

MODULE – V

ANCILLARY TOPICS

Concept

Performance appraisal is defined as a process that systematically measures an employee's personality and performance usually by managers or immediate supervisors against the predefined attributes like skillset, knowledge about the role, technical know-how, attitude, punctuality and so on.

Performance appraisal has many names across organizations, some call it performance evaluation, some prefer performance review, merit rating, annual reviews, etc.

This process is carried out to identify the inherent qualities of an employee and the abilities and level of competency of an employee for their future growth and development and that of the organization they are associated with. It aims at ascertaining the value of an employee and his/her offering to the organization.

Performance appraisal helps managers and supervisors place the right employee to do the right job, depending on the skill set they possess. Without an ounce of doubt, every organization needs a robust performance appraisal system.

There are various methods that are used by managers and supervisors to evaluate employees based on objective and subjective factors, however, it can get a bit tricky, but to effectively evaluate an employee both factors are essential.

What Is a Performance Appraisal?

A performance appraisal is a regular review of an employee's job performance and overall contribution to a company. Also known as an annual review, performance review or evaluation, or employee appraisal, a performance appraisal evaluates an employee's skills, achievements, and growth--or lack thereof.

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

1. The supervisors measure the pay of employees and compare it with targets and plans.
2. The supervisor analyses the factors behind work performances of employees.
3. The employers are in position to guide the employees for a better performance.

Objectives of Performance Appraisal

Performance Appraisal can be done with following objectives in mind:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
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6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes.

Advantages of Performance Appraisal

It is said that performance appraisal is an investment for the company which can be justified by following advantages:

1. **Promotion:** Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.
2. **Compensation:** Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which include bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The criteria should be merit rather than seniority.
3. **Employees Development:** The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyze strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.
4. **Selection Validation:** Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.
5. **Communication:** For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:
 - a. Through performance appraisal, the employers can understand and accept skills of subordinates.
 - b. The subordinates can also understand and create a trust and confidence in superiors.
 - c. It also helps in maintaining cordial and congenial labour management relationship.
 - d. It develops the spirit of work and boosts the morale of employees.

All the above factors ensure effective communication.

6. **Motivation:** Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for better job and helps him to improve his performance in the future.

Performance appraisal methods

There are 5 performance appraisal methods. Using one of these methods for performance appraisal can help organizations gain partial information. However, combining one or more methods will lead to extracting better information and accurate data. It is one thing to collect data and another to do something actionable with it.

1. **Self-evaluation:** This is an important way to get insights from the employees, evaluate themselves. You need to first get information about how an employee evaluates himself/herself, after conducting this evaluation the management has an opportunity to fairly appraise an employee based on their thoughts.
2. **360-degree appraisal system:** 360-degree feedback, an employee is evaluated by his/her supervisor/manager, peers, colleagues, subordinates and even management. Inputs from different sources are considered before talking to the employee face-to-face. In this process, each employee is rated according to the job done based on the job descriptions assigned to them.
3. **Graphics rating scale:** This is one of the most commonly used methods by managers and supervisors. Numeric or text values corresponding to values from excellent to poor can be used on this scale. Members of the same team who have similar job descriptions can be parallelly evaluated using this method. This scale should ideally be the same for each employee.
4. **Checklists:** The evaluator is given a checklist of several behaviors, traits, attributes or job description of the employee who needs to be evaluated. The checklist can contain sentences or simply attributes and the evaluator thus marks the employee based on what describes the job performance of the employee. If the evaluator believes that the employee has certain traits it is marked positive otherwise it is left blank.
5. **Essay method:** This is also known as "free form method". As the name suggests, it is a descriptive method which elaborates performance criteria. A major drawback of this method is to keep biases away.

Potential Appraisal

The potential appraisal is a future-oriented appraisal to measure the potentiality of an employee for future higher positions. The potential appraisal refers to the identification of hidden talents and skills of a person. The person might or might not be aware of them. To express it in simple words, performance appraisal is an estimation of how an employee did while potential appraisal is an estimation of how well he might do.

While the former is based on actual behaviour and results, the latter is inferred from competencies. Performance appraisal is usually linked to incentives and increments while potential appraisal is linked with promotions. Potential Appraisal is a process of identifying the hidden talents, capabilities and potential talent within the individual with an aim to harness and exploit the same to ensure optimum utilisation of the strategic qualities to the benefit of the individual as well as the organisation.

Objectives

1) Identification of Employees Having Capabilities to Perform Higher Level Jobs:

It identifies people who have potential to take over higher jobs. This task is difficult to accomplish in industrial settings. It may take the help of assessment centre/development centres to find out suitable/capable employees for promotion.

2) Assessment of General Potential:

It assesses whether the employees have abilities to perform some types of work. Employees' aptitudes, level of competency, skill are appraised for better utilization in the organization activities.

3) Identification of Training Needs of Employees:

For growth and development of organization employees' development of skill, knowledge, abilities is needed. This is possible through training. Potential appraisal identifies the area which requires training for reinforcement/improvement.

4) Implementing Succession Planning Activities:

It helps organization to effectively carry out succession planning activities by way of providing data / information in respect of employees who are suitable for filling in vacant posts.

5) Assisting Employees in Personal Development Process:

It makes the employees aware of their strengths and weaknesses through feedback / counselling, discussion programmes so that they can prepare their personal development plan effectively.

6) Helping Organization to Decide its Strategy:

It makes organization know its competent, effective, potential workforce as also non-achievers, dead woods, non-performers. Looking into strength of human resources, organization can decide its strategy. For example, the organization can decide whether it can go for business process reengineering, diversification of activities, reduction of employees through VRS etc.

7) Helping Organization to Survive, Grow and Develop:

In the changing scenario, every organization has to face tough competition against MNCs and other organizations. For confrontation against such challenges and for sustenance, growth, development of organization, it needs dynamic workforce. Potential appraisal helps organization to develop the

employees and to create a reservoir of committed, competent workforce who can give befitting challenges through production of quality goods and service at low rate.

Importance

1. Evaluation of Capabilities:

With the help of the potential appraisal form, the employees are judged on various performance and behavioural parameters. Appraising employee's potential helps to evaluate his capability to take greater challenges, responsibilities and positions in the organisational hierarchy. It helps organization to identify the employees who are capable of taking more challenging roles & responsibilities in future.

2. Succession Planning:

Succession planning is a process for identifying and developing new leaders, who can replace old leaders when they leave, retire or die. Such planning increases the availability of experienced and capable employees that are prepared to assume these roles as they become available. Most organisations incorporate potential appraisal in their appraisal processes for identifying and developing suitable employee base for succession planning.

3. Career Development:

The potential appraisal results in identification of hidden talents and skills of an employee. The employee himself might not be aware of his certain competencies. The potential appraisal aids in career development of an employee by giving him opportunity to work on his potential capabilities.

4. Motivate Employees:

It leads to identification of hidden talents & thereby motivates the employees to further develop their skills and competencies. It also benefits the organization as it results in versatile workforce who can assume greater roles & responsibilities in future.

5. Identify Training Needs:

The potential appraisal helps the organization to identify the training needs. Such appraisal throws light on the hidden competencies of employees which could be developed further with the help of appropriate training programmes.

6. Organizational Goals:

The potential appraisal concentrates on the future. It helps to create a pool of experienced and capable employees by giving them opportunity to discover their hidden talent. It also helps employees to develop their personal interests in alignment with the organisational goals.

Techniques of Potential Appraisal

1. Self-Appraisals:

A self-appraisal form is prepared, which is required to be filled by the employee.

2. Peer Appraisals:

The HR Head may design a form for peer appraisal or ask the peers in confidence in small size companies, to take feedback on the employee

3. Superior Appraisals:

The superiors are always required to carry out appraisal in every setup, which may be defined annual appraisals by way of confidential reports or any other method

4. MBO:

The use of management objectives was first widely advocated in the 1950s by the noted management theorist Peter Drucker. MBO (management by objectives) methods of performance appraisal are results-oriented. That is, they seek to measure employee performance by examining the extent to which predetermined work objectives have been met.

Usually the objectives are established jointly by the supervisor and subordinate. Once an objective is agreed, the employee is usually expected to self-audit; that is, to identify the skills needed to achieve the objective. Typically they do not rely on others to locate and specify their strengths and weaknesses. They are expected to monitor their own development and progress.

5. Psychological and Psychometric Tests:

Since the early 1900's, psychologists have employed testing in an effort to quantify people's intelligence, preferences, and behaviors. Today these assessments, called psychometric tests are used in schools, the military, mental health clinics, psychotherapists' offices, correctional facilities, and in companies. Market analysts commonly use psychometric testing to determine people's preferences for products, packaging, and branding.

A consumer might be asked, for example, if he or she prefers one product color to another, or which packaging type they are most likely to purchase. Employment specialists use these tests to determine if someone is a good fit for a job. For example, personality, intelligence, and aptitude tests can be used to capture specific preferences and skills for required tasks and responsibilities. Those preferences are then matched by the employer to particular job functions.

6. Management Games like Role Playing:

Employee motivation commonly benefits from suitable and well run team building games, exercises, and activities, including puzzles and quizzes. The company can also use team building games and exercises ideas as ice-breakers and energizers to warm up meetings, workshops, training, and

conferences. Many of these group activities are also effective in specialized training sessions and seminars.

Team building games and activities are also useful in serious business project meetings, as games and activities help delegates to see things differently and use different thinking styles. Games, exercises and quizzes help to stimulate the brain, improving retention of ideas, learning, and increasing fun and enjoyment.

7. **Leadership Exercises:**

Team coaching programs have a lot of merit; one-on-one leadership coaching can be a very fulfilling process. Having some insight into the life of someone who has walked a similar path can often be encouraging management/HR Head can give the employee, specific leadership development activities where employees learn to lead by leading.

Compensation Management

Compensation management, also known as wage and salary administration, remuneration management, or reward management, is concerned with designing and implementing a total compensation package.

Compensation is the **human resource management** function that deals with every reward individuals receive in exchange for performing an organizational task.

The consideration for which labor is exchanged is called compensation.

Compensation is what employees receive in exchange for their work. It is a particular kind of price, that is, the price of labor. Like any other price, remuneration is set at the point where the demand curve for labor crosses the supply curve of labor.

What is Compensation and Compensation Management?

Compensation is referred to as money and other benefits received by an employee for providing services to his employer.

Compensation refers to all forms of financial returns: tangible services and benefits employees receive as part of an employment relationship, which may be associated with employee's service to the employer like provident fund, gratuity, insurance scheme, and any other payment which the employee receives or benefits he enjoys instead of such payment.

According to Dale Yoder, "Compensation is paying people for work."

"Compensation is what employees receive in exchange for their contribution to the organization." – Keith Davis.

In the words of Edwin B. Flippo, “The function compensation is defining as adequate and equitable remuneration of personnel for their contributions to the organizational objectives.”

Objectives of compensation management

- a) Acquire qualified personnel.
- b) Retain current employees.
- c) Ensure equity.
- d) Reward desired behavior.
- e) Control costs.
- f) Comply with legal regulations.
- g) Facilitate understanding.
- h) Further administrative efficiency.
- i) Motivating Personnel.

Compensation management tries to strike a balance between these two with specific objectives;

1. **Acquire qualified personnel:** - Compensation needs to be high enough to attract applicants. Pay levels must respond to the supply and demand of workers in the labor market since employees compare for workers. Premium wages are sometimes needed to attract applicants working for others.
2. **Retain current employees:** - Employees may quit when compensation levels are not competitive, resulting in higher turnover. Employees serve organizations in exchange for a reward. If pay levels are not competitive, some employees quit the firm. To retain these employees, pay levels must be competitive with that of other employers.
3. **Ensure equity:** - To retain and motivate employees, employee compensation must be fair. Fairness requires wage and salary administration to be directed to achieving equity. Compensation management strives for internal and external equity. Internal equity requires that pay be related to the relative worth of a job so that similar jobs get similar pay. External equity means paying workers what other firms in the labor market pay comparable workers.
4. **Reward desired behavior:** - Pay should reinforce desired behaviors and act as an incentive for those behaviors to occur in the future. Effective compensation plans reward performance, loyalty, experience, responsibility, and other behaviors. Good performance, experience, loyalty, new responsibilities, and other behaviors can be rewarded through an effective compensation plan.
5. **Control costs:** - A rational compensation system helps the organization obtain and retain workers' reasonable costs. Without effective compensation management, workers could be overpaid or underpaid.

6. **Comply with legal regulations:** - A sound wage and salary system considers the legal challenges imposed by the government and ensures employers comply.
7. **Facilitate understanding:** - The compensation management system should be easily understood by human resource specialists, operating managers, and employees.
8. **Further administrative efficiency:** - Wage and salary programs should be managed efficiently, making optimal use of the HRIS, although this objective should be a secondary consideration with other objectives.
9. **Motivating Personnel:** - Compensation management aims at motivating personnel for higher productivity.

Components of Salary Structure

Some of the components of the salary structure include:

Basic Salary

Basic salary is the base income of an employee, comprising of 35-50 % of the total salary. It is a fixed amount that is paid prior to any reductions or increases due to bonus, overtime or allowances. Basic salary is determined based on the designation of the employee and the industry in which he or she works in. Most of the other components, like allowances, are based on the basic salary. This amount is fully taxable.

Allowances

Allowance is an amount payable to employees during the course of their regular job duty. It can be partially or fully taxable, depending on what type it is. Allowances provided and the limits on it will differ from company to company, according to their policies.

- **Dearness Allowance** - Dearness allowance is a certain percentage of the basic salary paid to employees, aimed at mitigating the impact of inflation. It is paid by the government to employees of the public sector and pensioners of the same.
- **House Rent Allowance** – A house rent allowance is that component of the salary which is paid to employees for meeting the cost of renting a home. It offers tax benefits to the employees for the sum that they pay towards their accommodation every year. Salaried individuals residing in rented homes can claim this exemption and reduce their tax liability.
- **Conveyance Allowance** - Conveyance allowance, also known as transport allowance, is a kind of allowance offered by employers to their employees to compensate for their travel expense to and from their residence and workplace. Note - In Union Budget 2018, a standard deduction of Rs. 40,000 has been introduced in lieu of transport (Rs 19,200) and medical (Rs 15,000) allowances.

- **Leave Travel Allowance** - Leave travel allowance is eligible for tax exemption. It is offered by employers to their employees to cover the latter's travel expense when he or she is on leave from work. The amount paid as leave travel allowance is exempt from tax under Section 10(5) of Income Tax Act, 1961. Leave travel allowance only covers domestic travel and the mode of travel needs to be air, railway or public transport.
- **Medical Allowance** - Medical allowance is a fixed allowance paid to the employees of an organization to meet their medical expenditure. Note - In Union Budget 2018, a standard deduction of Rs. 40,000 has been introduced in lieu of transport (Rs 19,200) and medical (Rs 15,000) allowances.
- **Books and Periodicals Allowance** - Books and periodicals allowance is a type of allowance provided to employees for helping them meet the expenses associated with purchase of books, periodicals and newspapers. It is tax exempt to the extent of actual expenditure incurred towards purchase of books and periodicals.

Gratuity

Gratuity is a lump sum benefit paid by employers to those employees who are retiring from the organization. This is only payable to those who have completed 5 or more years with the company. The gratuity amount is paid in gratitude for the services rendered by the individual during the period of employment. According to the Payment of Gratuity Act, 1972, gratuity is calculated as 4.81% of the basic pay. Most firms with a workforce of 10 or more employees come under the Act.

Employee Provident Fund

Employee Provident Fund is an employee benefit scheme where investments are made by both the employer and the employee each month. It is a savings platform that aids employees to save a portion of their salary each month, from which withdrawals can be made following a month from the date of cessation of service or upon retirement. At least 12% of an employee's basic salary is automatically deducted and goes to the Employee Provident Fund every month. The contributions are maintained by the Employees Provident Fund Organization (EPFO).

Professional Tax

Professional tax is a tax levied on the income earned by salaried employees and professionals, including chartered accountants, doctors and lawyers, etc. by to the state government. Different states have varying methods of calculating professional tax. The maximum amount that is payable in a year is Rs. 2,500. Employers deduct profession tax at prescribed rates, from the salary paid to employees, and pay it on their behalf to the

State Government. The revenue collected is used towards the Employment Guarantee Scheme and the Employment Guarantee Fund.

Perquisites

Perquisites, also referred to as fringe benefits, are the benefits that some employees enjoy as a result of their official position. These are generally non-cash benefits given in addition to the cash salary. Some examples of perquisites include provision of car for personal use, rent-free accommodation, payment of premium on personal accident policy, etc. The monetary value of perquisites gets added to the salary and tax is paid on them by the employee.

Incentive

An **incentive** is something that motivates or drives one to do something or behave in a certain way. There are two types of incentives that affect human decision making. These are: intrinsic and extrinsic incentives. Intrinsic incentives are those that motivate a person to do something out of their own self interest or desires, without any outside pressure or promised reward. However, extrinsic incentives are motivated by rewards such as an increase in pay for achieving a certain result; or avoiding punishments such as disciplinary action or criticism as a result of not doing something.

Four categories of Incentives

- **Compensation incentives** may include items such as raises, bonuses, profit sharing, signing bonus, and stock options.
- **Recognition incentives** include actions such as thanking employees, praising employees, presenting employees with a certificate of achievement, or announcing an accomplishment at a company meeting.
- **Rewards incentives** include items such as gifts, monetary rewards, service award presents, and items such as gift certificates. An additional example is employee referral awards that some companies use to encourage employees to refer job candidates.
- **Appreciation incentives** include such happenings as company parties and celebrations, company paid family activity events, ice cream socials, birthday celebrations, sporting events, paid group lunches, and sponsored sports teams.

Bonus

A bonus is a financial compensation that is above and beyond the normal payment expectations of its recipient. Companies may award bonuses to both entry-level employees and to senior-level executives. While

bonuses are traditionally given to exceptional workers, employers sometimes dole out bonuses company-wide to stave off jealousy among staffers.

Bonuses may be dangled as incentives to prospective employees and they can be given to current employees to reward performance and increase employee retention. Companies can distribute bonuses to its existing shareholders through a bonus issue, which is an offer of free additional shares of the company's stock.

Incentive Bonuses

Incentive bonuses include signing bonuses, referral bonuses, and retention bonuses.

A signing bonus is a monetary offer that companies extend to top-talent candidates to entice them to accept a position—especially if they are being aggressively pursued by rival firms. In theory, paying an initial bonus payment will result in greater company profits down the line. Signing bonuses are routinely offered by professional sports teams attempting to lure top-tier athletes away from competitive clubs.

Referral bonuses are presented to employees who recommend candidates for open positions, which ultimately leads to the hiring of said candidates. Referral bonuses incentivize employees to refer prospects with strong work ethics, sharp skills, and positive attitudes.

Companies offer **retention bonuses** to key employees, in an effort to encourage loyalty, especially in downward economies or periods of organizational changes. This financial incentive is an expression of gratitude that lets employees know their jobs are secure over the long haul.

Performance Bonuses

Performance bonuses reward employees for exceptional work. They are customarily offered after the completion of projects or at the end of fiscal quarters or years. Performance bonuses may be doled out to individuals, teams, departments, or to the company-wide staff. A reward bonus may be either a one-time offer or a periodic payment. While reward bonuses are usually given in cash, they sometimes take the form of stock compensation, gift cards, time off, holiday turkeys, or simple verbal expressions of appreciation.

Employee stock ownership plan

An ESOP (Employee stock ownership plan) refers to an employee benefit plan which offers employees an ownership interest in the organization. Employee stock ownership plans are issued as direct stock, profit-sharing plans or bonuses, and the employer has the sole discretion in deciding who could avail of these options. However, Employee stock ownership plans are just options that could be purchased at a specified price before the exercise date. There are defined rules and regulations laid out in the Companies Rules which employers need to follow for granting of Employee stock ownership plans to their employees.

How ESOPs work?

An organization grants ESOPs to its employees for buying a specified number of shares of the company at a defined price after the option period (a certain number of years). Before an employee could exercise his option, he needs to go through the pre-defined vesting period which implies that the employee has to work for the organization until a part or the entire stock options could be exercised.

Why Company offers ESOPs to their employees?

Organizations often use Employee stock ownership plans as a tool for attracting and retaining high-quality employees. Organizations usually distribute the stocks in a phased manner. For instance, a company might grant its employees the stocks at the close of the financial year, thereby offering its employees an incentive for remaining with the organization for receiving that grant. Companies offering ESOPs have long-term objectives. Not only companies wish to retain employees for a long-term, but also intend making them the stakeholders of their company. Most of the IT companies have alarming attrition rates, and ESOPs could help them bring down such heavy attrition. Start-ups offer stocks for attracting talent. Often such organizations are cash-strapped and are unable to offer handsome salaries. But by offering a stake in their organization, they make their compensation package competitive.

Fringe benefit, any nonwage payment or benefit (e.g., pension plans, profit-sharing programs, vacation pay, and company-paid life, health, and unemployment insurance programs) granted to employees by employers. It may be required by law, granted unilaterally by employers, or obtained through collective bargaining. Employers' payments for fringe benefits are included in employee-compensation costs and therefore are not usually liable to corporate income tax. If the cost of fringe benefits were paid directly as wages, workers would pay personal income tax on this amount and therefore have less to spend on such benefits as they might elect to furnish for themselves. Thus, with the same amount of money, employers can obtain more benefits for employees and can also take advantage of lower group rates for insurance.

ANCILLARY TOPICS

Career Development

Career development is the continual process of managing your learning, leisure and work to progress through your life. It includes gaining and using the skills and knowledge you need to plan and make informed decisions about education, training and work. With so many choices, it can be challenging to know what direction you should take.

Career development, both as a concept and a concern is of recent origin. The reason for this lack of concern regarding career development for a long time has been the careless, unrealistic assumption about employees functioning smoothly along the right lines, and the belief that the employees guide themselves in their careers. Since the employees are educated, trained for the job, and appraised, it is felt that the development fund on is over. Modern personnel administration has to be futuristic, it has to look beyond the present tasks, since neither the requirements of the organisation nor the attitudes and abilities of employees are constant. It is too costly to leave 'career' to the tyranny of time and casualty of circumstances, for it is something which requires to be handled carefully through systematisation and professional promoting. Fortunately, there has lately been some appreciation of the value of career planning and acceptance of validity of career development as a major input in organisational development. Career development refers to set of programs designed to match an individual's needs, abilities, and career goals with current and future opportunities in the organization. Where career plan sets career path for an employee, career development ensures that the employee is well developed before he or she moves up the next higher ladder in the hierarchy.

Career Planning

Career Planning is a relatively new personnel function. Established programs on Career Planning are still rare except in larger or more progressive organizations. Career Planning aims at identifying personal skills, interest, knowledge and other features; and establishes specific plans to attain specific goals.

What is a career?

A career is a set of positions that a person has held in his professional life, which enriches the experience of the individual and ensures his growth in the profession. The sequence of activities, including education, training, gaining professional experience determines the career path. It is related to the opportunities for holding a higher position in the future.

What is Career planning?

Career planning is a process in which personal skills, qualities, knowledge, motivation, and other characteristics are actualized. Information about job opportunities and choices is collected. Specific goals are set through a plan for achieving success in the career.

Career development is a series of activities aimed at establishing, developing, succeeding, and enriching a career.

Proper career planning is based on the definition of professional goals - the future positions to which a person aspires on the path of his career. For some people, moving these positions involves developing preliminary plans and strategies, others rely on their luck, but although it helps in some cases, the right education, experience, abilities, and their proper development are necessary conditions to create and career development. Career planning is important for the realization of goals set in the field of professional development. A person who makes a plan to achieve career goals does better. The process helps people to realize their potential according to their abilities and to be more satisfied if, thanks to planning, they succeed in achieving the set goals.

The organizational view of career planning is related to achieving the following goals:

- Knowing the needs of employees;
- Informing employees about the potential opportunities for development in the organization;
- Development of employees' abilities;
- Assistance for the manifestation of the potential of the employees;
- Improving personal growth;
- Satisfying the needs of employees
- Career Planning aims at matching individual potential for promotion and individual aspirations with organizational needs and opportunities.
- Career Planning is making sure that the organization has the right people with the right skills at the right time.
- In particular it indicates what training and development would be necessary for advancing in the career altering the career path or staying in the current position.
- Its focus is on future needs and opportunities and removal of stagnation, obsolescence, dissatisfaction of the employee.

Objective of Career Planning:

→ To attract and retain the right type of person in the organization.

- To map out career of employees suitable to their ability and their willingness to be trained and developed for higher positions.
- To have a more stable workforce by reducing labour turnover and absenteeism.
- It contributes to man power planning as well as organizational development and effective achievement of corporate goals.
- To increasingly utilize the managerial talent available at all levels within the organization.
- To improve employee morale and motivation by matching skills to job requirement and by providing opportunities for promotion.
- It helps employee in thinking of long term involvement with the organisation.
- To provide guidance and encourage employees to fulfill their potentials.
- To achieve higher productivity and organizational development.
- To ensure better use of human resource through more satisfied and productive employees.
- To meet the immediate and future human resource needs of the organisation on the timely basis.

Need for Career Planning

1. To desire to grow and scale new heights.
2. Realize and achieve the goals.
3. Performance measure.
4. High employee turnover
5. To educate the employees
6. It motivates employees to grow.
7. It motivates employees to avail training and development.
8. It increases employee loyalty as they feel organization care's about them.

Advantages of Career Planning & Development

In fact both individuals and the organization are going to benefit from career planning and development. So the advantages are described below:

For Individuals

1. The process of career planning helps the individual to have the knowledge of various career opportunities, his priorities etc.
2. This knowledge helps him select the career that is suitable to his life styles, preferences, family environment, scope for self-development etc.

3. It helps the organization identify internal employees who can be promoted.
4. Internal promotions, up gradation and transfers motivate the employees, boost up their morale and also result in increased job satisfaction.
5. Increased job satisfaction enhances employee commitment and creates a sense of belongingness and loyalty to the organization.
6. Employee will await his turn of promotion rather than changing to another organization. This will lower employee turnover.
7. It improves employee's performance on the job by tapping their potential abilities and further employee turnover.
8. It satisfies employee esteem needs.

For Organizations

A long-term focus of career planning and development will increase the effectiveness of human resource management. More specifically, the advantages of career planning and development for an organization include:

1. Efficient career planning and development ensures the availability of human resources with required skill, knowledge and talent.
2. The efficient policies and practices improve the organization's ability to attract and retain highly skilled and talent employees.
3. The proper career planning ensures that the women and people belong to backward communities get opportunities for growth and development.
4. The career plan continuously tries to satisfy the employee expectations and as such minimizes employee frustration.
5. By attracting and retaining the people from different cultures, enhances cultural diversity.
6. Protecting employees' interest results in promoting organizational goodwill.

Process of Career Planning and Development

1. Analysis of individual skills, knowledge, abilities, aptitudes etc.
2. Analysis of career opportunities both within and outside the organization.
3. Analysis of career demands on the incumbents in terms of skills, knowledge, abilities and aptitudes. And training of experience and training received etc.
4. Relating specific job to different career opportunities opportunities.
5. Establishing realistic goals both short-term and long-term.

6. Formulating career strategy covering areas of change and adjustment.
7. Preparing and implementing action plan including acquiring resources for achieving goals.

Employee Separation

Employee separation needs to be handled with sensitivity, discretion, and speed so that exits can happen without injuring the sentiment and burning bridges with the employee. It should not be forgotten that the employees are the most effective brand ambassadors for the company.

At the time of the separation, employees of an organization present an opportunity to glean and assemble a wealth of valuable feedback and insights on the organizational strengths and weaknesses during the process of engagement between the employer and the employee.

Employee Separation is the process of ensuring that an employee who quits the company is exited in a structured and orderly manner. The process of employee separation is taken quite seriously by many firms and there is a dedicated department to handle employee exits from the company. In this article we discuss the process of employee separation and the differences between voluntary and involuntary exits.

Hence, it is important for the personnel concerned with the separation management to carefully gather all this information. These valuable insights about the organization can be collected from the departing employee through exit interviews that would help the organization to reduce future attrition.

The separating employee has to return all property of the company that was under his/her custody. The entire separation process should happen smoothly and the separating employee should never feel harassed though he/she can become emotional at times. Soon after the exit interview, employees are bid farewell.

After separation, one can pursue his/her life in multiple ways of his/her choice; such as joining another company, a social or philanthropic organization, work as an author of a reputed publishing house, and so on.

Reasons for Separation of Employees

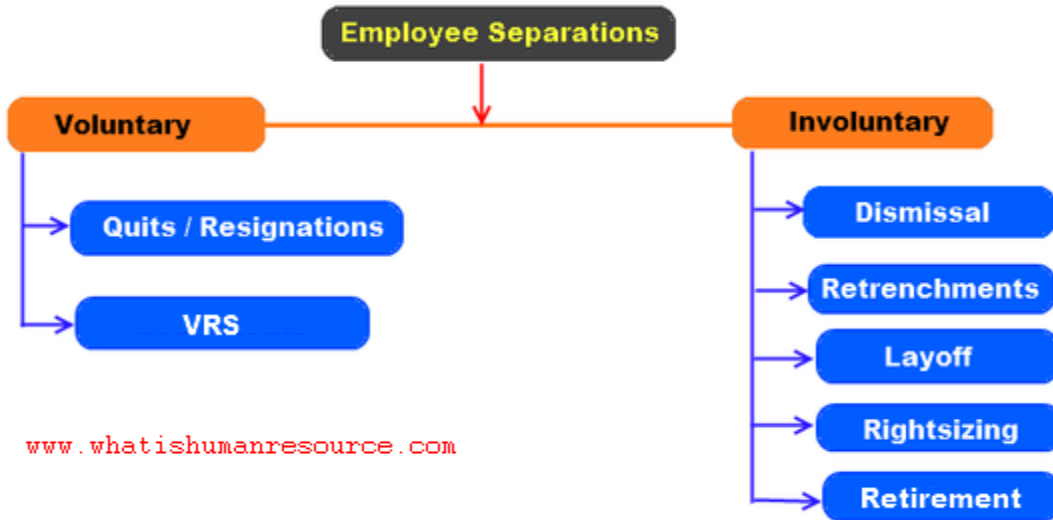
Employee separation constitutes the final stage in the staffing process of an organization. An employee can leave the organization for any reason which he deems fit for seeking separation. However, separation is classified basically into two types. **These are: voluntary separation and involuntary separation.**

Voluntary separation refers to the separation of employees on their own request, while involuntary separation means the separation of employees for organizational reasons which are beyond the control of the employees.

We shall now discuss the causes of these separations in detail.

Employee separation can be voluntary as well as involuntary. The former is when the employee quits the company on his or her own accord. This is the most common form of employee separation though in these recessionary times, involuntary separation or the act of asking the employee to leave by management is quite

common. This form of employee separation where an employee is asked to quit is called involuntary separation. The difference in these two forms of separation is that for voluntary exits, the employee stands to get most of the benefits and perks due to him or her whereas when an employee is asked to leave, he or she might get a separation package or in instances where disciplinary or performance related exits take place, the employee might not get anything at all.



Voluntary Separation

Voluntary separation, which normally begins after a request is placed in this regard by the employee, can happen due to two reasons: professional reason and personal reason. We shall now discuss these reasons in detail.

- **Professional reasons:** - Employees may seek separation when they decide to seek better positions, responsibilities and status outside the present organization. Efficient employees would seek to expand their realm of knowledge and skills continuously by working in different capacities/positions in various organizations. In their quest for greater responsibility, power and status, they may seek separation from the organization.
- **Personal reasons:** - The important personal reasons for voluntary separation are relocation for family reasons like marriage of the employees and health crisis of family members, maternity and child-rearing. For instance, when working women get married, they often prefer to settle in the partner's place of occupation. Similarly, an employee may seek voluntary separation to look after the child or parent.

Involuntary Separation

As mentioned earlier, an involuntary separation is caused by the factors which remain beyond the purview of the employees. However, these factors may be classified broadly into health problems, behavioural problems and organizational problems. We shall now discuss these factors in detail.

Health problems: - Major health problems crippling the employees may make them invalid or unfit to continue in the profession. For instance, accidents causing permanent disabilities and illness of the employees like brain stroke and other terminal illnesses can lead to their involuntary separation. Death of employees is another factor which results in their involuntary separation.

Behavioural problems: - An employee's objectionable and unruly behaviour within the organization may also lead to his involuntary separation from the organization. When the employees behaviour is unethical or violates the code of conduct in force, the organization may initiate disciplinary actions, which may eventually result in his termination. This may constitute an act of involuntary separation. Consistent failure to reach performance goals by an employee can also result in his involuntary separation.

Organizational problems: - Organizational problems are another important factor that contributes to the involuntary separation of employees. The poor financial performance of an organization may cause it to terminate the services of some of its employees as part of cost control measure. Such terminations are also classified as involuntary separation. Similarly, automation, organizational restructuring and rationalization can also result in employee termination, discharge or layoff, broadly called involuntary separation.

Downsizing and Outplacement

An organization's effort is to hire the best Human Resource talent available in the market. Sometimes, due to unavoidable reasons an organization has to part with its employees. Employee separations, downsizing and outplacement are some of the techniques followed by organizations for the above mentioned purpose. It is important to note here that the organization incurs significant costs both during the hiring and in the employee separation processes. The following costs could be mainly identified as Human Resource Replacement Costs,

- Recruitment Cost
- Selection Cost
- Training and Development Cost
- Separation Cost

Both organizations which are Commercial Bank and Standard Chartered Bank follow a range of techniques for employee separation, downsizing and outplacement. These various techniques would be discussed in detail and analyzed under the following section.

Downsizing or laying – off could be a very harmful solution for any organization if it has not been done sparingly and with careful planning. However, if it is done properly it can act as a support for the organization and result in the previously mentioned advantages. It could be said that how downsized or laid – off employees are treated directly affects the morale and retention of valuable and well performing employees. Hence,

downsizing or laying – off should not be done repeatedly without a thoughtful strategy as it can affect an organizations overall performance. The following steps should be taken when laying off or downsizing employees,

- a. As much warning as possible should be given for the lay – offs
- b. A private office should be used
- c. The reasons should be clearly stated for the lay – offs
- d. No time should be allowed for debates
- e. Integrity of all parties should be maintained
- f. Employee should not be rushed off site unless there is an issue with security
- g. Everything should be stated in writing
- h. Outplacement services should be provided away from the company
- i. The service of the employee should be appreciated in an appropriate manner

Outplacement is a term used to describe efforts made by a downsizing company to help former employees through the transition to new jobs and help them re-orientate to the job market. A consultancy firm usually provides the outplacement services which are paid for by the former employer and are achieved through practical advice and psychological support.

Outplacement is either delivered through individual one-on-one sessions or in a group format. Topics include career guidance, career evaluation, resume writing and interview preparation, developing networks, job search skills and targeting the job market. Individuals may be offered other services such as the use of an office and online tools.”

Human Resource Information System (HRIS)

A HRIS, which is also known as a human resource information system or human resource management system (HRMS), is basically an intersection of human resources and information technology through HR software. This allows HR activities and processes to occur electronically.

To put it another way, a HRIS may be viewed as a way, through software, for businesses big and small to take care of a number of activities, including those related to human resources, accounting, management, and payroll. A HRIS allows a company to plan its HR costs more effectively, as well as to manage them and control them without needing to allocate too many resources toward them.

In most situations, a HRIS will also lead to increases in efficiency when it comes to making decisions in HR. The decisions made should also increase in quality—and as a result, the productivity of both employees and managers should increase and become more effective.

Benefits of a HRIS

The human resources department within any organization is considered to be highly critical for the entire organization. Its many functions serve as a supportive background for the company by providing everything from skilled and talented labor to management training services, employee enrichment opportunities and more. Since labor is the single largest expense for most organizations, human resources helps companies derive the greatest value from this important asset.

In order to function optimally, however, human resources departments must have the right tools and resources in place. A HRIS can be utilized within the department to help human resources employees and managers improve their productivity and the results of their efforts.

Industrial relations

Industrial relations is that aspect of management which deals with the manpower of the establishment whether operators, skilled workers or managerial staff. Cordial and peaceful Industrial relations between the employer and employee are necessary for improving the productivity and thus the economic growth of the country.

The term management implies getting the things done with the help of other people. Nobody can deny that people constitute a major element of an industrial organization.

The good results of an enterprise always reflect the notable performance of all concerned i.e., entire staff of the organization. The term industrial relations has been widened in its meaning with industrial developments after World War-II and now it implies employers-employees- unions and government relationship in industry.

According to Indian Institute of Personnel Management, **“Industrial relations includes securing effective and willing cooperation from employees and reducing conflict between employers and workers and their representatives, the trade unions.”**

Objectives of Industrial Relations

- i. To create healthy relations between employees and employers.
- ii. To minimize industrial disputes.
- iii. To generate harmonious relations among all concerned with production process.
- iv. To improve the productivity of workers.
- v. To provide workers their appropriate position by considering them partners and associating them with management process.
- vi. To provide the workers their due profit share, improve their working conditions and thereby eliminating the chances of strikes and lockout etc.

Participants in Industrial Relations

The main participants in industrial relations are:

- Employers.
- Employees/workers.
- Government.

Employers have their associations to deal with labour problems and their unions in a collective way.

Workers are represented by their trade unions.

Government tries to regulate the relations between the two i.e., employees and employers by implementing labour laws. These three variables interact with each other within environment which prevails in industrial sector at any time.
