more experienced person to a less experienced person. At all times, the following principles applies:

The coach and the person being coached spend Uninterrupted time together. This is to define the problem.

After the situation has been explained, the coach should ask questions for clarification.

New ideas should be offered and simultaneously encourage the individual to seek their own solutions.

Reach the point at which a decision is made. Ensure that the individual being coached has all the information, they need.

Conclude the discussions, agree and summarise any action. If necessary, weigh up the benefits of a rather better result from the work, against the benefit for the individual of pursuing their own course of action.

Source: adapted from Leigh (1984)

Mentoring: this is similar to coaching, the difference being that a mentor should not be the individual's line manager. Mentoring is a relationship in which managers at the midpoints in their careers aid individuals in the earlier stages of their careers. Technical, interpersonal and political skills can be conveyed in such a relationship from the older to the younger person.

Mentors provide support, encouragement and opportunities for development, and act as a sounding board for ideas.

The attributes of a mentor include:

A strong motivation to assist the development of others.

Considerable experience in the skills being mentored.

The ability to identify the strengths and weaknesses of the protégé, and the ability to formulate developmental and remedial activities.

The personal skills necessary to build a relationship with the protégé (and with their line manager) and to carry out coaching.

Mentoring is often seen as a three-way relationship of mentor-protégé-protégé's manager, although it has been suggested that four roles are more appropriate.

Mentoring is usually viewed as optional and treated as a private, one-on-one activity. If it is to be more structured and form part of an organisation's policies for human resource development, the preparation for mentoring programme should include the following:

Ensuring commitment from top management;

Locating mentoring within the organisation's other human resources development programmes;

Ensuring commitment to participants;

Ensuring support systems are in place;

Making time and money available for effective involvement of all four participants in the mentoring model;

Matching mentors and protégés carefully;

Clearly explaining what is involved to all participants;

Ensuring confidentiality.

There will be occasions when you will be unable to provide adequate facilities in-house to meet your staff development needs, and you will be obliged to seek provisions away from the workplace — off job site.

The market-place is saturated with providers of all kinds, and you are faced with the extremely difficult task of choosing the most suitable facilities. In considering where to look for suitable help, one useful approach is to consider first what local facilities are available, and then to move on to regional and national facilities.

### Activity

*What management development programmes have you attended in your organisation so far? State in respect of each, how have you benefited as a manager?*

Programme	Benefits
_____	_____
_____	_____
_____	_____
_____	_____

## 4.0 Conclusion

This unit has helped you to understand why it is necessary to develop managers in an organisation, as well as measures and process that you need to put in place to enhance your ability to achieve effective development of your managers.

## 5.0 Summary

If anything, this unit must have successfully brought into preeminence the ways in which management development needs in your organisation can be recognised, and acted upon as part of the wider process of performance management.

## 6.0 Tutor-marked assignment

### Question

What are the advantages of a planned approach to employee's training and development?

## 7.0 References and other resources

Becker, G. (1975) *Human Capital: Theoretical and Empirical Analysis*,

University of Chicago Press, Chicago.

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This unit has drawn materials from the Open University, UK, Course B500  
B5 Core functions in Managing people and 8824.U7, Competences  
and Capabilities

# Motivation of employees at work

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## Structure

- 1.0 Introduction
  - 2.0 Objectives
  - 3.0 What is motivation?
    - 1.1 Forms of motivation
      - 1.1.1 Fear motivation
      - 1.1.2 Financial incentives
      - 1.1.3 Advancement motivation
      - 1.1.4 Affiliate motivation
      - 1.1.5 Competence Motivation
    - 1.2 The use of theories of motivation
      - 3.2.1 Abraham Maslow
      - 3.2.2 Herzberg's two factor theory
      - 3.2.3 McIlwain's learned needs theory
      - 3.2.4 Vroom's Expectancy Theory
  - 3.4 Motivation: implication for management
  - 4.0 Conclusion
  - 5.0 Summary
  - 6.0 Tutor-marked assignment
  - 7.0 References and other resources
- 

## 1.0 Introduction

'You either do it my way or you're fired'. This type of motivation may have worked at the turn of the century, but today, many employees would tell their supervisor to 'take this job and shove it'. Today's 'new breed' of employees don't respond to 'traditional' values that might have motivated employees twenty or thirty years ago. Employees in today's organisations are better educated, more highly skilled, and work with more advanced technology. They have significantly higher expectations, which create difficult challenges for managers.

Invariably, work is an activity that is expected of all people of any nation, irrespective of tribe or religion, unless one has a mental or physical handicap. Even in the Bible, we were told of how Adam and Eve were mandated to make their living through hard work, after their disobedience. In several places in the Bible, hard work is commended, while laziness is condemned.

Apart from providing economic security, work adds meaning to life. It gives one an identity and feeling of self-worth. It bestows status and a feeling of belongingness to people who work in a given organisation. A satisfying job can be self-fulfilling. Invariably, work has a bearing on one's emotional state and physical well-being. It has an effect on marital, parental and community roles of people.

In spite of the above facts, research has shown that many people are not satisfied with their jobs. Job satisfaction has been linked with variables like absenteeism, labour turnover, labour performers and productivity levels. Industrial work observers are concerned that the gap between potential and actual performance is widening. It is believed that appropriate motivational (strategies) moves by management will result in considerable benefits to both parties (Labour and Management). However, management should . try to find out the reason why an individual wants to work. Behaviour scientists have found out that certain needs drive people towards certain goal achievement. This drive is known as motivation. This drive within human beings might lead them to get involved and to use their intellect to achieve desired goals.

In view of these major developments, the manager must ask, 'How do I motivate my employees to perform more effectively and efficiently?' This question reflects one of the most challenging aspects of a manager's job, and managers in all types of organisations frequently ask it.

## 2.0 Objectives

After you have read through this unit, you should be able to do the following:

1. Provide a comprehensive definition of motivation;
2. Discuss the various content and process theories of motivation;
3. Describe the applications of these theories by management.

## 3.0 What is motivation?

Motivating a worker today is considerably more complex than the simple application of the 'carrot and the stick' approach used by many managers of yesterday. The dictionary of sociology defines motivation as the process • of initiating conscious and purposeful action. It defines 'motivation' as the process of supplying an incentive, adequate to induce deliberate and purposeful action. However, motivation in relation to work could be defined as the condition of being influenced to do something. It is the process of influencing workers to give off their very best to their organisation. Simply put, it is the driving force that stimulates an individual, i.e. a worker, into action in order to achieve his or her organisation's objectives. It is also described as the wilful or volition act on the part of an individual.

However, the key to understanding motivation lies in the meaning and relationship between needs, drives and goals. The needs set up drives to accomplish goals. A need simply means deficiency. Needs per se are created as a result of physiological or psychological imbalance. Drive can also imply motive, while goal is defined as anything that can alleviate a need and consequently reduce a drive.

How best to motivate an individual to achieve desired objectives, has long been one of the world's most important, difficult and controversial problems (Vroom, 1964). This problem has since the medieval period attracted the attention of Social Scientists, Philosophers, as well as Novelists in different parts of the world. The interest of psychologists in this problem dated back to the early part of the twentieth century which is reflected in the emergence, and development of industrial psychology and vocational guidance (Vroom, 1964).

It is true that people participate in an organised enterprise in order to achieve some goals that they cannot attain as individuals. But this does not mean that they will necessarily work and contribute all they can to be sure that these goals are accomplished. A motivated worker would surely perform his duties, contribute to the achievement of organisational goals. On the other hand, even though frustrated and coerced workers may be forced to contribute to production, yet it must be realised that while it is possible to push-start a stalled car or switch on and off a faulty machine, the human being is none of these. Hence, force will hardly make much in getting human beings to perform their assigned tasks satisfactorily.

Critically looking at the Nigerian situation, the conflicts, strikes and related problems often experienced in our industries, may not be unconnected with the lack of motivation.

### 3.1 Forms of motivation

According to Davis (1977), four motivation patterns that are especially significant are achievement, affiliation, competence and power. We shall consider these one after the other.

#### 3.1.1 Fear motivation

Fear as a motivation is one of the oldest and perhaps the most widely used for motivating workers. This type of motivation plants fear in the minds of employees. Such employees get things done on the platform of threat or punishment, loss of job or dismissal, loss of status, loss of facilities to the workers who do not conform to laid down rules and regulations.

Fear motivates subordinates to work harder and produce more goods and services. It is also assumed that people would work best when they are forced into a situation in which they must produce or be punished.

#### 3.1.2 Financial incentive

This has something to do with increase in pay rise, granting of bonuses on the basis of personnel appraisal, rather than according to an automatic standard. Money is an important incentive in society, because it represents the power to save and the power to spend money, buys things that people value, thus providing a psychological life through the acquisition of economic goal (Tobes et al, 1977).

However, it should be recognised that money is necessary in satisfying the demand of the society as defined by our cultural value. Managers in industry and trade union leaders tend to place major reliance on pay, bonuses and other financial incentive, because they are easier to manipulate. In Nigeria, Adebo inquiry (1970), Udoji Award (1974) and very recent Economic Relief Package (1980), Structural Adjustment Programme (SAP) relief of Babangida (1997) Abubakar's new minimum wages and finally 1999 Obasanjo's latest minimum wage are typical examples.

#### 3.1.3 Advancement motivation

Advancement-motivation simply means regular promotion of workers, based on adequate personnel appraisal scheme, which could form the basic core of the employee motivation for high job performance in organisation.



tions. The concept of job security is gradually taking firm root in our various organisations. Workers feel secured when their voices are heard, when old age pension, unemployment insurance, accident and sick benefits are guaranteed. For the voices of the employees to be heard, Trade Union used.

Achievement-motivation is a desire to overcome challenges. C., the countries where achievement-motivation dominates are those that made the most socio-economic progress. Achievement-motivation leads to higher levels of aspiration, so that the people work harder, and make more progress.

Achievement-motivated persons are the best source of competent leadership in the nation's organisations, and those persons with more achievement-motivation tend to rise to the highest positions. Achievement-motivated persons seek accomplishment for its own sake. They are not strongly 'money conscious', although they may acquire wealth in their drives to achieve. They work because of the sense of challenge, accomplishment and service. Monetary rewards are more of a lure to people who are low in achievement-motivation.

#### 3.1.4 Affiliation motivation

Furthermore, affiliation motivation is a drive to relate to people. Comparisons of achievement-motivated employees with affiliated ones will illustrate how the different motivational patterns influence behaviour. People with achievement-motivation work better when they are complimented for their favourable attitude and co-operation. Achievement-motivated persons select assistants who are competent, regardless of personal feelings about them. However, affiliation-motivated people select friends to surround them.

#### 3.1.5 Competence motivation

Competence-motivation is a drive to do quality work. Competence-motivated employees often are so interested in the technical aspect of their job that they are blind to the human factor at work. They seek job mastery and professional growth.

However, the results of various studies on motivation and performance have led to the proliferation and application of different types of motivational strategies such as fear or coercive motivation, financial incentive, job security, opportunity for advancement, just to mention a few.

Knowledge of motivational patterns help management recognise those employees who are self-motivated, as distinguished from those who depend more on external incentives. Management can then deal with people differently according to their personal motivational patterns.

### 3.2 The use of theories in motivation

For adequate understanding of motivation and workers, attempt is made here to explain certain motivation theories. These can be grouped into two major categories: i.e. the content and process theories. The content theories focus on the factors that are within the person that actually directs, sustains energise or really stop behaviour. In other words, they attempt to determine specific needs, which motivate people. However, process theo-

ries focus on the provision of description and analysis of the process of how behaviour is energised, directed, sustained and stopped. In fact, the process theories focus attention on needs and incentives that cause behaviour. However, under the content theories of motivation, we shall examine three important ones viz: Maslow's need of hierarchy, Herzberg's two-factor theory and McClelland achievement theory. However, two process theories will also be treated, and they are Vroom's expectancy theory and reinforcement theory

### 3.2.1 Abraham Maslow

Abraham Maslow was a psychologist, who developed the theory of human motivation, and classified human needs into five categories in a hierarchical manner; that is, movement from one need to another particularly after a need has been satisfied. The five needs according to Maslow are enumerated below.

**Physiological need**—The need for food, drink, shelter and relief from pain. They are required for maintaining the body in a state of equilibrium i.e. survival

**Safety and security needs**—The need for freedom from threat i.e. threatening events and situations. The need not necessarily means physical safety, but it also includes psychological safety and security; for example, provision for future, insurance scheme, confirmation of appointment.

**Belongingness and love needs**—The need for friendship, affiliation, interaction and love. This is also called social needs. Management can reinforce these needs by providing recreation facilities for workers to enhance interaction.

**Esteem needs**—These include the desire for self-respect, strength, achievement, competence, confidence, independence and freedom. It also includes the desire for reputation or respect or esteem from other people, status, dominance, recognition and attention. However, these needs can be satisfied through acquisition of power in the work environment or place.

**Self-actualisation needs**—The need to fulfil ourselves by maximising the use of abilities, skills and potentials. However, it could be said that emergence of these needs rests upon prior satisfactory of the other needs earlier discussed.

#### Activity

List all the 'goodies' the management of your organisation have just put in place, to motivate employees to work harder.

### 3.2.2 Herzberg's two-factor theory

Fredrick Herzberg propounded two factors theory of motivation. He says that man has two different sets of needs. One 'lower level': for example basic needs and 'higher-level set of need. This is however unique to human characteristics; the ability to achieve, and to experience psychological growth.

However, the two factors are also called dissatisfies-satisfies, the hygiene motivators or the extrinsic-intrinsic factor theory.

There are a set of extrinsic job conditions which result in dissatisfaction among employees and they are not present. However, if they are present, they do not necessarily motivate workers. These conditions are needed to maintain a level of 'no dissatisfaction':



- i) Salary
- ii) Job satisfactory
- iii) Working conditions
- iv) Status
- v) Company procedure or administration
- vi) Quality of technical supervisor
- vii) Quality of interpersonal relations among peers, with supervisors and with subordinates

**Wages and salary—** These are actually the reward of labour. However, employee rewards are of two types—financial and non-financial. Wages and salary are financial rewards, and include such forms as insurance coverage, profit sharing and pensions. While non-financial rewards include good working conditions, recognition for exceptional achievement, and other types of job benefits. In fact, a company should be careful in the administration of wages and salary. If workers are underpaid, they become dissatisfied. If they are overpaid, a company's products may be overpriced in a competitive market.

**Job satisfaction—** This is the favourableness or unfavourableness with which employees view their work. It results when there is a fit between job characteristics and the wants of employees. In fact, it expresses the amount of congruence between one's expectations of the job and the regards that the job provides. Therefore, job satisfaction involves expectations compared with receivable reward. Job satisfaction may refer to either a person or a group. It can even apply to parts of an individual's job.

**Working condition—** Each organisation has its own cultures, traditions and methods of action, which in there constitute its climate for people. Therefore, within the organisational climate, certain working condition must be provided to motivate workers. Working condition will include wages rates, seniority recognition, pensions, and paid holidays and other fringe benefits.

**Status—** This is referred to as the social rank of a person in comparison with others in a social system. Status may be both formal and informal. Formal status refers to the rank of people as designated by the authority structure of an organisation, while informal status refers to the social rank according rank accorded to people because of feelings toward them. In fact, it is the position that one has in an informal social system.

**Company procedure/policy or administration—** Each organisation, no matter how small, has its own policies concerning how people will be governed within the organisation. This is regarded as company procedure. It includes, personnel policies, marketing, production, etc. Hence, to motivate workers, all these must be adequately put in place.

**Quality of interpersonal relations—** This refers to the type of interaction, which exists between persons within an organisation. There is a chain of relationship within any organisation as well as interactions to exist. Therefore, the interpersonal relationship between the managers and managers, managers and supervisors, etc. must be conductive and not hostile, so as to motivate workers. On the other hand, there is a set of intrinsic job conditions, which exist and operate within the job that can increase the level of motivation and good job performance. However, if these conditions are not present, they do not prove highly dissatisfying. These set of factors are called satisfiers or motivators. They may include:

- a) Achievement
- b) Recognition

- c) Responsibility
- d) Advancement
- e) The work itself
- f) The possibility of growth

In conclusion, Herzberg's model provides new insights into organizational behaviour. One major insight is the idea of job enrichment. According to Herzberg, building more motivation factors into them should enrich jobs.

### 3.2.3 McClelland's learned needs theory

McClelland's proposed a theory of motivation, which closely associated with learning concepts. He believed that many needs were acquired from culture. However, he laid emphasis on the three needs—namely: the need for achievement (N<sub>ach</sub>), the need for affiliation (N<sub>aff</sub>) and the need for power (N<sub>pow</sub>). McClelland has found that everyone has each of these needs to some degree. For example, one person may be very high in his need for achievement, but low in his need for affiliation and power.

**Need for achievement**—Here, a person tends or likes to take responsibility for solving problems.

- i) The person tends to set moderate achievement goals and is inclined to take calculated risks;
- ii) The person desires feedback on performance.

**The need for affiliation**—This actually reflects a desire to interact socially with people. A person with high needs for affiliation is concerned about the quality of personal relationship. This then implies that social relationships is given priority over task accomplishment or such a person.

**Need for power**—A person with a high need for power concentrates on obtaining and exercising power and authority. He is concerned with influencing others and winning arguments. Power can be positive if it expresses persuasive or inspirational behaviour, and can be negative if it emphasises dominance. Further still, the main theme of McClelland's theory is that their needs are learned through coping with one's environment. Since needs are learned, behaviour, which is rewarded, recurs at a higher frequency

### 3.2.4 Vroom's expectancy theory

Expectancy theory centres mainly on how motivation occurs. There are three major elements in the expectancy theory according to Vroom; they are:

- i) Choice
- ii) Expectancy
- iii) Preference

**Choice**—This simply represents the individual's willingness and freedom to select and pick from a number of alternative behaviours. In fact, the theory suggests that individuals are motivated at work to make choices among different behaviours or intensities of work effort. For example, a worker may decide to work fast or slow, hard or moderate, stay at home or come to work. However, in some cases, working fast may lead to more pay if compensation is simply based on the number of units produced. If a worker believes that his or her effort at the work will be rewarded adequately, he or she will make a choice of working, so that he/she can receive the reward that follows. Therefore, the logic of expectancy motivation is that 'individuals will exert work effort to achieve performance, which will result in preferred rewards.'

**Expectancy**—Expectancy is the belief that a particular act will be followed by particular outcomes. Put in another form, it is the belief that a particular behaviour will or will not be successful. It is a subjective probability. It represents employee judgment of the probability that achieving one result will lead to another result. Expectancy would be '0' if a person believed that it was impossible to produce, say 20 units of output per day. It would be to '1' if a person believed or felt certain that he or she could produce 15 units per day.

**Preference**—The values a person associates with various outcomes are regarded as preference. The outcome here can be in form of rewards or punishment. According to Vroom, the preferences are also referred to as valences. Therefore, valence refers to the strength of a person's preference for one outcome in relation to others. It is an expression of the amount of one's desire for a goal. Take for example if an employee strongly wants a promotion, it is said that the promotion has high valence for the employee. The valence arises out of employee's internal self, as conditioned by experience, and it varies from person to person.

Valence may be positive or negative, depending on the preference for the outcome. However, if a person is indifferent to an outcome, then the Valence is zero.

**Instrumentality**— This is another issue covered in the expectancy model of motivation. It is the probability that a person assigns to the performance outcome link. It is the probability that a particular performance level will lead to a specific outcome (Donnelly, 1988).

### 3.3 Motivation: implications for management practice

From our discussion of the theories of motivation, several implications for managers can be derived. They are as follows:

1. Managers should recognise and try to develop a better understanding of human behaviour, if they are to create a climate that encourages greater employee's performance and satisfaction.
2. Human needs that are reasonably well-satisfied motivate behaviour. Thus, management should devote more of its attention towards providing a climate for the satisfaction of the upper-level needs of esteem and self-actualisations.
3. Personnel have been underutilised and over-managed. Organisations should try to provide more responsible and challenging jobs, that allow a greater degree of self-control by the individual.
4. Creation of recreational facilities in many organisations such as staff-clubs, company canteens etc., are by-products of motivational theory. All these were borrowed from Maslow's social theory of needs, and are greatly in use today by managers.
5. The increased popularity of vertically expanding jobs, to allow workers greater responsibility in planning and controlling their work, can be largely attributed to Herzberg's findings and recommendations.
6. Employees have been successfully trained to stimulate their achievement need. If the job calls for a high achiever, management can select a person with a high achievement drive.

## 4.0 Conclusion

We have discussed several theories and concepts of human motivation that may be useful to managers. From our analysis, it should be clear that there is no one best approach (or theory) to motivate, that will be effective or appropriate for all employees in an organisation or work unit. The theories of motivation provide approaches a manager can use in motivating employees. However, the manager must adapt his or her motivational style to meet the needs of the situation. A number of situational factors must be considered before a manager is able to optimise his or her ability to motivate (internal environment such as objectives, structure, technology, management approach personal).

## 5.0 Summary

All employees have different needs and aspirations; the motivational factors for one individual will not be the same for another person. Thus, a manager must evaluate each person, in order to determine what will stimulate that person to exert effort above and beyond what is normally expected. If possible, an environment should be created so that each employee can be motivated to his or her fullest potential. Thus, the manager must be capable of adapting his or her motivational approach to meet the needs of personnel in a changing environment.

In addition to the major theories of motivation, managers should also develop an understanding of the role of money as a motivator, and the importance of equity between an individual's performance and the pay he or she receives.

## 6.0 Tutor-marked assignment

### Question

Explain one of the content theories of motivation you are familiar with.

## 7.0 References and other resources

- Davis, P. (1975) *Human Behaviour at Work*, Tata Mc Graw-Hill Publishing Co. Ltd., N.Y.
- Maslow, A. H. (1970) *Motivation and Personality*, Harper and Row, New York.
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# Job evaluation

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## Structure

- 1.0 Introduction
  - 2.0 Objectives
  - 3.0 Nature and perspective of job evaluation
    - 3.1 Principles of job evaluation
    - 3.2 Job evaluation schemes
      - 3.2.1 Non-analytical schemes
      - 3.2.2 The ranking method
      - 3.2.3 Paired comparison method
      - 3.2.4 Classification method
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    - 3.4 Recent variations and trends
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- 

## 1.0 Introduction

Job evaluation is a generic term covering methods of determining the relative worth of jobs. In this context, a job is described as being all the tasks carried out by a worker or a group of workers, in the completion of their prescribed duties. As with all management techniques, job evaluation involves the acceptance of certain basic assumptions, such as, that different kinds of jobs have different values, and that this value is affected by the supply of labour and the demand for the results of the work.

The immediate objective of job evaluation is to find out the value of work. Its aim is not to create a rate, but to discover what that rate is at a given time and place. When job evaluation is used in the design of a wage structure, it helps in rationalising or simplifying the system by reducing the number of separate and different rates. These characteristics of job evaluation will be considered in this unit.

## 2.0 Objectives

After completing this unit, you should be able to do the following:

1. Define and explain the nature and principles of job evaluation;
2. List and discuss the major non-analytical and analytical methods of job evaluation;
3. Comment on the merits and demerits of each of the basic methods of job evaluation.



### 3.0 Nature and perspective of job evaluation

Job evaluation is about the value of work. How much is a job worth? What are the relative differences between jobs? How should these differences be reflected in remunerations? These are many ways of determining pay scales.

Job evaluation is but one. It is consistent with a performance-based remuneration policy, which implies that job contributing most to corporate objectives should receive the highest level of remuneration, and that relative worth is a sound basis on which to achieve fairness. (Smith, 1983). Job evaluation tackles internal consistency in pay differentials. External consistency falls into the realm of collective bargaining and, or market mechanisms.

Job evaluation is itself a generic term and comprises a range of techniques. By the application of judgment and analysis, their essential characteristic is to appraise the salient features of a job. This is done according to the range and degree of the human demands, which it makes upon incumbents, and according to the relative contribution of the job to the organisation as a whole. This is to provide yardsticks for assessment, and to provide basic data on which to come to conclusion, and agreement about the rate for the job in monetary terms.

The aim of job evaluation is to provide a systematic and consistent approach, to determining and defining the relative worth of jobs within a workplace or multiple site organisation. It provides a fair basis for a fair and orderly grading structure. In job evaluation, it is the job that is evaluated, not the person doing it. Its overall objectives are to produce a rational, coherent pay structure, with a consequent reduction in anomalies and grievances, to help ensure equal pay for equal work, and to provide a basis for fixing differentials where a case for these can be demonstrated.

As a way of summary, job evaluation strictly speaking, is concerned with determining the relative position of one job to another. It is a preliminary exercise for the establishment of grades and associated wage or salary levels. It seeks to determine the value of a job relative to other jobs within the same organisation. Through job evaluation, the importance of a job to the organisation as a whole can be established, and it can then be placed in the appropriate position within an overall job-grade structure.

### 3.1 Principles of job evaluation

Job evaluation should begin with a factual study of work content. This means that jobs must be analysed and subjected to the process of job analysis, which systematically reviews duties and activities undertaken by a job incumbent, the degree of responsibility and discretion exercised, and the skills brought to bear in the execution of the job. In an earlier unit of this course, we discussed the relevance of job analysis to most core functions of managing people in organisations. The information obtained by the process of job analysis would be used to produce specification, which would be utilised in comparing one job with the others in the organisation.

The success of a job evaluation exercise depends in the long run, upon its acceptability to the relevant stakeholder—employees and employers. Thus, in the conduct of job analysis, it is advisable to involve the concerned parties. Typically, a job evaluation committee is normally constituted,

have the tasks of evaluating job and hearing grievances. After the comparisons have been made, jobs are normally grouped into grades in which either

- a. Jobs of broadly similar values are grouped together, or
- b. Jobs are formed representing natural division in the existing organisational structure.

The translation of job grades into levels of payments is a separate exercise, requiring either unilateral negotiation or settlement by management,

after a consideration of market rates and the type of remuneration policy they would like to see emerge, consistent with the ranking produced. Job holders should be kept fully informed of the procedures at all stages.

Grievance and appeal procedures should be set up, through which individuals (and groups) may seek redress if they feel aggrieved by their relative position.

## **3.2 Job evaluation schemes**

There are a variety of job evaluation schemes in existence. We shall seek to give, in what follows, a brief outline of some of the more commonly used types of job evaluation schemes. This can be divided into non-analytical and analytical schemes, and we shall consider each of these groups in turn

### **3.2.1 Non-analytical schemes**

The non-analytical job evaluation schemes compare whole jobs rather than analysing the components of each job, and assessing them factor by factor.

The three common types of non-analytical schemes are:

- whole job ranking
- paired comparison
- job classification

### **3.2.2 The ranking method**

This is the simplest method of evaluating a job. Each job is considered as a 'whole'—an overall view is taken of the demands of the job and its contributions to the organisation. There is no detailed analysis or examination of the individual components of the job.

It places jobs in order, ranging from the highest to lowest in value to the organisation. The content of each job, in terms of job description is compared with that of various benchmark jobs and the jobs are each given a ranking.

The main attraction of the ranking method is that it is relatively simple, inexpensive and it can be done on time. Its simplicity is also its major source of weakness. There are wide margins for error or misjudgment, and precisely because the scheme lacks detail, in terms of information and clear standards, there is no formal means of providing substantive

evidence for the decisions reached.

Thus, the advantages of ranking methods are simple, cheap to operate and easy to understand.

However, its disadvantages are subjectivity, lack of analysis of jobs to explain reason for rank order, and difficulty in usage with large number of jobs.

### 3.2.3 Paired comparison

This is also a simple method of job evaluation, but it is slightly more refined and systematic than whole job ranking. In this method, assessment of jobs are not simply made against benchmark jobs, or against one or two 'proximal' jobs, but under it, each job is compared with all the others in turn. In each case, the assessor is faced with a pair of jobs and must take a decision as to which is the more important. It still does not analyse particular jobs in detail and, although the numerical values attached to each job create an impression of objectivity this is really not the case as there is nothing to indicate what the criteria used might be.

The use of modern computer facilities facilitates the complex computations needed to produce results. However, like ranking scheme, this method has its own advantages:

It is simple and easy to understand, it is slightly more systematic than job ranking, and it is easy to fit new jobs into this system.

The disadvantages, which are similar to the ranking method are as follows: it is subjective, and no analysis of jobs are done to explain reason for ranked order. There is also the need for an enormous number of calculations, if it is to be used with a large number of jobs.

### 3.2.4 Classification method

This method is similar to job ranking but uses a different approach. It starts by trying to establish a logical structure for job grades. The numbers/groups of jobs or pay grades, and the relationship between them are determined, and a general job description is produced for all the jobs in each of these groups.

Box 3.4 below shows an example of the grades and definition of clerical jobs.

Source: B800 People Book 5

#### Box 3.4 Clerical Job Grading

Scale 'D'                      Routine Clerical Work

Scale 'C'                      Work requiring specialised training, knowledge and experience of particular spheres of work. Very good personal qualities required. High degree of reliability and accuracy essential. Work should be acceptable without checking. Exercise of initiative and individual responsibility in order to interpret instructions and adapt to the routine accordingly May involve supervision of small or medium-sized groups.

Scale 'A'                      Work requiring highly specialised or wide general knowledge and experience of particular spheres of work. Ability to organise and carry out procedures and systems on own initiative. May be responsible for work and behaviour of large groups of staff. A high degree of responsibility in work involving leadership or personal contacts both inside and outside the organisation.

An individual job that is considered to typify the group of jobs, is then used as a benchmark. Each job is compared with the benchmark jobs and the general job description, and placed in an appropriate grade. Like ranking, the method assesses the job as a whole; there is no subdivision and comparison of component factors.

The main advantage of the method is that it is based on an explicit grading structure that is open to scrutiny. It is relatively simple and inexpensive to operate, and its easy to understand and apply. It is easy to fit new jobs into job classification structure. Its disadvantages are that it is difficult to use with a wide range of jobs.

### 3.2.5 Analytical method: point rating

This is a most widely used method. It is more sophisticated than the non-analytical schemes. It is an analytical method, which compares jobs on various factors rather than comparing 'whole' jobs. It breaks down jobs into various comprehensible factors and places weights, or points on them. Typically, a table of factors and sub-factors is drawn up, which can be used to analyse each job. There may be as many as 40 or fewer. According to the International Labour Organisation (1986), the most frequently used job factors comprise the following:

Accountability	Analysis and judgment	Accuracy
Complexity	Creativity	Effect
Decision making	Dexterity	Education
Initiative	Judgment	Know-how
Knowledge	Skill	Mental fatigue
Mental effort	Mental skill	Physical demands
Physical effort	Physical skills	Resource central
Planning effort	Supervision received	Problem solving
Supervision given	Responsibility for cash	Social skills
Training	Responsibility for data	Work pressure
Responsibility for equip.		Experience
		Work condition

It is obvious that many of the above factors would overlap. However, it is unlikely that all factors will be of equal value or that they will each make an identical contribution to the performance of the job. Some factors will be more important than others, and should be weighted accordingly. Each job is analysed on each of the factors, and points are allocated according to an assessment of the degree to which each factor is required.

The main advantages of the point-rating scheme are as follows:

- i. It focuses on points, which means it is less likely to be influenced by existing rates of pay than other methods of job evaluation;
- i. It is easy to understand and it is more objective since each job is assessed on a range of explicit, quantitative scales. This means it can be used to explain the extent of differences between jobs, and hence, to justify subsequent difference in pay

The main disadvantages are as follows:

- i. It is complex and expensive to install, and requires considerable technical skills;
- ii. It can be time-consuming and costly to develop and implement;
- iii. Although the scheme is analytical, there is, an element of subjectivity

in all job evaluation schemes, including point rating, as subjective decisions have to be made about, for example: which factors will be chosen and will be weighted most highly according to their importance to the organisation.

Care has to be taken to avoid sex bias in the choice of factors for high weighting.

### 3.2.6 Factor comparison

The factor comparison method is a quantitative and complex combination of the ranking and point method. It involves first determining the benchmark jobs in an organisation, selecting compensable factors, and ranking all benchmark jobs factor by factor. A compensable factor, determined from job analysis, is one used to identify a job value that is commonly present throughout a group of jobs.

Next, the jobs are compared with market rates for benchmark jobs, and monetary values are assigned to each factor. The final step is to evaluate all other factors in the organisation by comparing them with the benchmark jobs. A major advantage of the method is that it is tailored specifically to an organisation. Each organisation must develop its own key jobs and its own factors. Furthermore, it not only tells which jobs are worth more, but also indicates by how much, so that factor values can be more easily converted to monetary wages.

The major disadvantages are its difficulty and complexity. It's not easy to explain to employees, and it's time consuming to develop and establish. It is also found to be inappropriate for an organisation with many similar types of jobs.

## 3.3 Recent variations and trends

Recent attempts to update traditional methods of job evaluation have introduced certain trends. According to Cowling and Mailer (1990), the first of these is emphasis upon participation and consensus. In part, this arises from the general social pressures towards greater consultation, and in part, the growing realisation that workers have something useful to contribute. Consequently, it is common practice to set up joint management-union committees, to monitor the progress of job evaluation schemes.

Secondly, the trend is towards modern technology, with particular reference to computers. This is evident in large organisations, where many jobs need to be compared and benchmark jobs may exceed fifty in number. Increasingly, organisations are linking the components of wages and salary programmes through computerised and statistical techniques, because of the advanced expertise needed to develop and computerise the integrated systems.

## 4.0 Conclusion

This unit has examined the conventional approaches to job evaluation. It does not purport to describe the nature and application of methods in any detail. The aim has been to consider the principles involved in job evaluation as a technique, and the various methods that are available in the field.

We have seen that job evaluation can provide the base for a rational pay

Structure and that it takes into account the basic pay for the job and not the total earnings for the individual Employee doing the job. The five conventional methods-ranking, paired comparison, grading, points and factor comparison-have many weaknesses including lack of a logical premise, subjectivity and the inability to compare jobs of dissimilar families. Yet, they can be made to provide very worthwhile benefits for both workers and management. The point-rating method, which is the most popular, is also the most complex and pseudo-scientific, but has the advantage that job-ranking information is provided in a form that is helpful to final, collective bargaining.

## 5.0 Summary

Investment in job evaluation is probably expensive in the short term but a sound prospect in the long run, for the effective determination of wage rates and wage differentials, among jobs within an organisation. As we have seen, job evaluation is a systematic approach in determining the relative value or worth of each job in an organisation. This job evaluation of same kind is a necessity in modern organisations. The hub of the matter, is that the method used must be acceptable to those concerned. Its continued success requires ongoing maintenance and review. In the immediate following unit, we shall examine the role of job evaluation, in the operation of effective reward systems.

## 6.0 Tutor-marked assignment

Question:

Distinguish between ranking method, grading or classification and point rating method of job evaluation.

## 7.0 References and other resources

- Cowling A and Mailer C (1990) *Managing Human resources, 2<sup>nd</sup> Edition*, Edward Arnold, London.
- Foot, M and Hook C. (1998) *Introducing Human resource Management*, Longman, London.
- ILO (1986) *Job Evaluation*, Ilo, Geneva.
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- The Unit draws on Material from Open University text B800B5 *Care Functions in Managing People*.

# Reward systems

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## Structure

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  - 2.0 Objectives
  - 3.0 Why have a reward system?
    - 3.1 Developing competitive pay system
    - 3.2 Monitoring the market
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    - 3.4 Designing reward systems
      - 3.4.1 The time and flat-rate system
      - 3.4.2 Annual increments
      - 3.4.3 Collective bargaining
      - 3.4.4 Performance-related pay
      - 3.4.5 Profit sharing
  - 4.0 Conclusion
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- 

## 1.0 Introduction

It is extremely important to have a well-designed compensation system in an organisation. If the effort reward exchange is a basic one in our modern society, the organisation's reward system (compensation) is the device for administering that exchange. In agreeing to work for an organisation, an individual is agreeing to exchange effort for reward. The various rewards that people get from work can be divided into two parts: intrinsic and extrinsic. Intrinsic rewards arise directly from doing the job itself. Extrinsic rewards are provided by somebody else. These include: social rewards, such as praise and recognition, and material rewards, (such as pay). This unit focuses on extrinsic material rewards, especially pay, which organisations have to design and operate, not only to attract and retain valued employees, but also to motivate them for desired productivity.

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## 2.0 Objectives

After studying this unit, you should be able to do the following:

1. Discuss why an organisation needs a well-designed reward system;
2. List the criteria that a well-designed material reward system should satisfy and apply them to particular arrangements and proposal;
3. Explain in some detail, the main types of payment system in common use, the elements within them and the circumstances in which they are likely to be appropriate;

4. Contribute to the planning and implementation of any changes to the pay system within your organisation.

### 3.0 Why have a reward system?

Organisational effectiveness can be defined as an organisation's capacity to acquire and utilise its scarce and valued resources, as expeditiously as possible in the pursuit of desired, operational goals and objectives. Human resources has been accepted as a vital resource of the organisation.

The compensation a firm offers is an important factor which can affect how and why (and for how long) people choose to work for a firm.

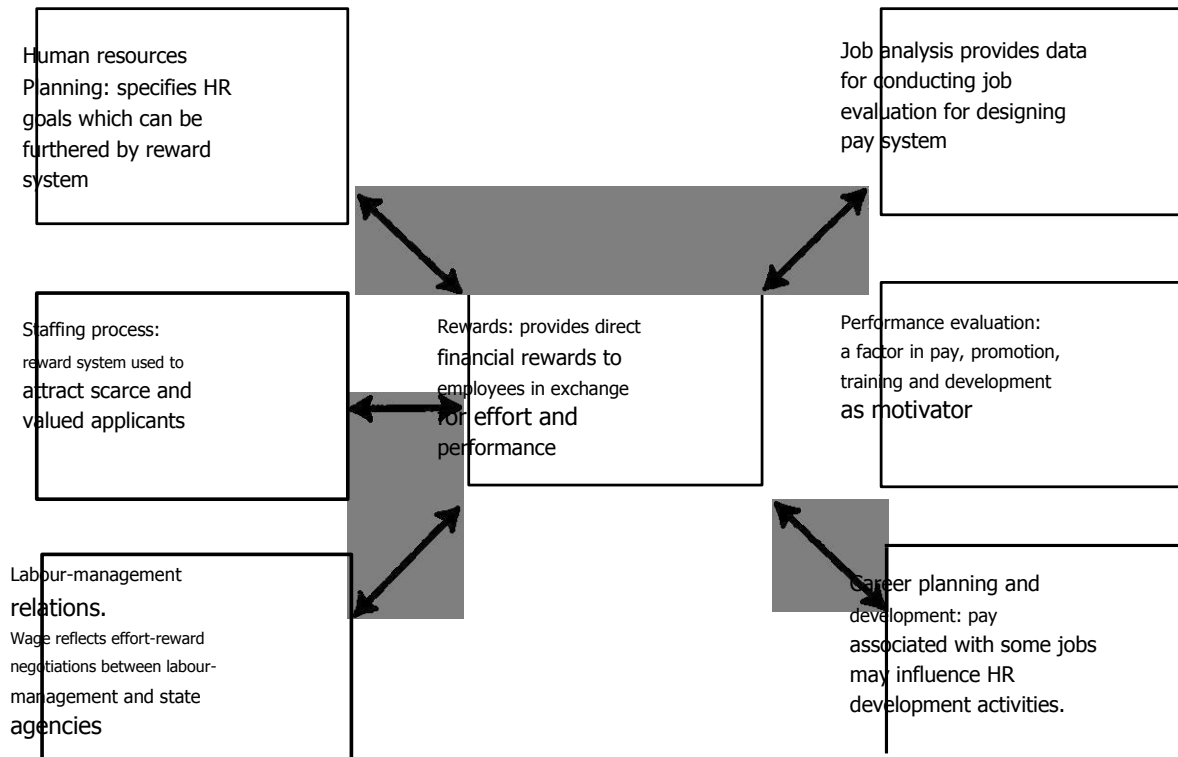
Compensation contributes to organisational effectiveness in a number of ways, and can be designed to achieve the following objectives:

- i. To attract qualified employees to the organisation, and who are most likely to be highly productive;
- ii. To retain competent and valued employees. Although retaining valued staff is contingent on many other factors, compensation policies help by maintaining an equitable and internal pay structure;
- iii. Align the interests of employees with the success of the organisation
- iv. Serve as an incentive to motivate employees to put forth their best efforts, and develop required KSA;
- v. Encourage employees to achieve their job and organisational objectives;
- vi. Channel employees' effort to directions desired by management;
- vii. Encourage employees to work the hours required by the organisation;
- viii. Encourage the employee to engage in flexible and team-work relationships;
- ix. Minimising the cost of compensation can contribute to organisational effectiveness since compensation is a significant cost for most employers—in some organisations, compensation can take up a third or more of recurrent expenditure;
- x. Recognise the contributions people make to the organisation.

What is most important for you as a manager is the need to be reasonably competitive in the choice and design of reward package so as to be effective in attracting, acquiring, retaining, utilising, maintaining and rewarding performance in your organisation.

Effective management of rewards lies at the heart of successful human resource management. Compensation or reward, is related in some way, to almost every other functions you perform in managing people. This relationship is clearly illustrated in figure 3.5 on page 115.





Compensation represents both a cost and an investment to the organisation. It is the largest cost item for many employers, especially those in labour-intensive organisations. Consequently, studious attention to budgeting and control is paramount. It is also an investment because it represents money spent in pursuit of productivity. Ensuring that money devoted to rewards is invested wisely is the prime objective of a company's reward policy.

### 3.1 Developing competitive pay system

The basic requirement of an organisation's reward system is that it should be sufficient to attract and retain enough staff with appropriate competencies, to perform the work needed to secure its objectives. Failure to offer competitive rewards invariably lead to high labour turnover, and inability to recruit valued staff. Consequently, a pay policy should aim to facilitate the attraction and retention of valued employees, to motivate productive workforce, and encourage cooperation as well as a willingness to adapt to change. To be competitive, two elements are relevant: the level of pay and its structure. The structure depends on the norms for different jobs — for example, sales force usually expect to have a significant element of commission in their remuneration, whereas a bank clerk may be more averse to risk and not join a firm in which pay is quite so indeterminate.

Paying rewards at a competitive level but no more than necessary, is a difficult policy to carry off. First, you need to define the job in question, to make comparison. Some jobs are easy to categorise, yet it may be more difficult to delegate jobs that are more general, in their scope, or those that are more specific to a particular employer. Several techniques for job evaluation have been established for use in these situation.

The aim of job evaluation, as we have seen in a previous unit, is to establish some form of ranking of jobs, based on an explicit analysis of each job's content, rather than on market forces. The ranking can then be used to establish agreed rates of pay for the different jobs. The main methods of job evaluation were the focus of the last unit.

## 3.2 Monitoring the market

Once you have, through the use of job evaluation techniques, established the internal relativity of a job, you need to know what competitors are paying for the same job. Given that it will vary from place to place, and over time, this requires detailed and ongoing local knowledge. Information on external pay can be accessed in several ways. The most common methods include the following:

### 1. Monitoring advertisements

Many personnel departments monitor the local press for information on the pay rates of rival employees, particularly in their industrial level of environment. This is specially true for less-skilled jobs.

### 2. Industrial associations

Some industrial associations offer a service in which they gather information on pay rates from their member firms, and then summarise the information for the benefit of members, without revealing the pay rates of particular firms—i.e. the industrial pay rates.

### 3. Professional pay-monitoring services

Some organisations, including specialist firms and consultants, in particular fields, offer a service in which they keep their clients informed of pay developments in their sector.

### 4. Pay surveys

A pay survey is a collection of data on compensation rates for workers performing similar jobs in other similar organisations. An employer, if he can afford it, may use surveys conducted by himself (or other organisations). The desirability of monitoring the market pay levels is another argument for retaining some centralised HRM specialism. If many departments in the organisation recruit for similar jobs, a common information source will prevent any duplication of (and wasteful spending on) intelligence gathering.

Also under collective bargaining systems, the pay-setting functions are more specialised and formal. Pay negotiation typically takes place at a national level between employees' representatives (usually industrial Trade Union) and Senior Negotiators from the employers' side, supported by specialist industrial-relations functions. Rates for the jobs and annual increases would then apply uniformly across the organisation's operations. This system is currently under pressure in some industrial sector of the economy, such as the Banking and finance sector, where the centralised approach is being replaced by company-based compensation system.

## Activity

*How is the level of pay for your job determined and reviewed periodically?*

*How did your organisation set pay levels for staff? Did it use any of the formal methods we have discussed here? Which one? Attempt a full description of how it was done?*

## 3.3

## Pay and motivation

Most managers know from experience how complex individual motivation can be. People are motivated by money and by a lot more things. Money can be used in a number of different ways to motivate people. Pay policy has to reflect the complexity of human nature if it is to succeed in its objectives. Both the amount of money and the manner in which it is offered have to be kept under continuous review in order to achieve optimal results. Organisations must make sufficient payments to attract (and indeed retain) the employee they need. To that extent, the organisation views people as a resource, and pays the market price for labour just as it does for capital and raw materials. As we saw in unit two, however, managing people is fundamentally different from managing other resources. This then is the principal reason for motivation. The rewards which organisations pay can have important effects on the motivation of employees.

For example, the expectancy theory of motivation tells us that employees are likely to be motivated to perform in a certain way only if the employee genuinely believes in these three things: effort will cause an observable result (expectancy), the result will lead to a reward (instrumentality), and the reward is desirable (valence).

Often, at least one of these conditions is fulfilled.

Equity theory predicts a general and unintended consequences of reward system:

If employees consider their rewards to be unfair, relative either to their own efforts or to those of their colleagues, they may lose their desire to work for the organisation.

An important factor in judging whether we think the rewards we receive from work are fair is the contribution: reward ratio, or effort: reward ratio (see table 3.6) Whether people view their own ratio as fair will depend on how they think their own ratio compares with those of other groups of similar workers, either within or outside their organisation.

Table 3.6 Factors determining perceived fairness rewards

Contributions	Rewards
Inputs: e.g. Skill, experience and effort	Intinsic rewards, e.g. responsibility, achievement etc.
Activities: e.g. responsibility tasks identity	Social Rewards: belonging,
Outputs: e.g. quantity of work and quality of work	Material rewards e.g. pay, pension

The many factors involved in the contribution.: reward ratio means that the potential for disagreement over pay and other rewards is huge: This is exacerbated because people are likely to perceive and value their own contributions and other people's contributions in different ways. As well as being 'fair', reward systems must reflect a wide range of organisational factors and external pressures and constraints, as shown in table 3.7 below. Increasingly, reward systems need to be flexible. With the growing rate of change, both within organisations and in the external environment in which they operate, adaptability is now crucial.

Table 3.7. Factors influencing pay and material reward system

External factors	Internal factors
Legislation (e.g Minimum wage policy) Government guidelines Labour market Competition Founders Competitors Compliant Client groups	- Organisation's value - Organisation's Policies - Workforce and Attributes Comprising: - Workforce attitudes and satisfaction - existing agreements - financial position

### 3.4 Designing reward systems

Periodical y, every organisation will need to introduce a new or revised payment system, to meet changing circumstances. Such a choice should reflect the organisation's circumstances, especially the nature of its product, the production system, and the characteristics of the workforce. In addition, the system should take account of prevailing economic factors, such as the appropriate labour market and relations with the employee. The discussion below provides an overview of some of the elements which can be included in a reward system. Table 3.8 on page 119 summarises some of the conditions under which different types of payment systems are appropriate.



Figure 3.8 Conditions for appropriate types of payment systems

Flat/Time Rates
Output and controlled by employees
Frequent interruptions to work flow
Annual increments/ I experience
Experience an important asset
Performance related pay
Output largely under control of individual/group
No marked fluctuation in product market
Merit Pay
Performance can be assessed subjectively, although it may be hard to measure objectively.
an existing appraisal scheme operates successfully for other purposes
Incentives are desired
The workforce is not opposed to the idea

### 3.4.1 The time and flat rate systems

Time or flat-rate systems, which are used in very many organisations, link pay to the work done. Pay is usually expressed as an hourly, weekly or annual rate. Jobs are usually graded according to the difficulty of the risks involved, the skills needed or the degree of responsibility. Pay is often determined through bargaining, or from what is thought to be market rate for the job.

#### Activity

Interact with the personnel department of the organisation you work for and obtain information from about time rate. What did you discover as the main advantages of this system? Has it any drawback?

Once pay rates have been established, this system has the advantage that it is easy to administer and control. The system is easily understood by employees and causes few disputes, except perhaps over basic rates. A potential disadvantage is that pay is unrelated to relevant inputs (such as effort) or output (such as effectiveness). So, it can provide little incentive to improve productivity or quality of work. Poor performance may earn as much as good ones, which can cause dissatisfaction.

If volume or quality of work cannot be measured objectively, or if they are affected by factors largely outside the employees' control, then flat rate may be the fairest way of determining pay. However, a flat-rate system is often combined with other payment systems.

### 3.4.2 Annual increments

Many organisations use pay grades with incremental scales within each grade. Usually, regardless of any improvement in performance, individuals receive an increment each year.

An increment may be regarded as a reward for long service. In jobs where long-term experience is a considerable asset, there may also be a link with performance. However, it may cause resentment to these who are newer to the job, particularly if they feel they are performing as well as the 'older hands'.

### 3.4.3 Collective bargaining

The room for discretion in designing pay policies may be limited by agreements with trade unions or other organisations representing employees. In many organisations, collective bargaining is between management and employee representative. As well as negotiating over pay rises, and rates for particular jobs, collective bargaining often includes formal discussion about working conditions.

### 3.4.4 Performance-related pay (PRP)

PRP refers to a range of payment systems which share the common characteristics of linking employees' income to either their own performance, that of the group, or that of the organisation as a whole. Particular forms of PRP include piece work, merit pay and profit-related pay.

### 3.4.5 Profit sharing

This is a system in which a proportion of organisational profits is distributed to employees. Typically, the proportion of the profits distributed to employees is agreed on by the end of the year before distribution. The various ways to share profits to employees include: equal payment to all employees, employee earnings, years of service, contribution or performance. Unions are sometimes skeptical of profit sharing plans, because such plans only work when there are profits to share, and the level of profits is influenced by factors not under the employee's control.

## 4.0 Conclusion

In the foregoing, we have argued that paying rewards at levels competitive with other employers is an essential precondition for an organisation to succeed in meeting its objectives. Two elements go into the design of a pay policy: the level of pay and its structure. We also showed that achieving competitive levels of pay involves determining the job in question, and then monitoring the labour market for jobs of that type. The unit ended by taking the reader through different, common types of payment systems.

## 5.0 Summary

This discussion in the unit, among other things demonstrated the centrality of payment system to HRM functions. It showed how structured pay-

ments can play an important role, not just in attracting recruits, but in the motivation of employees for desirable performance, self-training and development and career planning.

## 6.0 Tutor-marked assignment

### Question

Distinguish between ranking method, grading or classification, and point rating method of job evaluation.

## 7.0 References and other resources

Henserson R.I (1994) *Compensation Management 6th Edition*, Copper Saddle

Rivers, N.J. Prentice-Hall

Moorhead, G. and Griffin, R.W., (1988) *Organisational Behaviour: Managing People and Organisation* 4th Edition) Houghton Mifflin, Boston

Stone, T.H (1982) *Understanding Personnel Management*, The Dryden Press, Chicago.

This text drew heavily from the open University (UK) B800B5, session 4: *Managing Rewards*.



# Industrial relations context

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## Structure

- 1.0 Introduction
  - 2.0 Objectives
  - 3.0 The unitary and pluralistic perspectives
    - 3.0.1 The unitary perspective
    - 3.0.2 The pluralist perspective
  - 3.1 What is industrial relations?
  - 3.2 Actors in industrial relations
    - 3.2.1 The state
    - 3.2.2 The worker and trade unions
    - 3.2.3 Reason for restructure of trade unions
    - 3.2.4 The employer
  - 3.3 Problems in industrial relations
  - 3.4 Managerial responsibility for industrial relations
  - 4.0 Conclusion
  - 5.0 Summary
  - 6.0 Tutor-marked assignment
  - 7.0 References and other resources
- 

## 1.0 Introduction

The manager, as practitioner in industrial relations soon realises that the subject involves attitude as a significant factor, and what people believe can be as important as what is. In no other field of management is generalised assertion accepted so readily as a substitute for facts. Even the experienced manager will make important and costly decisions on labour matters, based on personal judgment, without any substantive data to support them. This unit, therefore, gives an insight into the context of industrial relations, the institutions and beliefs that interweave the fabric.

## 2.0 Objectives

After you have read this unit, you should be able to do the following:

- 1) Describe the contrasting frame of references that inform industrial relations practices of managers;
- 2) Explain the meaning and features of industrial relations;
- 3) Describe the structure and processes of the three main actors in an industrial relations system;



- 4) Identify and discuss the common types of, and methods of expressing conflicts in industrial relations;
- 5) Explain the role of managers in achieving effective industrial relations.

### 3.0 The unitary and pluralistic perspective

The types of labour-management relationship, and the techniques that are utilised to regulate this relationship, are influenced by the beliefs (frame of reference) of the employer. In the search for effective employee relations, and a common commitment to the goals of the organisation, consideration should be given to the contrasting approaches which present two major ways of perceiving work organisation — the unitary and pluralistic perspective.

#### 3.0.1 The unitary perspective

Unitarists believe that all members of an organisation have the same interest, that is to say that, the firm is viewed as an integrated and harmonious whole, with managers and staff sharing common interests and objectives. There is an image of the organisation as a team, with a common source of loyalty one focus of effort, one acceptable leader, and source of authority. Conflict is perceived as disruptive and unnatural, and can be explained by poor communication, personality clashes or the work of agitators. Trade Unions are seen as an unnecessary evil and restrictive practice, as outmoded or sponsored by trouble makers. The unitary perspective views the company and trade union loyalty as mutually exclusive. This raises the question of human resource management as a reformation of a unitarist managerial ideology. Developments in HRM, (as we have seen in earlier units) in seeking to optimise co-operation and organisational loyalty, can be seen as imposing new forms of labour-management control system.

#### 3.0.2 The pluralistic perspective

The pluralistic perspective views the organisation as made up of powerful and competing sub-groups, with their own legitimate loyalties, objectives and leaders (Fox, 1966). From this perspective, conflict in an organisation is seen as inevitable and induced, in part, by the very structure of organisations. Conflict is not necessarily a bad thing. The unitary employer is more likely to resist unionisation, and pluralist employers are likely to accept unionisation more readily. Unionisation implies the existence of different sets of interests and the will to set up strategies and mechanisms for managing conflicts.

Unitarists expect everyone to have the same goals, such that there should be no conflict, and therefore no need to have mechanism for representing different points of view and resolving conflicts. These are important points to bear in mind as we move to talk about industrial relations in a workplace.

#### Activity

*Consider what you have just read about the unitary and pluralist approaches to employee relations. Which would you consider to be more likely to accept unionisation and which is more likely to resist it? Give reasons for your choice.*

### 3.1

### What is industrial relations?

At its simplest, industrial relations can be operationally defined as labour-management employment policies, procedures and practices for organising co-operation and managing differences of interests between labour and management. Every work organisation— public or private, and regardless of size and complexity has such a system of labour-management relations through which interests and differences are adjusted on a continuous basis. The system may be relatively crude, with one side simply imposing his wish on the other through the use of naked force, or it may be relatively subtle, embodying many levels of jointly agreed rules and various checks and balances of power. It may be highly formal with many levels and forms of rules and regulations to guide interactions, or it may be extremely informal, based on customs and practices developed over the years. But whatever is its character, one can always identify an industrial relations system within an employment situation.

In so far as the system can be said to function effectively, you as the manager is the leader of the social partners that make up the system. Thus, the function of cost-effective organisation of co-operation and of managing the inherent and endemic conflicts of employment relations is primarily that of the manager, who must view this as an integral part of his/her overall responsibility for marshalling resources in the conduct of corporate business.

Industrial relations has also been viewed as concerned with job regulation, that is, with institutions concerned with the making of rules to regulate and guide the conduct of social partners, (Labour and Management) in an employment situation (Flanders, 1968). In this connection, two sets of rules, substantive and procedural, form the main outputs of an industrial relations system. Substantive rules are concerned essentially with issues of terms and condition of employment, such as the rates and periodicity of pay, hours of work, holidays, fringe benefits and other employees' entitlements.

Procedural rules, on the other hand, relate to 'HOW and WHO' has authority to make specific rules on substantive issues, and the methods to adopt in the decision-making processes. For instance, whether decision on pay should be unilaterally or jointly taken by employee and management, and the procedure to adopt when disagreements arise during either the decision making and/or the implementation process. Both sets of rules may be derived from a number of sources including:

- i) Legislation, decrees and regulations;
- ii) Trade unions and professional associations rules;
- iii) Collective bargaining agreements;
- iv) Conciliation, arbitration, tribunal and industrial courts;
- v) Managerial policies and practices;
- vi) Customs and practices.

From the foregoing, it is obvious that industrial relations is about the management of people as actors in an employment situation.

### 3.2. Actors in industrial relations

Three main actors are identifiable in any industrial relations system. Each of these actors normally presents an infinite permutation of goals, objectives, and values which influence, shape, sustain and transform the indus-

trial relations processes at the firm, industry and national levels. It must be added that the context or environment in which these actors operate sets limits as well as create opportunities for behaviour that is optimal. The actors in the industrial relations system include: the state and its agencies, the workers and their representative trade unions, and the employers of labour. We shall briefly consider these features of each of these actors.

### Activity

*Consider the organisation you work for or one you are familiar with. List all the main actors of industrial relations that operate in it. Identify the objectives of each of the actors, how each is organised and how each operates.*

## 3.2.1 The state

In Nigeria, as in most other countries in the world, the government's role as employer of labour, manager of the nation's economy, and maintenance of law and order in the wider society, influences the development and operations of Industrial relations system. Specific agencies of the state also include, the industrial Arbitration Panel (IAP), the National Industrial Court (NIC) and the Productivity Price and Income Board (PPIB). A detailed description of these institutions can be found in Fasoyin (1980). It is common knowledge that since the late 1960's, through the 1970's, the state's traditional policy of non-intervention in industrial relations has drastically changed (see Oribabor, 1988). The establishment of more and more quasi-governmental, industrial relation institutions are evidence of government intention to be more actively involved in monitoring the activities of all decision makers in the industrial relations system.

## 3.2.2 The worker and trade unions

In terms of industrial relations, this include employees as individuals as work groups and workers representatives such as trade unions and professional association. The enactment of series of Decrees (now Acts) between the late 1960's and 1970's has led to a major transformation of the Nigerian trade union movement. Unions have become a formidable force in Nigeria and also active in general, social and economic spheres of individual industry and the nation as a whole.

What are trade unions? The Trade Unions Act of 1973 defines a Trade Union as any combination of workers or employers, whether temporary or permanent, the purpose of which is to regulate the terms and conditions of employment of workers. From the definition, it will be appreciated that for an organisation to qualify as a trade union, it must fulfil the following conditions: the combination must be of workers or employers, and it must be for established purpose of regulating the terms and conditions of employment of workers.

The general mission of the trade union has traditionally been that of protecting the individual worker, and improving his lot through collective action. The pre-1976 trade union structure in Nigeria was characterised by mushroom house (and few industrial) unions, numbering over a thousand. The Trade Union Central Labour Organisation Decree No 44 of 1976, cancelled the trade unions' four centres, and the Trade Union (Amendment) Decree No 21 of 1978 formally restructured the unions into 42 junior unions, affiliated to the Nigerian Labour Congress, as the only labour centre. Of recent, the unions have been reorganised. With the promulgation of the Trade Union (Amendment) Decree No. 4 of 1996, a further restructuring of

trade unions different from that of 1978 has come into force. There are now twenty nine trade unions affiliated to the Nigerian Labour Congress (see Table 4.0)

These developments have important implications for the vital role the trade unions must now play as 'managers of discontent' in the industrial relations systems.

### 3.2.3 Reasons for the restructuring of trade unions

In December 1975, the Government published its National Labour Policy which represented a fundamental shift in the mode of state intervention in labour relations in Nigeria. It emphasised a shift from an absenteeist (Laissez-faire) to an interventionist posture (Oribabor, 1988) The principal objectives of the new policy are as follows:

- a. The need to give a new sense of direction and new image to the trade union movement;
- b. The desirability of removing completely from the trade union arena, ideological or external influences which have plagued Nigerian trade union unity for more than a quarter of a century.

Table 4.0: The new list of Trade Unions

Agriculture and Allied Workers Union
Amalgamated Union of Public Corporation
Civil Service, Technical & Recreation Service Employees
Medical & Health Workers in Nigeria
National Association of Nigerian Nurses & Midwives
National Union of Air Transport Employees
National Union of Banks, Insurance & Financial Institution Employees
National Union of Chemical, Footwear, Rubber, Leather Sr
Non-Metalic Workers
National Union of Civil Engineering Construction Workers
National Union of Electricity Workers
National Union of Food, Beverage & Tobacco Employee
National Union of Hotel & Personal Service Workers
National Union of Petroleum & Natural Gas Workers
National Union of Postal & Telecommunication Employees
National Union of Printing, Publishing & Paper Products Employees
National Union of Road Transport Workers
National Union of Shop & Distributive Employees
National Union of Textiles, Garment & Tailoring Workers in Nigeria
National Union of Civil Service, Secretarial & Stenographic Works
Nigeria Union of Journalists
Nigeria Union of Mine Workers
Nigeria Union of Pensioners
Nigeria Union of Railway men
Nigeria Union of Teachers
Non-Academic Staff Union of Educational St Ass. Institutions
Radio, Television & Theatre Workers Union
Steel & Engineering Workers Union of Nigeria

- c. The need to rationalise the structure and organisation of trade unions and to ensure they are self-sufficient financially and not dependent upon foreign sources of finance;
  - d. The need to provide facilities for trade union education, in order to improve the quality of trade union leaders;
  - e. The need to strengthen the labour's administrative system, through the provision of adequate material and human resources for the Ministry of Labour, for the enforcement of labour laws and regulations.
- It was in pursuance of these objectives that the Decrees noted earlier were enacted. Today, Nigerian Trade Unions are now:

- Industrialised;
- Have a single central organisation —Nigeria Labour Congress;
- Financially self-sufficient;
- Placed in a recognised category in law;
- Conferred the de facto right to negotiate with employers;
- Represented in a number of national government bodies.

### Activity

*Visit a Trade Union of ice of the organisation you work for, obtain information on the organisation and the operation of its union. Prepare a write up on the union for your file. The information should cover the history, structure and activities of the union*

### 3.2.4

### The employer

This category of actors in the industrial relations, comprises of individual managers, group of managers as a collective group and employers as an association — such as the Nigerian Employers Consultative Association (NECA) which came into existence in 1957, and function particularly in the private sector, as the sole employers' representative to Government on labour-management matters. Changes in the environment of businesses, and most importantly changes in the role of state in industrial relations and the growth of trade unionism, have all had great impact on the structure and processes of NECA (see Fashoyin, 1992). In a free-enterprise economy such as it operates in Nigeria, the primary responsibility for managing the industrial relations structure and processes of an organisation falls on management. How this could be achieved by management is treated later. Suffice to say here that every managerial decision directly or indirectly shapes or influences the structure and tone of industrial relations of an enterprise. For example, management policies and practices in the following areas shape industrial relations at the workplace:

- i) Work-organisation and hence workgroup structure and the contour of occupational groups and trade union structures;
- ii) Management levels;
- iii) Work rules and procedures — limits to workers control;
- iv) Promotion and deployment procedures;
- v) Wages and salary systems — rates, levels, methods of pay determination etc.
- vi) Supervision and control systems;
- vii) Union recognition and facilities for operation;
- viii) Grievance and disciplinary procedures;
- ix) Collective bargaining structures and processes.

All these practices are influenced and shaped by the philosophy— whether unitary or pluralistic managers are subscribed to. A final point to

note, in terms of the interaction between the actors in the industrial relations system, is that 'good' industrial relations is viewed as a shared responsibility of all the three main actors (or stakeholders) in the system.

### 3.3 Problems in industrial relations

#### Activity

*What are the common labour-management problems that you are aware of in the organisation you work for?*

In the minds of many people, industrial relations problems are equated with strikes. The absence of strikes in an enterprise is claimed as a good indicator of industrial harmony. Strikes are not the sole indicators of industrial conflict, much less are they the sole indicator of good, industrial conflict. Conflict, however, needs to be seen, not only in such dramatic manifestation as strikes, but as the total range of behaviour and attitudes, that express opposition and divergent orientation between management and employee. In terms of the variety of conflict, its means of expression are as unlimited as the ingenuity of man. It may take the following forms: Peaceful bargaining, go slow, overtime ban, absenteeism, rag-wearing at work, boycott, grievance, work-to-rule, sit-in, indiscipline, labour turnover, sabotage and strike.

Some of these, such as absenteeism, labour turnover, poor-time keeping, may take place on individual (unorganised) basis. Others, such as work-in or sit-in, overtime ban and strikes, generally take the form of collective/group (organised) action. In some cases, they can be substituted.

### 3.4 industrial relations

Without doubt, this is the duty of management. This position is underscored by the Trade Dispute Act of 1976, which places the responsibility for initiating and maintaining an effective labour-management relations framework within each enterprise, squarely on management. To ensure an effective managerial initiative and control at all times, management should seek to develop industrial relations policies and action plans, that command the respect and confidence of employees. The aim should be to establish a philosophy governing the nature of work within which industrial relations activities can be conducted on a day-to-day basis.

A first requirement in this direction, would be for managers to formulate industrial relations objectives it would seek to achieve. Some may consider objectives such as:

- i) Developing an atmosphere of mutual trust and cooperation;
- ii) Proffering of solutions problems which arise through agreed procedures, with the minimum expenditure of time, expense and disruption of work;
- iii) Promotion of high employees' morale and commitment to organisational goals and objectives;
- iv) Development of human resources' skills and the encouragement of high productivity.

Having defined objectives, the next step is to put in place principles or guidelines for action, aimed at encouraging the orderly and equitable conduct of labour-management relations on a day-to-day basis. Such rules for

action could be established to cover: pay and productivity, disciplinary issues, grievance and disputes procedures, wages and salary system, union recognition, dismissal and redundancy, health and safety collective bargaining and employee participation.

Although the principles and guidelines on the above are not exhaustive what has been listed should provide effective and consistent frame work which day-to-day actions can be taken. Above al , such rules would promote the following:

- i) Orderliness and equitability in the conduct of industrial relations;
- ii) Consistency in management behaviours;
- iii) Elimination or minimisation of uncertainties which could exist when reliance is placed on customs and practices;
- iv) Easy communication of company's policy by acting as an objective reference point;
- v) A basis for change by enabling management to plan ahead and anticipate events;
- vi) Ability to secure and return initiative changing situation.

## 4.0 Conclusion

From the foregoing, it is obvious that industrial relations, more than anything else, has to do with people and the structures and processes they design to accommodate their divergent interests, which are constantly generated in their employment relations. While conflict is endemic and inherent in all work situation, it needs not be disruptive. The key to a realistic basis for cooperation and effective management of conflict lies in the formulation of, and implementation of appropriate rules for action, to guide day-to-day workplace relations.

## 5.0 Summary

The theme of the discussion in this unit has been that while there is no panacea for industrial relations problems, managers, influenced by their philosophy and ideology, can do much to develop effectiveness in this area. Effective performance of industrial relations functions is linked to managers' ability to diagnose objectively and dispassionately the nature of problems. Without a set of policy guidelines, consistency in day-to-day management of industrial relations can be difficult to achieve. A policy should form an integral part of the total strategy, as we pointed out in unit three, with which management pursues its corporate objectives.

## 6.0 Tutor-marked assignment

Question

What is industrial relations?

## 7.0 Reference and other resources

Flanders, A. (1968) *Collective Bargaining: A theoretical Analysis*, British Journal of Industrial Relations. Vol. VI, pp. 126  
Fox, A. (1966) *Industrial Society and Industrial Relations*, HNSO, London

- Oribabor, RE. (1988) From Laissez-Faire To Corporatism: The Impact of Military Rule on Nigeria's Industrial Relations in Sanda A et al, ed. The Impact of Military Rule on Nigeria's Administration, O.A.O Press, Ibadan.
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- Yesufu, T.M. (1982) The Dynamic of Industrial Relations, OUP, Ibadan.



# Discipline and disciplinary procedures

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## Structure

1.0	Introduction
2.0	Objectives
3.0	Meaning and nature of discipline
3.1	The need for disciplinary action
3.2	Fundamental causes of disciplinary action
3.3	Disciplinary procedures
3.1	Rules
3.2	Offences
3.3.3	Penalties
3.3.4	Procedural steps
3.4	Essential features of disciplinary procedures
3.5	Appeal Procedure
3.7	The role of personnel managers
4.0	Conclusion
5.0	Summary
6.0	Tutor-marked assignment
7.0	References and other resources

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## 1.0 Introduction

Organisation involves bringing people together to achieve defined goals and objectives. In such an organisation, however good the management and however highly motivated the workforce, there will be occasions when problems or difficulties occur between management and employees. In order that employees are able to work to their optimum performance, and that the problems do not turn into even bigger issues, suitable ways of dealing with them need to be devised before they occur.

If problems arise from the behaviour or attitude of an employee, disciplinary action may be called for. That is to say that, in a disciplinary procedure, an employer is concerned with something unsatisfactory in the employee's performance. As we shall find out in the discussion on grievance in the next unit, discipline is in many ways the converse of grievance. In grievance, a problem has arisen from something that a manager has done. In what follows, the concept of discipline is examined, with a view of identifying what constitute the elements of a framework for organisational justice (Torrington and Chapman, 1979).

## 2.0 Objectives

By the end of this unit, you should be able to do the following:

1. Understand the meaning of discipline;
2. Explain the causes of disciplinary action;
3. Explain the importance of disciplinary procedures;
4. Describe the main stages in a disciplinary procedure and design a simple disciplinary procedure;
5. Understand the role of human resource manager and line managers in discipline handling.

## 3.0 Meaning and nature of discipline

The shorter Oxford English Dictionary defines discipline in the following ways: *to subject to discipline is to educate or train; to bring under control.* The term discipline can be used in various ways. It can refer to self-discipline, where an individual, as a result of practice and training, works in an ordered, self-controlled way. This is self-control or voluntary submission, arising from the inner motives of the individual to organise and regulate his/her behaviour in a systematic and acceptable manner. Increase in self-discipline often reduces the need for supervisory control in the place of work.

It can also be used to refer to esprit-de-corps. This is concerned with orderly behaviour within an organisation, similar to self-discipline. It involves a spirit of loyalty and dedication or devotion, to group norms and values, which unite and integrate the members of a group who are engaged in a common endeavour. In an organisation it calls for monitoring of group behaviour and control of group performance, to ensure compliance with rules and to correct deviations.

It can refer to a judicial process. This involves the monitoring and enforcement of obedience, and applying established rules, so as to avoid occurrence of undesirable and unacceptable acts. It assumes that in group efforts, some individuals will occasionally break established rules. Thus, some processes must be put in place for deviations to be brought to light, and the need for improvement ensured by applying some form of punishment or sanctions.

It is obvious from the above discussion, that the concept has three basic meanings:

- i) It is training that moulds behaviour;
- ii) It is control gained through enforcement of obedience;
- iii) It is punishment or sanction.

### 3.1 The need for disciplinary action

The need for discipline lies in the desire of an organisation to direct its employees towards an acceptable standard of behaviour. Discipline is indispensable to management control. It assists management in the maintenance of harmonious relations in the workplace. Employees need to be motivated and rewarded for their contribution towards the accomplishment of corporate objectives. They also must be controlled and punished if they flout the laid down rules and regulations. Disciplinary

action therefore ensures just and equal treatment of employees, efficient and effective communication, and serves as a tool or device for enforcing organisational standards.

On the one hand, its major purpose is to ensure that employee behaviour is consistent with the firm's goals, and encourage employees to comply with established standards and rules, so that infractions do not occur (preventive discipline). On the other hand, it seeks to discourage further infraction of rules, so that future acts will be in compliance with desired standard (corrective discipline).

### 3.2 Fundamental causes of disciplinary action

Disciplinary actions usually come out of dissatisfaction of the manager with flouting of work rules, and intentional deviation from role prescriptions by an employee. Formal behaviour that may elicit disciplinary actions vary from organisation to organisation, but often depends on the size, complexity, nature of product, management policies, materials dealt with, processes involved and clientele of the organisation. Common causes of the need for disciplinary action include the following:

#### a. Attendance problems

- i) Unauthorised absence from work;
- ii) Chronic absenteeism or irregular attendance;
- iii) Excessive lateness and tardiness;
- iv) Leaving office without permission;
- v) Time recording offences.

#### b. On-the-job behaviour problems

- i) Loafing or sleeping on duty;
- ii) Insubordination;
- iii) Fighting a customer or staff while on duty;
- iv) Intoxication at work/smoking in restricted area;
- v) Gambling;
- vi) Wilful breach of safety rules;
- vii) Delay in performing official duties, so as to elicit gratification;
- viii) Failure to report injuries/damages;
- ix) Abusive or threatening language to supervisor.

#### c. Dishonesty and related problems

- i.) Falsification of company records or complicity with such acts;
- ii) Deliberate faking of records/payment bills;
- iii) Altering or use of forged documents;
- iv) Entering into unholy alliance with others;
- v) Stealing or complicity in the act;
- vi) Malicious/wilful damage to company property;
- vii) Disloyalty, including failure to disclose knowledge of misconduct committed or about to be committed against the firm;
- viii) Working for competing firms;
- ix) Espionage or complicity in such act;
- x) Collusion with the aim of defrauding the firm;
- xi) Fraud or complicity in such act.

It would be impossible to itemise fully the range of behaviours that might result in disciplinary action being taken. Employers seem to regard the more common offences as being issues about absenteeism, or time keeping, or poor performance at work.

Many employers divide offences into two categories, depending on the seriousness with which they are viewed within the organisation. They list issues that they regard as disciplinary offences, and then itemise some as gross misconduct and as other offences, that they consider to be more serious.

### *Activity*

Consider any organisation that you know reasonably well, perhaps one where you have worked yourself

1. What disciplinary rules did the firm have?
2. How were the disciplinary rules made known to you?
3. What were considered to be disciplinary offences?
4. Which offences were regarded as serious? List them.

## 3.3 Disciplinary procedures

A procedure is a series of steps or stages through which a matter may be processed towards a decision or conclusion. A disciplinary procedure should specify the following key elements: rules, offences, penalties, procedural steps and appeal procedures.

### 3.3.1 Rules

An ideal disciplinary procedure provides for working rules and arrangements, that are tailored to the specific needs for the organisation. For example, the minimum standards for the performance or conduct of employees are referred to as work rules. Most employers state those rules in the organisation's handbook or disciplinary procedure code book. Typically, work rules specify standards affecting matters, such as listed below:

- i) Working hours;
- ii) Time for break;
- iii) Safety rules and reporting of injuries;
- iv) Reporting of lateness; absence due to illness;
- v) Designated areas for smoking;
- vi) Standards of personal conduct;
- vii) Theft, fraud or dishonesty;
- viii) Immoral conduct;
- ix) Falsification of records;
- x) Sabotage of company material or property.

### 3.3.2 Offences

When a rule is broken, an offence has been committed. A disciplinary procedure must seek to identify offences which would attract disciplinary action. In practice, offences are commonly classified into minor, serious, or gross misconduct.

### 3.3.3 Penalties

These are measures for dealing with specific offences. They may also be referred to as 'negative rewards'. The objectives of penalties are: to reform offenders, deter would-be offenders, and maintain the integrity of the organisation.

Another way of putting it, is to see penalties as educative, corrective and punitive. Most formal disciplinary processes often employ what is often called 'progressive discipline'.

- i) Warning; oral/written(informal/formal);
- ii) Suspension and downgrading;
- iii) Fines, withholding annual increment or promotion;
- iv) Retirement or outright dismissal or termination of appointment.

Invariably, penalties for minor offences are aimed at educating and counselling employees, and giving them opportunity to learn and adjust.

### 3.3.4 Procedural steps

These are usual y guidelines which set out the operational drills, associated with the imposition of penalties for offences, and for appealing and challenging the penalties. The procedural steps will involve the following:

- i) Specify who has the responsibility and authority to make relevant decisions — immediate Superior, Department manager, General Manager, Managing Director, Personnel manager, Disciplinary Committee, Appeals Committee etc.
- ii) Provide for a right of appeal to a level of management not previously involved in the action;
- iii) Specify the mode of imposing various penalties which must be proportionate to offences or misconduct committed.

## 3.4 Essential features of disciplinary features

Disciplinary procedure should possess the-following essential features:

- i) Be in a written form;
- ii) Specify to whom they apply;
- iii) Provide for matters to be dealt with quickly;
- iv) Indicate the disciplinary actions which may be taken;
- v) Specify the level of management which have the authority to take the various forms of disciplinary action, ensuring that immediate supervisors do not normally have the power to dismiss without reference to senior management;
- vi) Provide for individuals to be informed of the complaints against them, and to be given the opportunity to state their cases before decisions are reached;
- vii) Ensure that, except for cases of gross misconduct, no employees are dismissed for a first breach of discipline;
- viii) Ensure that disciplinary actions are not taken until the case has been carefully investigated;
- ix) Ensure that individuals are given an explanation for any penalty imposed;

x) Provide a right of appeal and specify the procedure to be followed (Cole, 1986).

If rules are not written down, people are likely to remember the rules differently and varying approaches to discipline will occur. Employees may be uncertain as to what they can and can't do, and supervisors and managers may adopt different approaches to discipline between different departments, with some supervisors unsure of what authority/power they have, and can put to use.

### 3.5 Appeal procedures

The 1.6.1 section of the disciplinary procedure should indicate what the employee should do, if he or she is not happy with the action taken against him or her. There should be a clear appeal procedure, with time limits for the submission of appeal stated. It would be too important to leave disciplinary decisions solely to the discretion of immediate superior or committee, no matter how powerful they are, without providing opportunity for an appeal. Therefore, it is essential that there be some ways for employees to initiate a review. The following channels of appeals against disciplinary actions are usually adopted.

- a. **Up-the-line approach:** Here, the employee should have the right to appeal, first to the supervisor, and then the step-by-step process may continue up the line, through the Departmental Head, Personnel Department, General manager, and the Managing Director and Committees.
- b. **Personnel Director's intervention:** In this approach, the appellant would simply appeal to the Personnel Director for intervention and possible settlement.
- c. **Disciplinary and appeals committee:** In most organisations, this is the committee which is given authority to receive, hear and settle employee's appeal arising from disciplinary action. The committee could either overrule a line manager's decision or uphold it.

### 3.6 The role of the personnel managers

Discipline is a sensitive issue requiring skillful handling, and in many organisations, it has traditionally become a function that has been left to the personnel or human resource managers. This has been partly due to the fact that personnel managers were more likely to be trained in skillful handling of sensitive interpersonal issues, but also many line managers were often unwilling to handle issues that might result in their unpopularity and cause difficulties in maintaining a suitable relationship with someone they had to work with on a daily basis. This attitude is said to be changing as more and more human resources functions are being devolved to line management. Line managers in many organisations are nowadays expected to handle disciplinary matters that arise in their sections, at least, in the early stages.

The personnel or human resources managers still have several important roles to play. They should devise the disciplinary procedure, provide specialist advice, ensure that everyone is aware of and acts consistently with the procedures. In addition to these, they are to monitor the effectiveness of the procedures and ensure that changes in policies are brought about when necessary.

## 4.0 Conclusion

We have shown in this unit, the meaning and importance of disciplinary procedures in the organisation. Both line managers and human resource managers have an extremely important role to play in the design and implementation of procedures that are fair to all, and that cases of discipline are dealt with in accordance with the organisation's procedures.

## 5.0 Summary

Organisational discipline, as we have shown, arises out of the need for management to be able to control the conduct of employees and to re-direct their energies towards the attainment of corporate mission and objectives. Discipline is management action that encourages and ensures compliance with laid-down rules and regulations, governing the smooth operation of an organisation. It is management's responsibility to develop and maintain effective discipline within the organisation. As in most people's management functions, discipline is a joint or shared responsibility of all managers — human resource managers as well as line managers: Management must learn to maintain discipline by applying standards in a consistent, fair and flexible manner.

In the next unit, we shall have a look at the importance of grievance procedure and consider how it is closely related to the issue of discipline.

## 6.0 Tutor-marked assignment

### Question

What is discipline? List the fundamental causes of disciplinary action in industrial organisations.

## 7.0 References and other sources

- Cole, G. A. (1986) *Management Theory and Practice 2<sup>nd</sup> Edition*, D.P. Publication Ltd., London.
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# Grievance procedures

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## Structure

- 1.0 Introduction
  - 2.0 Objectives
  - 3.0 The meaning and nature of grievance
  - 3.1 Grievance versus discipline
  - 3.2 Dealing with grievances
  - 3.3 Grievance procedures
    - 3.3.1 Purpose and scope of the procedure
    - 3.3.2 The principles that underline procedure
    - 3.3.3 The stages in the grievance procedure
    - 3.3.4 Expectational circumstances
    - 3.3.5 Appeals
  - 3.4 Weakness in grievance procedures
  - 3.5 The use of peer review
  - 4.0 Conclusion
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  - 6.0 Tutor-marked assignment
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## 1.0 Introduction

This unit deals with areas of conflict which centre on particular type of disagreement within an organisation. We shall therefore, concentrate on handling of issues of grievance. In a grievance procedure, as noted in an earlier unit, when an employee is concerned with something unsatisfactory in the employer's performance, a procedure is put in place to enable the employee raise some complaints about his/her dissatisfaction.

The position of the discussion on grievance procedure is that employer and employee, through such procedures, are seeking to establish a good employment relationship. Through it, both the employer and the employee have an opportunity to remedy their dissatisfactions with each other. Through the processes of grievance, an employee seeks adjustment to his/her perceived dissatisfaction. In what follows therefore, the nature and meaning of the concept of grievance is examined.

## 2.0 Objectives

After you have completed this unit, you should be able to do the following:

1. Understand the meaning of the term grievance;
2. Distinguish between discipline and grievance;



3. Describe critically the main stages in a formal procedure for handling grievances within an organisation;
4. Understand the role of human resource managers and line managers in grievance handling.

### 3.0 The meaning and nature of grievance

The shorter Oxford English Dictionary defines grievance as the infliction of wrong or hardship on a person, injury, oppression, a cause or source of injury. Pigers and Myers (1977) give us a useful approach to the question of grievance by drawing a distinction between the terms dissatisfaction, complaints and grievance as follows:

Dissatisfaction:	Anything that disturbs an employee, whether or not he expresses his unrest in words;
Complaint:	a spoken or written dissatisfaction brought to the attention of the supervisor.
Grievance:	a complaint which has been formally presented to management representative or to a union official.

We shall use the term grievance as a form of dissatisfaction, about which an employee feels sufficiently strong, that he or she formally raises the issue with his or her management representative or supervisor. The grievance step according to Torrington and Chapman (1979), is when a complaint is presented formally and triggers the procedural machinery, moving the issue out of the narrow confines of the particular workplace in which it began.

Grievance may arise for a multitude of reasons. An employee may become dissatisfied with his or her hours of work or working conditions, or he/she may feel a supervisor shows unfair favouritism to others. Some grievance may become a collective issue with negotiations between management and a trade union, arising over an issue such as a collective grievance about pay or working conditions. In this unit, we shall focus solely on grievance as an individual issue.

### 3.1 Grievance versus discipline

Discipline action is, as we have seen in the preceding units, normally initiated by management to express dissatisfaction with, and bring about changes in employee behaviour. Grievance, on the other hand, is normally initiated by employees for similar reasons, but in respect of management or co-worker's behaviour. That is, in a grievance situation, an employee is concerned with something unsatisfactory in the employer's performance. There is a need for fairness and justice in both procedures, although they are initiated by different parties. For this reason it is sometimes suggested that they should be viewed as complementary processes in industrial justice.

#### *Activity*

*Consider what you have just learned about grievance and discipline. Write out the ways you consider discipline and grievance to be opposite. Are there any facts which make you think that they are not truly opposites?*

As we have shown, discipline and grievance are both concerned with fairness and justice. They differ in that the people who initiate the action in each case differ. The management initiates disciplinary action against employees, and employees initiate grievance mainly against their supervisor and managers. In this way, they may be considered to be opposite faces of industrial justice. However, this disregards the balance of power in these cases.

### 3.2 Dealing with grievances

Many factors can contribute to the extent to which a grievance may be actual or potential, relatively unimportant or potentially serious. These include the following:

- i) Individual and group attitudes;
- ii) Beliefs and perceptions about employee's rights;
- iii) Working practices and norms;
- iv) The relationship between parties, the balance of power between them and the degree of trust and openness;
- v) The culture of the organisation also has a part to play; in role-based cultures differentiation, between what people are expected to do or not do, grievance usually relates to rules or norms being ignored or broken. In cultures where rules are minimal and where autonomy is prevalent, individual perception and interpersonal or inter-group conflict.

According to Bouwen and Salipante (1990), there are four distinct stages through which a grievance can pass, although the time taken at each stage will vary in individual cases. The first of these is the individual's perception of dissatisfaction or private formulation of a grievance. The person feels unfairly treated or perceives an action taken by someone else as being unfair. The person feels unfairly treated and keeps his/her dissatisfaction private. The second stage is when he/she decides to talk to another person about it — public formulation of a grievance. At this stage, the person is seeking support in respect of the grievance.

In the foregoing stages, it is possible to prevent the grievance from becoming serious. This means being aware of what is going on and more importantly, listening to what your staff have to say. An 'open door' policy whereby employees know that you are available to discuss their problem as they occur, is likely to provide opportunities for them to come to you in the early stages of a grievance. Spending time with your staff, showing them interest in what they are doing, keeping them informed about developments in the organisation, recognising their individual differences, will all contribute to an atmosphere of trust. Perceived fairness is important in work situations.

The third stage of grievance — action follows the public formulation of the grievance. This may involve a formal or informal statement of grievance to people with authority over the situation, or such action as working to rule, decreasing productivity in the level of service, calling in trade union support, and so on. The final stage is an outcome in which the grievance may be settled or it may result in some form of loss to the individual or the organisation through the ruling of an outside agency

### 3.3 Grievance procedures

A grievance procedure is commonly thought of as the method, by which an individual raises some query or complaint about his/her pay or working conditions, and the steps which are laid down for dealing with the matter. In order that both employees and managers are clear about how to handle grievances, a grievance procedure should be designed and issued to employees. A suitable format for the grievance procedure might be to use similar headings to those used in the design of a disciplinary procedure. This could be: the purpose or scope of the grievance procedure, the principles that underlie the procedure, the stages in the grievance procedure, exceptional circumstances and the appeals procedure.

#### 3.3.1 The purpose and scope of the procedure

This section would indicate which employees are covered by the particular procedure. It should also state the aim of the procedure which is to settle any grievance as near to the source of the grievance as possible. The procedure should be simple to use, timely and rapid in operation.

#### 3.3.2 The principles that underlie the procedure

This is likely to include some statements concerning the employer's views on fairness and justice, and how these will be achieved. Some of these are stated below:

- i) All employees have a right to raise a grievance without fear of recrimination against themselves;
- ii) Grievance will be promptly investigated within specified time limits and concerned staff notified of outcomes;
- iii) At each stage of the procedure, employee will enjoy the right to be accompanied by a trade union representative or a chosen person;
- iv) If employee is not satisfied with the outcome, they will have a right of appeal.

#### 3.3.3 The stages in the grievance procedure

Typically, four levels have been found to prove adequate for most grievance procedures. The common main stages include the following:

- Stage 1: The employee should raise the grievance, either orally or in writing with the immediate supervisor, who will reply within a specified time, usually days. The time-limit principle ensures that matters are debated with some reasonable speed.
- Stage 2: If the grievance has not been resolved, the employee should request an interview with the manager, within a specified time, usually one week, to discuss the grievance.
- Stage 3: If it failed to be resolved at *stage 2*, the employee fluid raise the grievance with the General manager or I
- Stage 4: Subject to the agreement of both parties, if th stil not resolved, an outside body might be asked t,, trite' such as a grievance committee or external conciliation or arbitration.

The grievance of an individual can nevertheless, have collective implications. For this reason, there is customarily an extension of grievance procedure where trade unions are recognised, to allow for collective

endorsement of an individual grievance with which an employee has not been successful. At such a time; it turns itself to a collective dispute (Torrington and Chapman, 1979).

### 3.3.4 Exceptional circumstances

In exceptional circumstances, it may not be practicable to raise the grievance with the immediate supervisor or managers. This may be, among other reasons, because the grievance is caused by the manager, or to deal with the grievance with the urgency that it deserves. In such exceptional circumstances, the grievance may be taken to the next level of management.

### 3.3.5 Appeals

A right of appeal should be specified for each step, with specified time limits within which the appeal should be heard.

#### Activity

*Asses your organisation's grievance procedure in terms of*

*How simple and rapid in operation it is.*

*Does it involve the immediate supervisor at any stage?*

*Does it provide for an appeal mechanism?*

*The strengths and weakness of the grievance procedure.*

## 3.4 Weakness in grievance procedure

Weakness in grievance procedures which are apparent in most organisations include the following:

- i) There are too many stages and the process takes too long. It should never be necessary for the number of stages to exceed the level of management.
- i) Too few stages in practice. Often the first stage involving the immediate line managers is left out. This undermines the line manager's position and can make the problem more difficult to resolve.
- i i) Lack of clarity about the situation while the grievance is being discussed. A dispute can be exacerbated if there is no clear agreement, or established custom and practice, about the position of the aggrieved if, for example, the dispute is about a change in working practice.
- iv) Lack of a clear appeal mechanism, including at what point an employee is entitled to go to external forms of mediation/conciliation/arbitration.

It is important to develop a positive attitude towards grievances. Complaints from employees usually indicate that something is wrong, and if ignored, employee satisfaction, morale and motivation are likely to diminish with concomitant loss of performance. If an organisation has strong grievance procedure and actively encourages its use, employee can express grievance openly, in the knowledge that action will be taken and they will not be branded 'trouble makers'. Without appropriate outlet, grievances will be repressed and ultimately debilitate the organisation.

The active and sensitive use of grievance procedure serves to highlight potential areas of serious conflict. For example, frequent claims for higher wages when changes have been made to job content or working practices can indicate a need for the organisation to communicate more effectively

with its staff about planned changes. Complaints about organisational policies can point to confusion about how they operate and the need for clarification, effective communication and increased employee participation in decision making and / or implementation.

Effective communication of organisation's policy towards the expression of grievance and the procedures to be followed is vital. In many cases, the development and creation of such an atmosphere means that many grievances need not reach the formal stage. If supervisors and managers encourage open relationships with their employees, the first signs of impending trouble can be recognised and dealt with immediately and effectively.

### 3.5 The use of peer review

A method of handling grievances which is gaining favour and popularity in some organisations is that of peer review. In this process, grievances that cannot be resolved at supervisory or managerial levels are referred to a committee of 'Peers' group of other employees in the organisation — from whom a small panel is selected by the person with the grievance, and his/ her supervisor. The benefit of this method includes the following:

- i) Efficiency — training peers is less costly to the organisation than bringing in outside help;
- ii) Speed — grievances can be dealt with faster than through more conventional means;
- iii) Perceived fairness — employees are more willing to accept the judgments of their peers than of their supervisor in many cases;
- iv) Peer review can help develop an organisational culture which includes conflict resolution, team-work, decision making at lower levels, and employee empowerment and ownership.

There are, of course, disadvantages in peer review. It is costly in terms of time for other employees and training is necessary. There are also occasions when employees would prefer not to discuss personal grievances with their peers.

## 4.0 Conclusion

We have shown in the foregoing the meaning and importance of grievance and grievance procedures to organisation. Administrators, line and specialist human resource, have a vital role to play, in the design and operation of procedures that are fair (and just) to all. It is important that cases of grievances are dealt with promptly.

## 5.0 Summary

As we have shown in the discussions on grievances, for grievances to be dealt with effectively, a framework of organisational justice, as seen in the case of discipline, should be put in place. The rules, the clarity of roles, and the steps to be taken must be clearly set out. Grievances are to be encouraged and not avoided as they are the tip of the dissatisfaction iceberg. If they are dealt with quickly and fairly without delay, they will reduce dissatisfaction, with its negative implication for employees' performance.

## 6.0 Tutor-marked assignment

### Question

Consider what you have learned about grievance and discipline. What is grievance? In what ways do you consider discipline and grievance to be opposite?

### 7.0

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### resources

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The unit draws on Material from B800 SR People 2, Supplementary Resources.

# Collective bargaining

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## Structure

1.0	Introduction
2.0	Objectives
3.0	What is collective bargaining?
3.1	Key conditions for effective, collective bargaining
3.2	Negotiation and consultation
3.3	Levels of collective bargaining
3.3.1	Industrial or centralised systems
3.3.2	Company or decentralised systems
3.4	Bargaining units
3.5	The bargaining process
3.5.1	Preparation and initial demands
3.5.2	Continuing negotiations
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3.5.4	Bargaining impasse
4.0	Conclusion
5.0	Summary
6.0	Tutor-marked assignment
7.0	References and other resources

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## 1.0 Introduction

Whenever people are employed in an organisation, it is necessary to establish the terms and conditions of their employment. This may be achieved through various methods. It may be achieved through unilateral decision of the employer, or by an agreement between an individual employee and the employer. It may be achieved through the government, through some kind of legislative arrangement. It may be a collective agreement between a group of employers organised in a trade Union/ Professional Association, and the employees.

A vital element in any modern form of constructive industrial relations, is seen as the development of appropriate institutional framework, for collective determination of terms and condition of labour. In other words, collective bargaining has come to be accepted as the most desirable machinery, for the regulation of labour-management relations. Thus, in what follows in this unit, you will be introduced to the basic elements of collective bargaining.

## 2.0 Objectives

When you have completed this unit, you should be able to do the following:

1. Define the collective bargaining concept;
2. Discuss the key conditions for effective collective bargaining;
3. Distinguish between negotiation and consultation;
4. Identify and discuss levels of collective bargaining, and the merits and demerits of these levels;
5. Explain the concept of bargaining unit.

## 3.0 What is collective bargaining?

Collective bargaining has been variously conceived and defined. It has been defined as a process of decision making, and its function has been recognised as a rule making process [Flanders, 1969]. As a rule-making process, the main objective of collective bargaining is to replace unilateral action by employers, by a system in which both the employers and employee jointly share the responsibility for the content of rules and their observance. Through the process of collective bargaining, employment relations has evolved from a 'prerogative contract', according to which labour power carries with it few, if any, prescriptions on its acquisition and utilisation by management, to the 'constitutive contract', which establishes procedures and regulations for the utilisation of labour.

Collective bargaining has also been described as a form of industrial government. As a form of internal government of industry, it serves to generate a common interest between employees and management, in the survival and growth of the enterprise. Collective bargaining has also been described as a method of management, and a method of furthering basic trade union purpose of involvement in decision making, relating to working conditions and control over work relations.

As a synthesis of the above views of collective bargaining, it can be regarded as the institutionalisation of conflict in the labour-management relations. In this regards, it serves to displace conflict from the shop floor or work place, where it can lead to disruption of operations, and

reconstitutes conflict in a framework of negotiations at the firm or industrial (national) level. In organising or institutionalising conflict this way, collective bargaining generates a common interest between employees and management, restricts managerial or trade union arbitrary rule, and enhances the participation of workers in decision making, relating to employment relations.

This participation by employees in industrial management can also represent a way of working towards industrial democracy.

Finally, collective bargaining has been said to represent a form of modification of market determination of the price of labour, within a quasi-political system. Collective bargaining, as a decision-making process, is seen as not restricted to economic decision. It brings into the process of decision making, ideas of social justice, distributive justice and adaptation of rules to changing socio-political circumstances. In this form, collective bargaining represents politicisation of labour-management relations, from the management of things to the governance of man.



### 3.1 Key conditions for effective, collective bargaining

For effective collective bargaining to survive as a viable joint decision making process, a number of important characteristics must evolve or be stimulated. The following are some of the prerequisites of effective, collective bargaining.

- a. The social partners — labour, management, the state and its relevant agencies must evolve appropriate organisations. Effective collective bargaining demands, among other things, the existence of a strong and virile trade union movement, which is willing and able to engage in meaningful negotiation with its members, and yet not so strong as to pose a challenge to managerial responsibility for the organisation, and control of the production process. Similarly, the employers of labour (including the state) should be well organised.
- b. Social partners must demonstrate their genuine interests and readiness to enter into meaningful agreement by the establishment of machinery for that purpose. That is, there should be in place a negotiating machinery, which clearly spells out the power and authority of each of the partners, as well as define the relationships between them, the structure and scope of collective bargaining — all to facilitate joint authorship of rules.
- c. Partners must respect and observe the agreements reached at the bargaining meetings.
- d. Lastly, the interest and support of the state is critical to the survival of collective bargaining, as a process of institutionalisation of industrial conflict. The state is interested in constructive labour-management relations, among other reasons, because of its role as a leading employer, the manager of the economy, and above all, the maintenance of law and order in the wider polity. It is therefore, the responsibility of the state to seek, through the enactment of facilitative and supportive legislative measures, to encourage the development of collective bargaining machinery, procedural and substantive rules.

### 3.2 Negotiation and consultation

According to Ubeku (1975), there is a general practice in industry that not all demands brought by workers are subject to negotiation. Employee handbooks of several companies contain certain items that are reserved exclusively for collective bargaining and others that are for consultation. Among the items for collective bargaining are wages, hours of work, leave and leave pay, overtime pay and so on. More and more items are added to this list from time to time.

Those for consultation, where the parties do not *negotiate* but *discuss* include staffing, promotion, discipline, training, some aspects of welfare and safety at work. Under these agreements, the workers can go on strike if a final deadlock is reached over items which are negotiable, but are not expected to do so over items that can only be discussed.

### 3.3 Levels of collective bargaining

Collective bargaining can take place at various levels. Typically, this could be at the industry or plant levels.

#### 3.3.1 Industrial or centralised system

This seeks to determine, at the industry or national levels, all procedural and substantive rules, with interpretative issues settled at local or company/ plant levels. Usually, certain issues such as disputes and basic wages and benefits are centralised, in order to ensure fairness and consistency in decision and application. A centralised system has a number of advantages, some of which are as follows:

- i. It facilitates uniformity of wage rates and employment conditions, for all similar jobs within the industry.  
It ensures a common approach and procedure, for the resolution of disputes and grievances.
- iii. It stimulates joint-union approach on recognition matters, and enhances negotiating status of unions
- iv. It allows for greater predictability and control of labour cost.
- v. It minimises the problems of parity claims and wage drift.
- vi. It facilitates the development of coherent policy on trade union recognition.

A centralised system is not without its disadvantages, some of which are the following:

- i. Difficulty of accommodating the industrial relations requirements of diverse technology products and local labour markets demand.  
It poses the problem of alienating lower levels of labour and management, in the decision-making process.
- iii. There is problem of effective communication when under stress.
- iv. It could lead to excessive formalisation and standardisation, and thus render the industrial relations system too inflexible to meet changing circumstances.
- v. It can induce delays in the dispute procedures as issues are pushed upwards which can lead to erosion of the authority of local social partners.

#### 3.3.2 Company or decentralised system

This is a system in which guidelines on major issues on items and conditions of employment are determined at local plant or company levels. The common merits of this model are as follows:

- i. It provides shorter lines of communication and therefore facilitates speedier resolution of disputes.  
Local labour and management are more likely to have greater view of their responsibility for their industrial relations.
- hi. It enables management to adopt a flexible approach to local labour market demands.

The problems of this approach are many, some of which are listed below: i. Plants may be exposed to parity claims.

It leaves a company particularly susceptible to actions by strategic groups of employees.

- iii. There is difficulty of ensuring equity and uniformity for similar jobs throughout the industry

With the promulgation of the Decree 22 of 1978, decentralised labour relations in Nigeria yielded place to a centralised labour relations system, which has since made joint collective bargaining the practice at the national level; while each company at the plant level is left alone to implement the final agreements.

### 3.4 Bargaining units

This refers to the specific group or category of workers that are covered by a particular collective agreement. Specifically, there is a relationship between bargaining levels and bargaining units. While the former focuses on the management side of the negotiating table, the notion of unit is concerned with the representative role of the trade unions. Individual unions or group of unions may function as the bargaining agents for workers within given bargaining units. In some cases, the structure of bargaining units may differ from level to level. For instance, at the company or firm level, negotiation may be conducted separately for different categories of workers, while at the industrial levels, agreement on certain subjects may apply to all workers in the industry, and the bargaining unit may be industry-wide.

For the process of collective bargaining in Nigeria, perhaps the most important regulation that was aimed at bringing some order into labour-management relations is the Trade Union (Amendment) Decree No 22 of 1978. This has among other things, made it compulsory for employers to recognise trade unions and senior staff associations. It has also streamlined employees' representative unions into (i) industrial unions and (ii) senior staff associations (white-collar unions) as representatives of clearly defined bargaining units, for the purpose of collective bargaining. This Decree, coupled with the various Trade Disputes Decrees (Acts), can be said to have provided a foundation for the development of comprehensive agreement, applying to a given (or specified) group of workers.

### 3.5 The bargaining process

The collective bargaining process is typically made up of a number of stages which are discussed below:

#### 3.5.1 Preparation and initial demands

It is usual practice for labour and management to spend some time studying the situation and preparing for negotiation. A wealth of relevant data on items like wages, benefits, working conditions, productivity and others are collected and studied by social partners. The typical bargaining would include initial proposals of expectations by both side.

#### 3.5.2 Continuing negotiations

After opening positions have been taken, each side would attempt to determine what the other values highly, so that the best bargain can be struck. For example, the union may be asking the employer to pay for meal break benefits, as part of a package that also includes increased wage

demands and retirement benefits. However, the union may be most interested in the wages and retirement benefits, and may be willing to trade off the meal break for more wages.

### 3.5.3 Settlement and contract agreement

After the initial agreement has been made, bargaining parties usually return to their respective constituencies to consult and make up their minds. A crucial stage is the ratification of the agreement, when members vote to accept the terms of a negotiated agreement.

### 3.5.4 Bargaining impasse

Regardless of the structure of the bargaining process, labour and management do not always reach agreement on the issues. If an impasse occurs, then the disputes can be taken to further levels for settlement. These may include the following:

#### a. Mediation

This is a process whereby a neutral, third party enters the labour dispute when a bargaining impasse occurs. The objective of mediation is to persuade the parties to resume negotiation and reach a private settlement. A mediator has no power to force a settlement. Successful mediation depends on the tactics, diplomacy, patience and perseverance of the mediator. Section 4 (1) of the Trade Dispute Act of 1976, provides that if within fourteen days of the date on which a mediator is appointed, the dispute is not settled, the dispute shall be reported to the Minister by or on behalf of either of the parties.

#### b. Conciliation

Section 6 (2) of the Trade Dispute Act of 1976, stipulates that the person appointed as conciliator shall inquire into the causes and circumstances of the dispute, and endeavour to bring about a settlement by negotiating with the parties. If a settlement of the dispute is reached within fourteen days of his appointment, the person shall report the fact to the Minister. If a settlement of the dispute is not reached within the fourteen days, and the conciliator is satisfied that he will not be able to bring about a settlement, he shall report to the Minister, who shall, within fourteen days of the report, refer the dispute to the industrial Arbitration Panel (IAP)

#### c. Arbitration

This is a process in which a dispute is submitted to an impartial, third party, which the IAP, to make a binding decision. As stipulated in section 7 (3) of the Act, the IAP shall consist of a chairman, vice-chairman and not less than ten other members, all of whom shall be appointed by the Minister. The IAP shall make its award within forty two days of its constitution or such longer period as the Minister may in any particular case allow. On receipt of the award of the IAP, the Minister shall notify the concerned parties: Specifying the time (usually 21 days) within which to communicate acceptance or rejection of the award.

If notice of objection to the award is given to the Minister within the stipulated period, the Minister will, in a manner specified under section

9(3) of the Act, further refer the dispute to the National Industrial Court, which was established by the Act.

d. National Industrial Court

Section 14(1) of the same Act provides for the establishment of a National Industrial Court, which has jurisdiction and powers with respect to the settlement of trade disputes, the interpretation of collective agreements, and matters therewith. The court has jurisdiction:

i. to make awards for the purpose of settling trade disputes, and to determine questions as to the interpretation of any collective agreement, any award made by an arbitration tribunal or by the court on terms of settlement of any trade dispute, as recorded in any memorandum under section 6 of the Act.

The award of the court is final and binding on the parties. No appeal shall lie to any other body or person from any determination of the courts.

## 4.0 Conclusion

In the foregoing, we have looked at the concept of collective bargaining and discussed what it means to many schools of thought, and the pre-conditions for its effectiveness as a useful tool, for handling of the inherent and endemic conflict in labour-management relations. The structure of collective bargaining and its various levels were fully examined and attention drawn to their merits and demerits. Lastly, collective bargaining as a process and the steps in the process, which include both internal and external decision-making processes, were discussed. It is obvious from the discussion that collective bargaining provides a useful tool for the institutionalisation of labour-management conflict.

## 5.0 Summary

Collective bargaining, as the discussions in that unit have shown, occurs when management negotiates with representatives (trade unions) of workers over wages, hours of work and other working conditions. The issues subject to collective bargaining fall into three categories: mandatory, permissive and loyal. The process of collective bargaining, as we have shown, includes preparation, initial demands, negotiations and settlement. When an agreement is signed between the parties, it becomes a document governing what parties can and cannot do. When an impasse occurs, external processes are brought into play in efforts to achieve harmonious relations between the parties. It is obvious therefore that while it is accepted that labour-management conflict is endemic in industry, efforts have been made, through collective bargaining, to institutionalise the conflicts of industrial relations.

## 6.0 Tutor-m'arked assignment

### Question

What is collective bargaining? List and discuss the necessary conditions for effective collective bargaining.

## 7.0 References and other researchers

- Fashoyin Tayo (1977) 'Arbitration in Nigeria', Indian Journal of Industrial Relations, Vol. XIII No. 2 pp. 155-6
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# Managing employees' organisational exit

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## Structure

1.0	Introduction
2.0	Objectives
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## 1.0 Introduction

Organisational exit is the last phase of the functional human resource management cycle. It is a difficult phase for both the organisation and the employee. Whether employees leave through retirement, resignation, redundancy or dismissal, the departure of employees is a traumatic time for the organisation, as personal relationships have to be forged, working patterns altered, and the motivation of the remaining staff buffeted.

The importance of managing this exit would suggest that this HRM function be studied most carefully, to provide some tested guidelines, which will enable managers to effectively and sensitively manage the process. To date, it is one aspect of the FIRM function most under-researched and under-documented. Our aim in this unit therefore is to sensitise you to the issues involved in this process.

## 2.0 Objective

After studying the unit, you should be able to do the following:

1. Recognise the importance and difficulty of exit in your organisation;
2. Recognise the different ways in which retirement may be managed and the potential benefits for both the individuals and the organisation;
3. Weigh up the advantages and disadvantages of different ways of implementing redundancy programmes.

### 3.0 The need for organisational exit

The one certainty for people working in organisations today is the certainty of change. The driving force for organisations in both the private and public sector or in both large and small scale, is the challenge that comes from operating in a competitive and increasingly hostile environment. In addition to environmental factors that influence organisational change, there is the need to introduce process improvements, often in response to technology-driven change. Given this, it is not surprising that the organisation's need for human resources in terms of the number of people and their competencies will also be subject to change, and that this change will sometimes require redundancies. These redundancies may be made across the organisation (what has been termed the downsizing of the organisation) or be limited to certain newly, redundant jobs.

Exit does not happen only because of the changed needs of the organisation. People, too, may want to bring their employment to an end, for reasons that include a more attractive offer from another firm, a move to a different area for personal reasons, or the decision to retire from work. In other words, exit may be a result of the changing needs of the people, or the changing needs of the organisation. In a rapidly changing world, it is likely that both organisational entry and organisational exit will be more frequent in the lives of individuals and companies than in the past, when to some extent, they represented the monumental 'beginning' and 'end' to people's working lives.

#### *Activity*

- a) *How many organisations have you worked for so far in your working life?*
- b) *How many more do you estimate you will work for before you retire?*
- c) *How many organisations did your parent(s) work for in their professional life?*

While the answers to these questions will, of course vary from person to person, most people we asked reported that their parents had worked for significantly fewer organisations, than they themselves expected to in their careers.

There is another cause of employees' departure from the organisation, one which is not attributable to changes in the needs of the employer or employee: dismissal or termination. Dismissal (or termination) may follow from disciplinary proceedings for misconduct or demonstrated incompetence (declining productivity), or other incapability to do the job. Most countries regulate dismissal with rules, to which every organisation must adhere, if the dismissal is to be considered 'fair' and legally acceptable. Unfair dismissal can leave companies open to compensation claims and can prove very expensive. It is therefore important that you, or someone in your organisation is familiar with the law governing employment.

#### *Activity*

*Estimate how many people have left your organisation during the last two years. What proportion of this number left for the following reasons?*

- a) *Changes in the needs of the organisation;*
- b) *Changes in personal needs (including retirement);*
- c) *Dismissal for misconduct or incapacity.*



Managing exit involves different issues, depending on whether the reasons for exit correspond to any of the above. It is useful therefore to know the relative size of each of the above categories.

Indeed, it may be important to monitor the proportion of people exiting of their own accord, since a high rate of labour turnover (or brain drain) can represent an undesirably high outflow of human capital. As you may recall, 'brain drain' became a major problem nationally in Nigeria in the early 1990's to merit the setting up of a National Commission, to examine the reasons for it and identify a way out of the problem. We shall now take a more detailed look at the form organisational exit takes. In particular, we shall concentrate on three forms: retirement, redundancy and dismissal.

### 3.1 Voluntary exit

Many instances of employees' exit will be voluntary. Changing personal needs will lead individuals to resign from their jobs to pursue other activities, or to retire. This rational action of staff, while it may be instigated by the employee, has important consequences for the organisation. If there is no change in the organisation's need for human resources, it must ensure that staffing and/or training programmes are put in place to meet the needs of employees, with capabilities to continue to meet the organisational goals and objectives. One of the traditional, functional tasks of personnel specialists has been to collect information on labour turnover rate, in order to plan ahead for timely replacement. Typically, labour turnover may vary from one occupational group, or unit of the organisation to the other.

#### 3.1.1 Resignation

Resignation can tell you a lot about your organisation. Some people will always leave for unavoidable reasons, such as following a partner to other parts of the country, (or out of the country i.e. emigration). Others will quit the organisation because of dissatisfaction, of one kind or another. You will recall the rate of voluntary exit among employees in the Federal Civil Service, in the late 1980's as a follow up to the move from Lagos to Abuja.

Just as the observation that a firm's customers are 'voting with their feet' by switching their loyalty to another product, the labour turnover rate should be carefully scrutinised for the message it conveys about an organisation. A sudden increase in resignations or a level of turnover above that of experienced by other companies competing for similar staff, may indicate problems that are specific to a unit, department, professional or occupational group, or general to the organisation.

Traditionally, many organisations use exit interviews to glean further information on people's reason for leaving or resigning. These interviews have advantages and disadvantages. On the one hand, an employee may be inclined to be more frank and open, than they would otherwise be, given that they do not have to face the consequences of being associated with negative views as a continuing employee. On the other hand, the decision to leave is a major one for most people. A detailed questioning of their motives may put people on the defensive, with a consequent loss of candour.

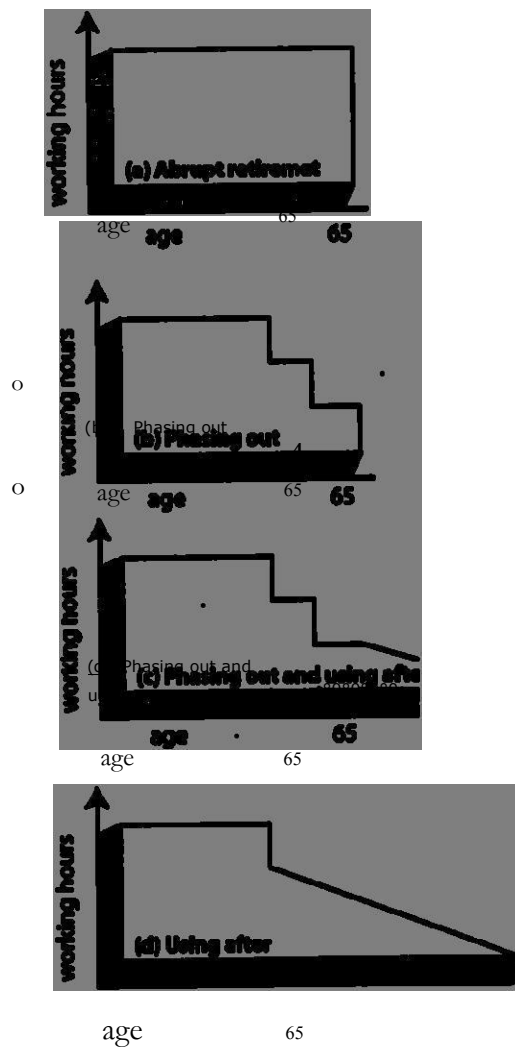
### 3.1.2 Retirement

Sooner or later in their working career, most people retire from work.

Retirement may seem an automatic event: someone reaches the magic age, a big 'do' is arranged, the clock, water-colour, golf clubs, wall clock or whatever are presented, and that is that. It is as if as a manager, you have no influence in the matter. There is a strong sense in which this is an irrational way of structuring retirement, both for the organisation, and for the individual. People do not become unemployable overnight.

There are several retirement options available for you as a manager to bear in mind and consider. Many may require decisions at the organisational level, but you may be able to influence those decisions. Others you may be able to do something about yourself. They will, however, mainly involve a change to the contract of employment that will need to be agreed by both parties. The first range of options involves a phased withdrawal rather than an abrupt one.

Figure 4.1. Possible retirement options



Source: Adapted from OUUK B560.135

In option (a), there is the traditional abrupt end to employment. A typical example of this option was the monumental mass retirement of the 1970's, when many civil servants were suddenly retired for one reason or the other from the public sector. Option (b) involves reducing the demands made on the employee before retirement (in terms of reduced hours of work or reduced level of work). Some employees approaching retirement, particularly if their health is less than perfect, may welcome either part-time work, or work at a lower level of responsibility. In either case, the person will have more time and energy to start expanding their out-of-work activities, so that when retirement comes, they are more prepared. This approach, therefore, can have benefits for the individual and for the employing organisation.

However, even with this approach, the organisation may be losing out. The retiring person does not at 60 or 65 automatically become worthless to the organisation. All the training and experiences gained over the years may still be extremely relevant. Many organisations are aware of this, and continue to employ the person, sometimes on short, fixed-term contract. This employment may be either (as in 'phasing out') at a reduced level or part-time. Or the individual may be employed as a consultant or an outworker. Sometimes, organisations provide the machinery or other equipment to make this form of employment possible. Options (c) and (d) represent these opportunities.

#### *Activity*

- a) *Consider anyone who is due to retire in the next two years in your own unit of the organisation. How abrupt is the transition likely to be?*
- b) *What could you as the manager do to make the transition smooth?*
- c) *What problems might be associated with taking the above steps?*

For the organisation, two of the principal problems associated with retirement in phases or gradually are overheads and pensions payment. An employee, whose retirement is being introduced gradually may still feel entitled to an office, a secretary, as well as other benefits allotted to the position. If the output of the employee is gradually declining, it could be that, even with a salary which is shrinking pro rata, employment overheads may make it no longer worthwhile for the employer to continue the relationship. Another problem is pension. In most organisations, occupational pension schemes tend to be based on payments calculated as a proportion of the employee's final salary. Under such schemes, it obviously makes no sense for the employee's retirement to be in phases, with a shrinking salary.

### 3.2 Methods of redundancies

Ideally, the need for redundancies should be related to particular areas of work, rather than an 'across the board' affairs. Having decided to institute a programme of redundancies, several methods for achieving the required savings are open to organisations. Depending on the reduction in the number required, and the annual labour turnover rate of the organisation, the easiest policy may be to restrict new recruitment and simply wait for the process of attrition to reduce the organisation's staff to the desired number.

The pros and cons of this approach are similar to those of another common policy, which is to offer a package of compensation to people willing to opt for voluntary redundancy. The attractions of the voluntary redundancy route are reasonably easy to see: the organisation may achieve its target reduction without forcing distress onto any of its valued employees, which in turn may ensure that morale among the employees that remain does not suffer. IBM, for example, reduced its staff by almost 80,000 between 1986 and 1992 without a single compulsory redundancy. This reflected the policy of top management, which stated that compulsory redundancies change the culture of a company completely. The relationship between the enterprise and the individual changes forever, and that such a change should be avoided, if it can be avoided.

In certain industries, typically cyclical businesses, such as the construction industry, a policy of last-in-first-out (LIFO) has been the traditional way of allocating redundancies among staff. The redundancy methods discussed so far share common characteristics. They are all predicated on a perceived 'fairness' to employees, rather than on an analysis of the needs of the business. Each of the methods mentioned has an essential roundness from the point of view of the business. For example, a hiring freeze may disproportionately affect one department rather than another, undermining its ability to function.

Voluntary redundancy packages may see the organisation lose its star performers to competitors. 'Last-in, First-out' may result in promising, new recruits being discharged early, while longer-serving but mediocre performers are retained. This is not to say, however, that organisations are necessarily misguided in using such strategies. If they are the best way to maintain staff morale, or curtail industrial relations disputes, such methods may commend themselves. On the one hand, it is entirely possible that these strategies are not adopted thoughtfully, but instead reflect 'head in the sand' approach to this traumatic issue, one which removes the need to have to choose individuals for redundancy based on assessments of their performance or potential.

A more considered strategy might be based on a thorough assessment of the skills and competences, that will be required to meet the future needs of the organisation. The aim should be to avoid the loss of people with key skills and expertise.

### 3.3 Drawbacks of strategies for voluntary redundancy

Although voluntary redundancy programmes are a popular means of achieving reductions, they have several important drawbacks, some of which are discussed below:

- i. It can cut swathes across the organisations in a random manner, since the 'volunteers' can come from any part of the organisation, and the objective is to reach predetermined numbers of redundant posts, rather than to focus on retaining key skills.  
It tends to attract employees nearing retirement age, for whom redundancy packages are more attractive, because of long service. This can mean that the redundancy programme may be very expensive.
- ii . It creates unease in the organisation. Those who remain may begin

looking for jobs elsewhere, fearing that the next phase of restructuring may mean compulsory redundancies.

- iv. People who apply for redundancy but were not successful may feel demotivated, even if they were not selected because they were regarded as key staff.
- v. There may be syndicating, if the organisation has previously made public statements about valuing and investing in people.
- vi. Additional stress is placed on those employees who remain, who are often required to take on the responsibilities and absorb the workload of colleagues who have left.
- vii. The people most likely to accept a voluntary redundancy package are those who are most confident that they will easily be able to find jobs elsewhere — in other words, the best skilled people may leave, and the less skilled and poorer workers may stay.
- viii. People leaving may well be older workers close to retirement. Their departure may suddenly deprive the organisation of experience, and place too much responsibilities in the hands of the relatively inexperienced.

### 3.4 Managing redundancy

One of the reasons why redundancy is so problematic (to both managers and theorists) is that it runs counter to many of the new but popular theories of management. In particular, those definitions of human resource management which emphasise the need to secure the commitment of employee to the organisation. It is clearly problematical to attempt to secure employee commitment to the organisation, while a programme of compulsory redundancies is being implemented. Creating redundancies, therefore, require careful management, if it is not to have consequences that will undermine the policies which affect many employees of the organisation.

### 3.5 Managing dismissals

At some time during your career as a manager, you will probably be required to take disciplinary action against one of your employees. In the most serious or most persistent cases, this action will result in the dismissal of the employee.

Your organisation should have a set of disciplinary procedure which it utilises to handle cases of dismissal. The nuts and bolts of such a procedure is discussed in a separate unit of this course.

#### Activity

*Can you recall the name of any senior staff of your organisation who had to be dismissed? What were the offences he committed?*

Employees could be dismissed from their organisation for various reasons, some of which might include the following:

Dismissal for striking: While an employer might dismiss all those taking part in a strike, all must be re-engaged without discrimination against some, in an unfair way. That is to say that the striking employees must be treated as a single group.

Dismissal for misconduct: This is by far the most common cause of dismissal. However, it is important that you have clearly specified disciplinary procedures, that employees are aware of these procedures, and that you follow the established procedures closely, if the dismissal for misconduct is to be seen to be fair. A tribunal that would be set up, would want to be sure that the organisation's procedure had been followed; so it is very important that a written record is kept of the actions taken or agreed to, at each stage of the disciplinary procedure. The tribunal would also want to be satisfied that dismissal was a reasonable step to take in the circumstances.

## **4.0 Conclusion**

In this unit, we have addressed important issues relating to organisational exit, including what typically gives rise to it, types of exits and strategies for managing them. The need for organisational exit arises as a result of the changing needs of both the organisation, the individual employee, or as a result of actions taken after a breach of the contract linking the firm and the employee.

Voluntary departure from the organisation was also discovered to reveal a possible underlying dissatisfaction.

## **5.0 Summary**

In this unit, issues relating to managing, an employee's exit have been discussed. Although exit, (commonly referred to as retirement), from organisations, and its management normally receive comparatively little attention in management literature, the need to make people redundant or for people to withdraw from the organisation, has become increasingly common in many organisations. The organisation's decision to lose members of staff is inevitably difficult and sensitive. Similarly, dismissal is fraught with pitfalls. All issues relating to exit from the organisation require effective management, because of the implication of its poor handling

## **6.0 Tutor-marked assignment**

### **Question**

Define organisational exit and explain its scope.

## **7.0 References and other resources**

The materials in this unit relied heavily on the Open University U.K. B800B5 Care Functions in Managing People, Session 6.



