**COURSE GUIDE**

**BUSINESS CONCEPTS**

**VOL II**



**FIRST DRAFT**

**Chapter 1**

What is Human Resource Development (HRD) ?

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

This shift in the way human resources are treated has come about due to the prevailing notion that human resources are sources of competitive advantage and not merely employees fulfilling their job responsibilities. The point here is that the current paradigm in HRD treats employees as value creators and assets based on the RBV or the Resource Based View of the firm that has emerged in the SHRM (Strategic Human Resource Management) field.

**The field of HRD spans several functions across the organization starting with employee recruitment and training, appraisals and payroll and extending to the recreational and motivational aspects of employee development**.

Indeed, one reason for the emergence of the RBV or the SHRM paradigm is that with the advent of the service sector and the greater proportion of companies in the service sector, employees are not merely a factor of production like land, labor and capital but in fact, they are sources of competitive advantage. This is characterized by many CEO’s calling employees their chief assets and valuing their contribution accordingly. As a matter of fact, many IT and Financial Services companies routinely refer to employees as the value creators and value enhancers rather than just resources doing their job.

What this has meant is that the field of HRD has become prominent and important for organizations and has morphed into a function that takes its place among other support functions in organizations and indeed, it is the main driver of competitive advantage.

Further, **the field of HRD now has taken on a role that goes beyond employee satisfaction and instead, the focus now is on ensuring that employees are delighted with the working conditions and perform their jobs according to their latent potential which is brought to the fore**. This has resulted in the HRD manager and the employees of the HRD department becoming partners in the organization’s progress instead of just yet another line function. Further, the HR managers now routinely interact with the functional managers and the people managers to ensure high levels of job satisfaction and fulfillment. The category of people managers is a role that has been created in many multinational companies like Fidelity and IBM to specifically look into the personality related aspects of employees and to ensure that they bring the best to the table.

Finally, HRD is no longer just about payroll or timekeeping and leave tracking. On the other hand, directors of HRD in companies like Infosys are much sought after for their inputs into the whole range of activities spanning the function and they are expected to add value rather than just consume resources. With this introduction, we will be moving into the module covering HRD with each aspect of the HRD function and the associated topics being covered here. It is hoped that the readers would gain an overall perspective about HRD after going through the HRD module.

Theory of Human Resource Development (HRD)

This module covers the HRD function in organizations from a wide variety of perspectives. At the outset, after the introduction to the module in the previous article, it is time to look at some theoretical perspectives about the HRD function.

When the field of management science and organizational behavior was in its infancy, the HRD function was envisaged as a department whose sole role was to look after payroll and wage negotiation. This was in the era of the assembly line and manufacturing where the HRD function’s purpose was to check the attendance of the employees, process their pay and benefits and act as a mediator in disputes between the management and the workers. Concomitant with the rise of the services sector and the proliferation of technology and financial services companies, the role of the HRD function changed correspondingly.

For instance, the RBV or the Resource Based View of organizations was conceptualized to place the HRD function as a department that would leverage the human resources from the perspective of them being sources of strategic advantage.

The shift in the way the human resources were viewed as yet another factor of production to being viewed as sources of competitive advantage and the chief determinant of profits was mainly due to the changing perceptions of the workforce being central to the organization’s strategy. For instance, many software and tech companies as well as other companies in the service sector routinely identify their employees as the chief assets and something that can give them competitive advantage over their rivals. Hence, the HRD function in these sectors has evolved from basic duties and is now looked upon as a critical support function.

With the advent of globalization and the opening up of the economies of several nations, there was again a shift in the way the HRD function was conceptualized. In line with the RBV and the view of the resources as being international and ethnically diverse, the HRD function was thought of to be the bridge between the different employees in multiple locations and the management.

The present conceptualization also means that employees have to be not only motivated but also empowered and enabled to help them actualize their potential. The point here is that no longer were employees being treated like any other asset. On the contrary, they were the center of attraction and attention in the changed paradigm. This called for the HRD function to be envisaged as fulfilling a role that was aimed at enabling and empowering employees instead of being just mediators and negotiators.

Finally, **the theory of HRD also morphed with the times and in recent years, there has been a perceptible shift in the way the HRD function has come to encompass the gamut of activities ranging from routine tasks like hiring and training and payroll to actually being the function that plays a critical and crucial role in the employee development**.

The theory has also transformed the function from being bystanders to the organizational processes to one where the HRD function is the layer between the management and employees to ensure that the decisions made at the top are communicated to the employees and the feedback from the employees is likewise communicated to the top.

Linking Training Programs with Organizational Goals

It is the practice in many organizations to conduct training programs periodically for their employees. Often, these training programs are conducted to enhance on the job skills and to enable the employees to pick up valuable soft skills. Further, the training programs can be technical/job oriented or human resource skills oriented. For instance, it is common in technology companies and especially the big companies to provide a mandatory portion of training measured in hours per quarter for each employee. What these points add up to is the fact that organizational training is taken seriously in many companies. However, an aspect that is often sidelined is the effectiveness of the training programs and their linkage to organizational goals. This aspect makes the training programs lose their purpose and drains precious resources as well as waste of employee time that could have been used productively.

To surmount this, **organizations need to link training programs to Specific, Measurable, and Achievable, Realistic and Time Bound goals or the so-called SMART goals that is a proven method for ensuring that organizational goals are met**. To explain, training programs have to be aimed at specific goals like training on a particular skill (technical or soft skill).

Conducting trainings on omnibus topics like leadership without focus on specific goals would render them useless. Next, the outputs from the training programs have to be measurable meaning that an exit test must be held at the end of the training program to assess the impact of the training program on employees. Further, the training programs have to have realistic goals like quantum jumps in skills and not aim for drastic improvements to the skill levels of the employee. The point here is that this focused approach to training pays off better than conducting trainings where the employees think more about what to do when they head back to their desks or are distracted by too many concepts being thrown at them.

Finally, training programs are time bound as mentioned earlier. This means that employees have to be trained periodically so that they retain their competitiveness and their edge and not become obtuse or blunted in their job. The reason for alluding to the SMART goals is that this tool has been proved to be effective in ensuring that organizational goals are linked to training programs and that the training programs are not vague or unconnected to the big picture. In some companies, it is common for employees to be trained offsite on experiential and exercise based training which involves physical activity. However, one should not miss the forest for the trees (literally as many of these experiential trainings happen in resorts in wooded and outskirts) and lose track of the larger goals for which the employees are being trained. The point here is that the SMART goals must be applied here as well with emphasis on focused approach to organizational goals to be derived from the training.

In conclusion, trainings that are done without purpose or focus end up wasting the employees’ time as well as drain of organizational resources. Hence, the aim that the HRD must strive for is to maximize the effectiveness of the training programs and increase the gains from such training.

**Chapter 2**

Training Needs Assessment - An Important HRD Function

Whenever training programs have to be conducted, there needs to be an assessment of the training needs which needs to preclude everything else.

Assessment of the training needs should be done in an elaborate and methodical manner and should be comprehensive. Before we discuss how training needs are to be assessed, we need to understand what training needs are. To start with, employees in any organization often have to upgrade their skills or learn new skills to remain competitive on the job. This means that they need to be trained on the latest technologies or whatever skill is needed for them to get the job done.

Employees moving up the ladder might need to be trained on managerial skills and leadership skills. All this means that each employee has a real need to get trained on either technical skills or soft skills. These form the basis for the training needs which need to be identified and acted upon.

Once training needs are identified, then the **HRD function must prepare a checklist of employees and a matrix of each employee and his or her training needs**. This would give them a scientific method to assess how many employees need to be trained on what skill and whether they have the quorum necessary to conduct the trainings.

Further, this matrix would help them in planning for the trainings in a structured and well thought out manner. There is another aspect here and that relates to the identification of training needs done by employees and their managers. The point here is that the specific needs that are identified by the managers might be different from those articulated by the employees. Hence, a gap analysis needs to be done which tallies both these and adds to the matrix discussed above.

The third aspect is when the training needs are finalized and the process of preparing for the actual trainings starts. The HRD function must use the matrix of needs to identify those that are compatible with the organizational goals and prepare a final list of training needs that can be circulated to the managers for their approval. There are many back and forth discussions involved in this process because of the perceptual gaps that are common to organizational culture and organizational behavior. After this, the training programs must be selected which would address these training needs and would be the catalysts for actualizing the training needs and satiating them.

Finally, training needs vary from organization to organization and from employee to employee. There is no point in making all employees undergo specialized trainings and at the same time, there is the need to train all employees on the skills that they need to do their job well. So, the HRD function must be astute to recognize this asymmetry and hence their capability and understanding of the situation makes the difference between successful training programs and those that meander and ramble their way through.

In conclusion, training is a basic aspect of any job and hence, the HRD functions in organizations must pay enough attention and thought to the process. Only where there is a comprehensive plan in place to train employees according to their needs and the alignment of these needs with organizational goals would ensure true progress for the organizations.

Training Methods and Techniques

Training methods pertain to the types of training that can be provided to employees to sharpen their existing skills and learn new skills. The skills that they learn can be technical or soft skills and for all categories of skills, some training methods are suggested here.

The training methods can range from onsite classroom based ones, training at the office during which employees might or not might check their work, experiential training methods which are conducted in resorts and other places where there is room for experiential learning. Training methods include many types of training tools and techniques and we shall discuss some of the commonly employed tools and techniques. For instance, it is common for trainers to use a variety of tools like visual and audio aids, study material, props and other enactment of scene based material and finally, the experiential tools that include sports and exercise equipment.

If we take the first aspect of the different training methods that are location based, we would infer from the explanation that these training methods include the specific location based ones and would range from classroom training done at the trainers’ location to the ones done on the office premises.

Further, the experiential training methods can include use of resorts and other nature based locations so that employees can get the experience of learning through practice or the act itself rather than through study material.

**It needs to be remembered that the trainings conducted in the office premises often involve employees taking breaks to check their work and hence might not be ideal from the point of view of the organizations**. However, provision can be done to locate the training rooms away from the main buildings so that employees can be trained in a relaxed manner. For instance, Infosys has training centers that are exclusively built for training and these centers give the employees enough scope and time for learning new skills.

The next aspect of the training methods includes the use of visual and audio aids, study material, props and equipment. Depending on the kind of training that is being imparted, there can be a mechanism to use the appropriate tools and techniques based on the needs of the trainers and the trainees. The use of the training material often indicates the thoroughness of the training program and the amount of work that the trainers have put in to make the training successful. Of course, if the training material is good, it also means that the employees would benefit from the scope and depth of the material though they need to invest time and energy as well.

Finally, the bottom line for any training to be successful is the synergy between the trainers and the trainees and this is where the HRD function can act as a facilitator for effective trainings and ensure that the trainers and trainees bond together and benefit in a mutual process of understanding and learning. In conclusion, there are various ways to approach trainings and some of the methods discussed above would be good starting points for follow up action and partnership between the training agencies and the organizations.

**Chapter 3**

Implementation of Training Programs and Their Evaluation

Many organizations have extensive training programs that cover all aspects of technical and soft skills. These trainings are conducted in such a way that employees get a mandatory number of hours of training every quarter or year. This is done to ensure that employees are enabled to perform their job duties to their potential. However, an aspect that needs elaboration is that more often than not, **the training programs need to be implemented according to a rational consideration of training needs and moreover these training programs need to be evaluated for assessing their effectiveness**. The point here is that training programs are conducted often without a clear articulation of training needs as well as not being implemented according to a set pattern.

So, **there are two aspects to training programs and they are to do with clear plan for implementation as well as potential evaluation of their effectiveness**. To take the first aspect, training programs need to be implemented according to a careful consideration of training needs and the right training partners and the vendors have to be selected. This means that training programs are to be based according to the needs of the organization and not simply because there is a need for training to fill the mandatory number of hours.

Apart from this, **training programs need to be implemented based on a calendar that is drawn up taking into account the availability of participants**. It is often the case that training programs are implemented without securing approvals from all the departments and divisions which mean that many potential participants would be unable to attend because they are busy with their work.

The second aspect that needs to be considered is the evaluation of the effectiveness of the training programs that needs to be done based on how well the participants absorb the lessons and improve their skills. This can be done by conducting exit tests and other forms of assessment like presentation of case studies. These would help the trainers as well as the HRD department understand how well the training program succeeded in imparting knowledge and enhancing the skills of the participants. This is one way of ensuring that training is done that is pointed and focused and something which the participants would take seriously as well. There are many instances of training programs where the participants idle away their time and this has to be avoided and curbed as far as possible.

Finally, training programs need to be conducted in organizations with a clear focus on linking them to organizational goals, selecting the right vendors, choosing a time that is convenient to all participants or at least a majority of them, publishing the training calendar in advance and most importantly, evaluating the effectiveness of the training programs by conducting exit tests and presentations to ensure that the lessons have been well received.

In conclusion, it is not enough for HRD personnel to announce training programs and leave the rest to the trainers and participants. Instead, they need to play a proactive role in ensuring the success of the training programs by following these points that have been discussed here.

Group Behavior - In Organizational Context

**In an organizational context, groupthink and group behavior are important concepts as they determine the cohesiveness and coherence of the organizational culture and organizational communication**. For instance, unless the HRD function communicates the policies clearly and cogently, the employees would not participate and comply with them wholeheartedly. Hence, molding group behavior is important for organizations. However, this cannot be construed to mean that all employees must think and act alike. On the contrary, innovation cannot happen when group behavior is the same across all levels. The point here is that while organizations must strive for cohesiveness and coherence, they must not sacrifice the principles of individual creativity and brilliance that are at the heart of organizational change and innovation. In these turbulent times, there is a need for individuals to take a stand and be firm on the direction that the organization seeks to take.

Of course, **group behavior needs to be inculcated in organizations for the simple reason that employees must conform to the rules and regulations that govern organizations**. Hence, there is a need for uniformity and consistency in the way organizational group behavior has to be molded. Towards this end, groupthink and group behavior must be encouraged by the HRD function as a means to ensure cohesiveness in the organization.

In the technology sector, we often find employees straight out of campuses behaving as though they are still in college. While some of this freethinking and freewheeling spirit is good for innovation, the HRD function must guard against the tendency to be flippant with the organizational rules and procedures. Further, competitiveness can be encouraged but it should not come at the expense of collaboration and cooperation that are at the heart of organizational success.

On the flip side, group behavior can be detrimental to the organizational health as well. This happens when the decisions of the top management are not challenged or are followed blindly leading to the leadership thinking that whatever they do is right. We do not mean to say that there must be fractious fights in the organization. On the other hand, there must be a space for free expression of ideas and thoughts and true democratic decision making ought to take place. Only when organizations inculcate these elements in their DNA can they succeed in the competitive business landscape of the 21st century.

Finally, group think can be a powerful motivator as well as inhibitor. The motivating aspect happens when because of group think; employees feel bonding with their peers and colleagues and hence ensure that they give their best to the job. The inhibitor works when employees feel that their individual creativity and brilliance are being sacrificed at the altar of conformity. Hence, the leadership as well as the HRD function has their task cut out to ensure that group behavior does more good than harm. There is a need for a nuanced and balanced approach towards group behavior to leverage the individual creativity and at the same time not sacrifice organizational cohesiveness and coherence.

**Chapter 4**

Importance of Motivation in Human Resource Development (HRD)

**Motivation is one of the most important concepts in HRD**. In most organizations, it is common to hear the refrain that a particular employee is not motivated and hence his or her performance has taken a backseat. This is the reason companies spend humungous amounts of money in arranging for training sessions and recreational events to motivate the employees. Motivation can be understood as the desire or drive that an individual has to get the work done. For instance, when faced with a task, it is the motivation to accomplish it that determines whether a particular individual would complete the task according to the requirements or not. Further, the absence of motivation leads to underperformance and loss of competitiveness resulting in loss of productive resources for the organization. It is for this reason that the HR managers stress on the employees having high levels of motivation to get the job done.

There are many theories of motivation and the ones being discussed here are the [Herzberg’s hygiene theory](http://www.managementstudyguide.com/herzbergs-theory-motivation.htm), [Maslow’s need hierarchy theory](http://www.managementstudyguide.com/maslows-hierarchy-needs-theory.htm), and [McGregor Theory X and Theory Y](http://www.managementstudyguide.com/theory-x-y-motivation.htm).

Herzberg’s Hygiene theory states that for employees to be motivated, certain conditions need to exist and the absence of these conditions or the hygiene factors demotivate the employees. The point that is being made in this theory is that the presence of hygiene factors is a precondition for performance and is not a determinant of performance. On the other hand, the absence of these factors actually demotivates the employee. Hence, the bottom line is that companies should have the basic conditions under which employees work fulfilled so that there is no drag on the performance.

Maslow’s need hierarchy theory postulates that individuals are motivated according to a hierarchy of needs which start from satiation of basic needs and then go on to need for recognition and finally, the need to actualize one’s vision and reach the highest stage of personality. The point that is being made in the theory is that individuals progress from one stage to the other depending on how well the needs at each stage are met. So, organizations have to ensure that employees’ needs are taken care of at each level so that by the time the employee reaches the top of the ladder, he or she is in a position to actualize them. Finally, McGregor’s theory of motivation alludes to the carrot and stick approach that is favored by many managers. This theory states that employees can be motivated by a dual pronged strategy of rewarding them for good work and punishing them for bad work. The opposites of these reactions mean that employees have a strong incentive to do well as opposed to doing badly.

**Motivation of employees is indeed important for the health of the companies. Only when employees are motivated sufficiently can they give their best**. Typically, companies focus on compensation and perks and benefits as a strategy to motivate employees. However, as we have seen in this article, employees are motivated by factors other than pay and hence, the HRD function must take cognizance of this fact and proceed accordingly. This means that the need for job satisfaction and fulfillment have to be taken care of as well for the employees to reach their potential.

Role of HRD in Facilitating Learning in the Organizations

Learning encompasses a wide variety of terms and concepts. This article looks at the meaning of learning in an organizational context. The key point to note about learning in an organizational context is that unless employees continually learn and pick up skills, they would be left behind as well as eroding organizational competitiveness. Especially in the technology and financial sector, learning is a continuous process that ought to take precedence over other aspects since technology keeps changing every now and then. The point here is that unless employees learn and their learning is facilitated by the HRD function, the organizations would fall behind in the race for competitiveness. Hence, the **HRD function has a pivotal role in facilitating learning in the organizational context**.

Learning can be on the job or through training. On the job learning is mostly from peers and colleagues and is accomplished by the employees doing shared work that would make them pick up new skills and traits in the workplace.

Often, many companies encourage teamwork and collaboration so as to foster a culture of learning and cooperation along with collaboration. In the contemporary context, companies like 3M are said to be examples of true learning organizations where the organizational culture is geared towards making employees learn new skills and attributes on the job. The point here is that organizations and the HRD function must enable learning to take place and ensure that employees learn on the job.

The next aspect to learning is that the HRD function must conduct periodic trainings in technical skills as well as soft skills so as to familiarize their employees with the latest technologies and concepts in the management sciences. Further, soft skills trainings need to be imparted as a means of ensuring that employees are at the forefront of leadership challenges and achieve success through fulfillment and actualization. In many multinationals like Fidelity and IBM, each employee is given a certain number of hours as training so as to enable them to do better and be at the cutting edge of technology and soft skills. Further, learning is a process that continues at all levels and hence the HRD function must make use of the knowledge that is available at all levels and impart it to the employees.

This can be done through interactions between the middle management and the senior management where the senior management shares their knowledge and experiences with the managers and helps them grow as individuals and empowers them in an organizational sense. Learning is a process that is a combination of drive within the individual and catalyzed by external agents. Hence, employees must have the urge to learn and this must be encouraged by the managers and the HRD function. The point here is that there should not be any holding back of knowledge and expertise either from the learner or the imparter.

Finally, the best learning happens when employees discover the insights for themselves. Hence, all efforts of the HRD function must be geared towards ensuring that employees ignite the spark of creativity and stimulate their thirst for learning. In conclusion, learning organizations thrive amidst turbulence and uncertainty and hence, all efforts must be made to ensure that employees and the organizations grow together.

**Chapter 5**

Personality - As a Key Concept in Human Resource Development (HRD)

Personality and personality development are one of the key concepts in HRD. By personality, we mean the traits and characteristics that make up an individual’s psyche and determine how he or she interacts with their environment.

**Personality is determined by a number of factors including the traits that one is endowed with as a result of genetic factors and characteristics that have been developed due to his or her interactions with the environment**. This is the variation of the so-called nature vs. nurture debate that revolves around whether an individual’s personality is determined because of genes or whether the personality is a product of the environment. Without going into the specifics of the debate, it would suffice to say here that personality is a product of both characteristics that have been acquired as well as some natural abilities. The point here is that all of us are good at something and hence it is up to each one of us to select the profession or calling that suits us best.

Continuing in the same vein, some individuals have higher IQ levels whereas others have higher EQ levels (IQ refers to Intelligence Quotient and EQ refers to Emotional Intelligence Quotient). Further, we usually fare well at some tasks and not that well at other tasks. Hence, the aspect that should determine which profession or role in an organization suits us should be done according to our determination of which role suits us better.

**The HRD function has a crucial role to play in matching individuals traits with job roles and determining whether an individual’s personality attributes measure up to the requirements of the job that he or she is expected to do**. This is the aspect of the skills and job description matrix where at the time of hiring, the HRD function maps the individual’s skills against the traits necessary for the job and then assigns the individual to the role accordingly.

Further, personality is a function of the environment and is determined according to a “social mirror” where each of us are molded and shaped by the environmental influences. In turn, our personality determines how the environment is shaped. So, this symbiotic relationship between an individual’s personality and the environment determines to a great extent whether the relationship between the individual and the environment is smooth or is characterized by friction.

In many technology and financial services companies where personality is important for the success of the individual in the chosen role, managers and people managers often spend a great deal of time with the employees to assess the “fit” between the individual and the job. They are assisted by the HRD function in this endeavor where the individual is deemed suitable for some roles and unsuitable for other roles. Only when there is a determination of the strategic fit between the individual and the role can there be job fulfillment and job satisfaction. Indeed, employees are consulted during their appraisals and 1:1 with the managers to determine this fit.

Finally, as discussed elsewhere, there is no point in having the right person for the wrong job and the wrong person for the right job. Hence, there has to be a rational assessment of the fit and then only can organizations achieve the balance that is needed for optimal performance.

Role of HRD in Determining Fit between an Employee and His Role

The previous article on personality briefly discussed how organizations and the HRD function determine the fit between the employee and his or her role. This article looks at this topic in depth with specific reference to the role of the HRD function and the managers in this alignment. For starters, whenever an employee is hired, there is often a fixed notion of where he or she is going to be placed in the organization. Except in cases of campus recruits and entry level hiring, the HRD function has a clear mandate of finding the right employee for the role. This happens by way of the managers and the division heads publishing their requirements for resources to the HRD department which then initiates the hiring process.

During the hiring process, care is taken to ensure that the employees who are progressing through the various rounds of the interviews actually fit the desired profile for the job or role.

The way this happens is something like this: **a matrix is drawn up that matches the skills of the potential recruit with that of the requirements. Only when there is a high percentage of similarity and match between the profile and the recruit will the green signal is given for the HRD function to go ahead and recruit the candidate**.

Apart from this, employees are regularly assessed and examined during the course of their stay in the organizations about the fit that they have with the current role. It is common in many organizations for employees to seek a change in the role or a transfer to another department because they feel that they are not in the right role. It is also the case that managers seek a change in the roles of employees depending on their assessment of the fit.

The next aspect that is critical to this assessment is whether the employee is indeed performing to his or her potential. Since there are many candidates who are good interview material who shine in the interviews and then flatter to deceive, the HRD function and the managers have a task at hand when they have to assess whether an employee is indeed actualizing his or her potential. This often involves detailed discussions between the employees and the managers along with the HRD managers to check whether the fit is indeed working. Especially during appraisal times and the one-one’s between the manager and the employee, there is a need to assess the direction in which the employee is headed and take a call about whether that is the desired outcome or not.

Finally, though the exit option is indeed something that is always available, companies on the whole do not fire employees till they are convinced that the employee is no longer valuable to the company. Often, it so happens that the employee is put on performance improvement programs or on watch to assess whether the employee is making progress towards the goals set for him or her. In conclusion, there are many instances where the fit between the jobs or the roles and the employees do not match and this leads to friction between the employee and the environment. Hence, the HRD function has a crucial role to play in ensuring that the fit is indeed tight.

**Chapter 6**

Perception Management in Human Resource Development (HRD)

Most of us would have encountered the phrase, it is all about perceptions and some of us would have come across the term, perception management. In the corporate world, these terms are often bandied about to indicate that more than the actual work or achievements that one accomplishes; one should be seen and viewed as an achiever. What this means is that the perceptions of people around the individual about the individual’s capabilities are more important than the actual capabilities. Of course, this does not mean to say that a complete failure can still be packaged and sold as success. What this means is that along with achieving something, we have to ensure that the environment perceives us as achievers and successes. The bottom line here is that it is just not enough for us to reach milestones and targets. We have to ensure that the message is communicated and received appropriately.

**Perception management plays a huge role in the corporate world as well as in the defense forces where the ability to influence the receivers’ impressions of the event is paramount**. For instance, many corporates court the media houses and channels to air or publish favorable stories about them. This is done with an eye on perception management where the users and the consumers ought to recognize the achievements of the corporates in a positive manner.

In these cases, **perceptions count more than the actual achievement per se as perceptions determine whether the consumers would be willing to buy the product and be loyal towards the company**. Another term, top of the mind recall, is often used to denote how well the consumers know a particular company’s products and this is again determined by the perceptions that consumers hold about the product.

Turning to the usage of the term in corporates, employees have to ensure that their achievements are marketed to the management and their managers in a positive manner instead of them having a negative image of the employee. This can be done in explicit and implicit ways since managing perceptions means that employees can alter their behavior as well as do serious work to influence the perceptions of their coworkers and managers. The point here is that it is not enough if the managers perceive the employee to be an achiever. Coworker perceptions are equally important as the environment around the employee needs to be influenced to achieve the desired results. Further, the HRD function must notice these perceptions and record them as well for the employees to have an impact on their environment.

Finally, perceptions play an important role but it needs to be remembered that one should not get carried away by them. On the contrary, managers and the HRD function still rely on actual results and data to arrive at decisions concerning the future of the employee. Keeping this in mind, it would be worthwhile for the employees to deliver results and also indulge in perception management. At the end of the day, more than anything else, it is the combination of results and the perceptions of the employee achieving them matter as a package.

HRD Function in Manufacturing and Services Sectors: A Comparison

The previous articles discussed the role of the HRD function from a wide variety of perspectives. We have seen how the HRD function is pivotal to the success of contemporary organizations. This article compares the HRD function with regards to its relevance and operation in the manufacturing and service sectors. Before launching into the salient aspects, it is pertinent to note that the human resources are more critical to the success of the organizations in the services sector as compared to their importance in the manufacturing sector. The primary reason for this is that human resources are considered as an asset and a source of competitive advantage in the services sector whereas they are yet another factor of production in the manufacturing sector.

**The HRD function in the manufacturing industries is often concerned with payroll, administrative work and mediating between the management and the workers**. Mostly, the manufacturing companies lean on the HRD function in times of labor unrest and strikes. On the other hand, the HRD function is pivotal to the success of the service sector companies as they are seen as enabling and empowering the employees in the services sector.

The point here is that **in the service sector companies, the HRD function plays a more important role as the chief sources of competitive advantage in these companies are the human resources**. In the services sector like the financial and technology companies, the brand value is measured according to the level of intellectual capital which is a derivative of the contribution of the human resources in the company.

Further, the services sector runs on human resources whereas the manufacturing sector uses machines and equipment as the key aspect of production. This means that the HRD function in the services sector has to ensure that the human resources are enabled and fulfilled to actualize their potential. Especially with the prevalence of the RBV or the Resource Based View of the firm that treats human resources as being central to the functioning of companies, the services sector employs different methods and procedures to fulfill this aspect. On the other hand, the manufacturing companies are still in the process of orienting their strategies towards the RBV and in many cases, they might not be able to do so since the mode of operation is fundamentally different from that of the services sector.

Finally, the manufacturing companies have classification of employees into blue collar and white collar roles which creates a barrier to the way in which they are treated and they in turn demand their rights. On the other hand, the services sector has only white collar roles which mean that labor arbitration and mediating between organized unions and the management is virtually non-existent. This is an important and crucial distinction which often determines the differing perceptions of the HRD function in these sectors.

In conclusion, contemporary management theory has evolved to a point where the HRD function is being crucial in all sectors and the coming years might see a paradigm shift in the way human resources are conceptualized with the advent of knowledge worker in both manufacturing and services.

**Chapter 7**

Labor Management Relations

Labor-Management relations are the most complicated set of relations that any HR Manager has to deal with. Efficient maintenance of labor relations helps the HR Managers in developing a harmonious environment within the organization which, in turn, helps the organization in effectively achieving its goals and objectives. Well-managed labor relations provide a competitive advantage to the organization by negating the hassles arising out of labor or union related issues and conflicts.

With increasing competitiveness and mounting pressure of accomplishing the business’s strategic goals, it has become essential for an organization to acquire an effective and dependable labor relations support. For the same, the organization may opt for the services of an HR Consulting Firm.

An HR Consulting Firm broadly covers one or many of the following aspects of labor relations as per the requirements of the organization:

* **Legal/statutory compliances:** An organization may opt for the services of an HR Consultant in order to maintain the legal requirements in relation to the existing labor laws of the country. This is more important for a company having its business expanded to different lands, hence, the codes of law changing accordingly. A proper statutory compliance prevents unnecessary legal hassles and associated financial burden.

The practices and documents of the organization are thoroughly audited by the HR Consultant against the current legal requirements. Also, new contracts and documents can be drafted as per the legislative detailing. Proper procedures for labor terminations also require efficient working on the part of an HR Consultant as per law.

* **Labor Relations Management:** Conflicts and deteriorating relations at workplace have an adverse impact on the overall productivity of the organization. Apart from increasing legal bills, such a situation adds to building up an environment of distrust among labor and hampers their motivation levels.

An HR Consultant, in such a scenario, provides impetus in improving the everyday dealing between the labor and management. He works towards promoting an environment of collaboration, understanding and mutual trust among the labor and management by carrying out various training programmes, discussions, facilitation workshops and joint exercises between labor and management customized to the specific needs of the organization. Thus, HR Consultants assists in improving labor-employer relations.

* **Trade/Labor Union Dealing and Avoidance:** An HR Consultant assists in handling situations of strikes and lock-outs by working as a mediator between the labor and management, and contributing towards collective bargaining. Further, working pro-actively, an HR Consultant can facilitate in avoidance of such unions in the organization.

Labor audit and employee satisfaction surveys are crucial tools in assessing the vulnerability of the satisfaction levels of labor in the organization. An HR Consultant utilizes these tools to diagnose the chances of formation of trade union within the organization. It helps in understanding the position of the employer’s policies and processes vis-à-vis the employee’s expectations. The gaps within the existing policies and employee’s expectations are then worked upon by the HR Consultant to improve the satisfaction levels of labor, thereby contributing in avoidance of trade union within the organization.

* **Labor Grievance Management:** Grievance management by properly guided mediations is a welcome alternative to proceeding into arbitration immediately. This helps in achieving a resolution by mutual consent, thereby, avoiding untoward conflicts and costly litigation process. More so, resolving grievances by resorting to such methods as mediations by HR Consultants assists in keeping up with the reputation of the organization as a responsible and employee oriented organization.

The HR Consultants work with an unbiased approach in opening up a clear and effective communication line between the concerned parties, along with putting in there valuable inputs where ever necessary to end up with an amicable and appropriate solution to the problem. Such an activity also facilitates in developing a positive labor relations environment within the organization. Further, a proactive feedback mechanism developed by the HR Consultant greatly helps in decreasing the rate of grievances among the labor.

Investing in productive labor relations is as significant as investing in any other effective business partnership. Hence, a well managed labor and union relation plays an instrumental role in dealing with the changing and challenging business propositions in current economic scenario.

Role of HR Consulting Firm in Employee Motivation

The most valuable asset of any organization is its personnel and the most crucial driving force for any person is his or her level of morale and motivation. A highly motivated person carries the energy and enthusiasm required to push the projects ahead and reach the pre-determined goals. For any organization, if talented employees are an advantage, then motivated employees is an equal necessity. The attitudes, perceptions, behaviours and viewpoints of people in the organization make a great impact on the working of the company, thereby, directly affecting the growth and success of the organization.

Conservatively, it is considered that it is the responsibility of the administration and managers in the organization to keep the employees motivated. But, this is easier said than done. With the changing scenario, increasing competitiveness, and high pressures to achieve growth and strategic goals, the administration and managers within the organization find themselves more or less lagging behind in facilitating their employees towards healthy mindset and in creating a better atmosphere in the workplace. They may not be fully qualified in understanding the psyche of the employees and following a non-biased approach in setting up a positively motivating environment in the organization.

This is the reason that many organizations are opting for the services of HR Consulting Firms in order to drive their employees optimistically towards achieving the objectives of the organizations. Such firms also prove highly effective in guiding and training the administration and managers as well, in their pursuit of motivating their employees.

**An important method followed by HR Consulting Firms for improving the motivation levels in the organization is by interviewing or getting questionnaires filled by the employees. This method helps in identifying the fundamental requirements of the employees in relation to the motivational impetus**. Another important method for the same is by conducting motivational training programmes and workshops by the HR Consultants. Such workshops and programmes extend to a number of days and sessions covering various topics as per the requirements of the administration.

**The various characteristics analysed in by HR Consultants in identifying the gaps in the workplace environment that lead to low motivational levels are:**

* Are the basic needs of the employees satisfied?
* Do the employees like completing their jobs?
* Is there a connectivity of the employee with his or her company and job?
* Accomplishing tasks makes the employees feel good?
* Do the employees feel compelled to do their jobs?
* Levels of satisfaction felt by employees while working for the company
* How interesting and substantial is the work for the employees?
* Is working a burden for the employees in the organization?
* How prompted are the employees in leaving the organization?
* Which aspects of the company do the employees most appreciate?
* What are the elements that employees would like to change in the organization to make it a better place to work?
* How healthy is the relation between subordinates and concerned authority?
* Pressures and compulsions at workplace
* Ethical environment in the organization

Some of the significant topics that are dealt with during the motivational programmes conducted by HR Consultants include:

* Attitudes and behaviours
* Viewpoints - their significance and striking a balance between two varying viewpoints
* Team work
* Goal setting - importance and planning for the same
* Time management
* Kaizen
* Resolving conflicts
* Strategies to win and achieve goals
* Work ethics and perception
* Key result areas - identification and planning to achieve them

Thus, with the help of a detailed analysis the HR Consultants identify the crucial areas that are adversely affecting the environment in the organization and hampering the motivational levels of the employees. By meticulously working on these areas and providing necessary guidance to the employees, HR Consultants can facilitate the work of boosting the morale and motivation among the employees.