

Strategic Human Resource Management

Block

3

STRATEGIC MAINTENANCE OF HUMAN RESOURCES

UNIT 12

Strategic Issues in Employee Safety, Health and Labor Relations	1-28
--	-------------

UNIT 13

Career Management	29-53
--------------------------	--------------

UNIT 14

Employee Separation and Downsizing	54-76
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BLOCK 3: STRATEGIC MAINTENANCE OF HUMAN RESOURCES

The third block to the course on *Strategic Human Resource Management* deals with the strategic maintenance of human resources. The block contains three units. The first unit deals with the strategic issues in employee safety, health and labor relations. The second unit deals with career management of the individuals. The third unit deals with employee separation and downsizing.

The unit **twelve**, *Strategic Issues in Employee Safety, Health and Labor Relations*, discusses the importance of safety and well-being of employees. Organizations become effective when management considers these strategic issues as their top agenda. Industrial relations are undergoing several changes, necessitating a deep understanding of the relations between employers and workers. Role of trade unions in solving industrial disputes and maintaining industrial peace is discussed in the unit. State governments play a vital role in establishing industrial democracy and its role in regulating industrial relations is also discussed in the unit. Labor participation in organizational activities has become the norm of the day. Labor and management cooperation, the strategies to be adopted at all levels of the management to improve industrial relations are discussed in the unit.

The unit **thirteen**, *Career Management*, deals with the significance of career management. Career management helps employees to advance in their careers and in the process they experience career transitions. It is also explained in the unit how career management helps employees to overcome the obstacles experienced in their careers through career planning. All the important concepts related to career management-career path, career advancement, career planning and career transition are discussed in the unit.

The unit **fourteen**, *Employee Separation and Downsizing*, deals with the concepts of employee separation and the issues related to downsizing. It analyses the positive and negative effects of these two concepts on organizational productivity and efficiency and also the impact they create on the morale of the employees and their performance. It also deals with the strategies to retain talented employees and improve the performance of low performing employees. Some issues related to outsourcing are discussed to counter the effects of downsizing.

Unit 12

Strategic Issues in Employee Safety, Health and Labor Relations

Structure

- 12.1 Introduction
- 12.2 Objectives
- 12.3 Strategic Issues in Employee Safety and Health
- 12.4 Changing Nature of Industrial Relations
- 12.5 Changing Trends in Labor Management Relations
- 12.6 Labor-Management Cooperation
- 12.7 Strategies to Improve Industrial Relations
- 12.8 Summary
- 12.9 Glossary
- 12.10 Self-Assessment Test
- 12.11 Suggested Readings/Reference Materials
- 12.12 Answers to Check Your Progress Questions

“To win in the marketplace, you must first win in the workplace.”

- Doug Conant

12.1 Introduction

As has been propounded by Doug Conant, human capital can become strategic assets only when the organization provides for their physiological and psychological needs.

In the previous unit, we discussed the strategic challenges faced by a leader. In this unit, we will discuss the strategic issues in employee safety, health and labor relations.

12.2 Objectives

After studying this unit, you will be able to:

- Discuss the strategic issues in employee safety and health for building organizational effectiveness
- Explain the need for healthy labor-management relations for promoting organizational efficiency
- Devise best training strategies for safe operating procedures and elimination of hazards in workplaces

Block 3: Strategic Maintenance of Human Resources

- Identify the need for monitoring safety controls in work places for prevention of illnesses and injuries to workers
- Evaluate the need for worker participation in management for healthy labor-management relations

12.3 Strategic Issues in Employee Safety and Health

Strategic issues in safety and health of employees are to be reviewed from time to time by the top-level management for elevating organizational effectiveness. The following are some strategic issues that an organization must have in place to ensure worker safety and health:

- The organizations should introduce proactive measures related to safety and health of employees for making organizations effective
- There should be effective implementation of safety and health controls
- The organizations should devise appropriate training strategies to promote safety consciousness among the employees

Building organizational effectiveness related to safety and health

An effective labor relations strategy must include a company-wide commitment to doing everything possible to keep the workplace safe.

Safety strategies¹ may include:

- Regular inspections and briefings
- Hazard reporting systems
- An open-door policy for safety concerns
- Employees must be able to report issues without fear of negative repercussions from management
- Replacing the existing programs with more innovative ones
- Elimination of unsafe behavior
- Rewarding employees who combat accidents
- Providing feedback on unsafe peer behaviors
- Timely audits on safety measures

Implementing safety and health controls

The Occupational Safety and Health Act (OSHA) in the US recommends the use of Job and Safety Health Analysis (JSHA) for an effective safety and health control program.

There are four basic steps in JSHA:

- Select the unsafe job to be analyzed based on the history of employee illness, injuries and accidents
- Divide the job into basic steps

Unit 12: Strategic Issues in Employee Safety, Health and Labor Relations

- Identify hazards related to each step
- Implementation controls for elimination of work hazards

Safety and health controls recommended by OSHA are:

- Providing protective equipment such as safety glasses, earplugs, respirators, and gloves
- Training employees about chemical hazards, and having administrative controls such as inspection of safety equipment
- Having warning indicators such as sirens, horns, labels, signs and odor in natural gas
- Having engineering controls such as ventilation, machine guarding, sound enclosures and circuit breakers
- Having less hazardous effluents
- Having substitution systems to eliminate noise and reduce energy and speed

However, OSHA is applicable only to US companies. In India, the Factories Act of 1948 that came into force on April 1, 1949, has provisions for safety and health for employees working in any factory belonging to the central or state government.

Provisions for health

According to the Indian Factories Act, 1948, employers must pay attention to employee health and make necessary arrangements to provide a safe and healthy workplace. Some of the provisions are:

- Clean workplace
- Disposal of waste materials and effluents
- Proper ventilation and temperature control
- Elimination chimney for dust, fumes, and smoke
- Artificial humidification
- Prevent overcrowding
- Adequate lighting, drinking water facilities and sanitary conditions
- Provision of separate fresh rooms for men and women
- Provision and hygienic maintenance of spittoons

Provisions for safety

The Factories Act, 1948 enumerates the following provisions for worker safety:

- Provision of proper lighting
- Providing fencing of machinery
- Age and gender restrictions on deployment of people on hazardous jobs and dangerous machines

Block 3: Strategic Maintenance of Human Resources

- Providing safety equipment as necessary
- Proper construction & maintenance of floors, stairs, passages and gangways to avoid chances of slips or fall
- No person to be employed to lift, carry or move any load so heavy that might cause injury
- Protection against dangerous fumes, explosive or inflammable dust, gas to name a few
- Providing protection against fire (accidents) and defective machinery parts
- Provision of first-aid box with the prescribed contents

Safety and health controls in an organization:

- Reduce employee absenteeism due to injuries or health-related problems
- Boost employee morale and motivation
- Meet the employees' need of safety in an organization

Exhibit 12.1 deals with safety measures at Tata Steel.

Exhibit 12.1: Tata Steel - Safety for All

With the onset of COVID-19, Tata Steel was quick to respond and formulated measures to contain the spread of the same so as to ensure health and safety of all the stakeholders.

Health and Safety Initiatives followed at Tata Steel:

- Awareness drives for educating the employees
- Work from home option for containing the spread of COVID-19
- Fully equipped separate medical facility for treatment and isolation of COVID affected patients
- Disabling biometric and following regular sanitization for containing the spread of COVID-19
- Special trained security force for people as well as asset protection
- 24*7 COVID-19 helpline for employees to provide them with assistance
- Social security schemes for employees and their families to combat the adverse effects of COVID-19

Presence in the social media platform:

- Displaying the Do's and Don'ts for building awareness for combating COVID-19
- 21 Days Of Tomorrow, a personal and professional value addition program during the lockdown period

Source: <https://www.tatasteel.com/corporate/our-organisation/corporate-initiatives/proactive-measures-safety-of-all/> (accessed on 21/10/21)

Unit 12: Strategic Issues in Employee Safety, Health and Labor Relations

Devising training strategies

- Companies must recognize a good OSHA record by devising training strategies that will be a source of competitive advantage to them.
- OSHA recommends training for employees to help them eliminate hazards at the workplace.
- Employees need to be trained about safe operating procedures and the hazards of chemicals apart from OSHA's regulations.
- The HR manager can employ in-house personnel to train their colleagues or rope in outside consultants or use digital training programs.
- It is the duty of the HR manager to ensure that the training strategy is in line with employee and organizational needs.

The following are some steps the HR manager needs to take to put in place an effective training program:

- Conduct a need-analysis to identify the specific knowledge, skills and attitude required to perform a task safely.
- Develop the course of the training program and identify the evaluation instruments needed to achieve the objective.
- Train the employees and evaluate the effectiveness of the training program.
- The final step is to evaluate the course development process by using evaluation instruments that assesses the knowledge and skills of employees.
- To evaluate the course development process, managers have to:
 - Ensure that the training improves employee understanding of safety and health.
 - Maintain written records of employee competence.
 - Determine whether the knowledge and skills are critical to the safety and health of the employees.
 - Collect feedback that acts as an input for developing such programs in future.

Example

The Singareni Collieries Company Limited (SCCL) is striving to foster a sustainable safety culture by involving the safety committee members of each coal mine in the effective implementation of the Safety Management Plan (SMP) in their respective coal mines with the objective of promoting safety awareness at mines level and making mine safety committee members including all cadres of workforce, active partners in developing and implementing the safety management plans with pragmatic approach and futuristic perspective.

(courtesy The Hindu, Nov 5th 2020)

Block 3: Strategic Maintenance of Human Resources

12.3.1 Requirements for a Successful Training Program

For training programs to be effective and successful, companies should adhere to the following requirements:

- Training should be conducted in a place free of distractions.
- Supervisors should be informed about the training schedule so that they may relieve employees from work.
- Training programs scheduled in the morning would be more effective than the ones towards the end of the day as there would be onset of fatigue.
- The implications of safety and health programs on different functional areas need to be assessed.

12.3.2 Financial Impacts of Safety

Let us now understand the financial implications of safety for the organization:

- Safety measures require additional costs to be incurred by the organization.
- But absence of those would force organizations to lose huge amount of money on compensation in the event of an accident or injury.
- Financial loss due to loss of man-hours in case of accidents and injury also needs to be considered.

12.3.3 Operational Impact

The implications in terms of operational issues that may crop up due to non-adherence to the safety provisions also need to be considered:

- Lack of proper safety measures has a major impact on the day-to-day operations of an organization.
- Organizations may suffer losses due to consequent plant shutdown.
- Lack of safety provisions would decrease productivity due to loss of man-hours.
- Lack of safety provisions may also lead to increase in employee turnover.

12.3.4 Marketing Impact

The impact on marketing can be enumerated as:

Image

- Elevates the goodwill of the business
- Attracts and retains talent

Product safety issues

- Complying with the safety standards

Prohibition of child labor

Sweatshops are places with poor working conditions, unfair wages and unreasonable working hours where people including children work.

Unit 12: Strategic Issues in Employee Safety, Health and Labor Relations

Example

Further to the regulation of the elimination of all forms of forced and compulsory labor, BHEL neither subscribes to nor indulges in such coercive practices. Further to this, it never asks its employees to deposit their original documents pertaining to their education qualifications or date of birth. In line with The Effective Abolition of Child Labour, the BHEL's Recruitment Policy ensures that the minimum age for employment in the company is 18 years.

Activity 12.1

PC Chemicals, a company suffered a major accident which caused injuries to several workers. Describe how Ashish Khurana, principal safety officer at PC Chemicals, should present the various implications of safety and health on different functions such as marketing, financial and operational at the upcoming board meeting.

Answer:

Check Your Progress - 1

1. Which of the following is a provision for ensuring safety at the workplace?
 - a. Clean workplace
 - b. Disposal of waste materials and effluents
 - c. Artificial humidification
 - d. Prevent overcrowding
 - e. Protection against dangerous fumes, explosive material, etc.
2. Which of the following is not an essential requirement for conducting a successful training program on safety, health and labor relations?
 - a. Conducting the program at a quiet place to avoid distractions
 - b. Informing supervisors of program schedules so that they release employees from work
 - c. Scheduling training at the start of the shift
 - d. Scheduling training at the shift start enables employees pay greater attention
 - e. Scheduling training at the end of the shift so that training can be conducted for more time

Block 3: Strategic Maintenance of Human Resources

3. Which of the following issues does not affect the marketing strategy of an organization?
- Image
 - Goodwill
 - Child labor
 - Employees as brand ambassadors
 - Products as brand ambassadors

12.4 Changing Nature of Industrial Relations

The International Labor Organization (ILO) defines industrial relations as, “the relationship between the state and employer and employers and workers”.

Understanding the changing nature of industrial relations help us to overcome the loopholes or the backwardness in the areas of:

- Awareness
- Education, training
- Corporate involvement
- Regulatory measures to be adapted

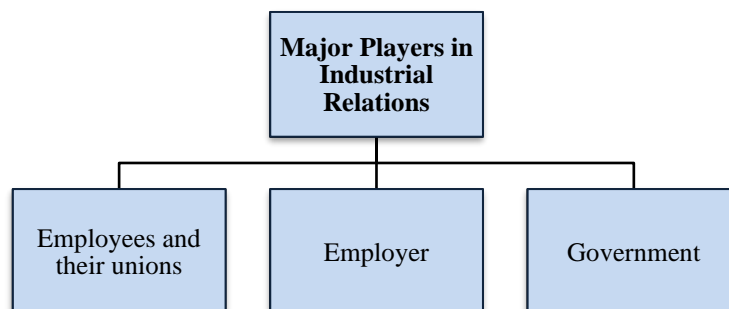
With rapid changes in business environment and technological developments, industrial relations now include:

- Individual relations and joint consultations between employers and workers.
- Collective relations between employers and their organizations and trade unions.
- The role of state governments in regulating industrial relations.

12.4.1 Major Players in Industrial Relations

The major players in industrial relations are: employees and their unions, employer and the government (Refer Figure 12.1).

Figure 12.1: Major Players in Industrial Relations



Source: ICFAI Research Center

Unit 12: Strategic Issues in Employee Safety, Health and Labor Relations

Workers and Organizations

The first party to industrial relations are the employees and their organizations which are called trade unions. Following are the functions of trade unions:

- The employees form trade unions to further strengthen their relationship with the organization and protect their interests.
- Trade unions bargain with the management on behalf of the employees.
- These trade unions use pressure tactics such as threats and strikes to protect the interests of their members.

In socialist countries, trade unions act as:

- A controlling group
- They work with the management to raise productivity
- They also undertake social responsibilities such as social insurance schemes and safety and welfare work.

The aim of trade unions is to secure concessions from employers related to:

- Wages
- Better amenities
- Improved working conditions
- Employee welfare

However, trade unions are often viewed as associations where there are constant conflicts among members.

Example

Some of the trade unions in India are:

- The Indian National Trade Union Congress (INTUC)
- All India Trade Union Congress (AITUC)
- National Labor Organization (NLO)
- Center of Indian Trade Union (CITU)

Management

In the modern organizations, there is a shift from authoritative style to participative style of management in which the employees are considered as partners in improving productivity and efficiency

Government

The labor and industrial relations policy of the government has an impact on industrial relations as it regulates the activities of the employees, employers and their organizations through labor legislation that are passed by the state legislature, executed by the government and are protected by the judiciary.

Block 3: Strategic Maintenance of Human Resources

12.4.2 Strategic Issues in Labor-Management Relations

With the changing business environment, industrial relations have undergone a sea change.

- Developing and maintaining good labor relations has become a part of organizational strategy.
- Organizations become effective where labor-management relations are smooth.

Developing healthy labor-management relations

The following conditions facilitate healthy labor-management relations:

- A well-organized and democratic employee union that can protect employee interests by providing job security and ensuring proper wages and benefits.
- A well-organized employer's union that can promote and maintain uniform personnel policies. They should protect the interests of weaker employers.
- Mutual negotiation and consultation between the employees and employers. It is important to develop the collective bargaining approach, a process through which employee issues are settled through mutual discussions.
- Sound labor policy planning and proper enforcement of discipline.
- Equity in distribution of wealth by acknowledging workers as team members.

Maintaining industrial peace

The modern industrial system was threatened by the aggrieved relationships between the employers and the workers that form the base of industrial disharmony.

New Economic Policy, 1991 and Industrial Relations aims

- To address:
 - Psychological
 - Political
 - Economic reasons of industrial disputes in India
- To create industrial peace and prosperity in the country
- A series of:
 - Industrial
 - Fiscal
 - Trade reforms were announced by the government through the new economic policy of 1991.

A change in the attitude of the workers, employers and trade unions along with the above changes are required to achieve industrial peace.

Unit 12: Strategic Issues in Employee Safety, Health and Labor Relations

Industrial peace is essential:

- To increase production
- To ensure healthy relations between workers and employers

The following measures help attain industrial peace:

- Industrial disputes can be settled with the help of legislative enactment such as:
 - The Trade Unions Act
 - The Industrial Disputes Act
 - Work Committees
 - Joint Management Councils
- The government should be empowered to refer disputes to adjudication, especially when the situation gets out of hand.
- Government intervention is required during frequent stoppage of production due to long strikes or lockouts.
- Forums based on:
 - The Code of the Discipline in industry
 - The Code of Conduct
 - The Code of Efficiency can be set up to settle disputes

Developing industrial democracy

The traditional concept of industrial personnel management divided the workforce into two categories:

- Managers: Supposed to
 - Manage
 - Give orders
- Workers: Supposed to
 - Work
 - Carry out the managerial orders
- Two groups had conflicting interests
- Led to mutual distrust
- Lack of cooperation
- Contributed to industrial unrest

In practical form, Industrial democracy¹ is also known as workers' participation in Management (WPM). Thus, WPM and participative management are a part of industrial democracy.

- The direct involvement of the workers in the decision-making process of the organization is WPM.

¹ Article Shared by Kalpana R, "Industrial Democracy: Concept of Industrial Democracy in India", <http://www.businessmanagementideas.com/democracy/industrial-democracy-concept-of-industrial-democracy-in-india/541>

Block 3: Strategic Maintenance of Human Resources

- Participative management is a method of consulting the workers and their groups or organizations in various schemes which management intends to execute.
- WPM creates a positive climate of understanding and goodwill among workers and employees and between them and the community which develops a sense of partnership.
- Behavioral scientists like McGregor, Maslow, Herzberg, Hawthorne, Likert etc., emphasized the value of more democratic, less authoritarian, less hierarchically structured organizations.
- Establishment of industrial democracy helps in bringing in the fundamental socio-economic change in the modern pluralistic set-up.

Trusteeship approach

The trusteeship approach of Mahatma Gandhi, based on humanitarian aspect, is the essence of industrial democracy.

Industrial democracy can be attained by establishing shop councils and joint management councils at the floor and plant level for:

- Improving the working and living conditions of workers
- Enhancement of productivity
- Encouraging feedback from them
- Serve as channels of communication between the management and the workers
- Increasing labor productivity by motivating employees to perform better
- Help them improve their efforts and skills
- Providing proper work environment to help workers adapt to work

Indian perspective

In India, programs for training and education should be developed comprehensively so that workers can think, feel and act in a positive way. There should be a change in the approach of the management too.

Example

According to BHEL Performance Report 2019-2020, continuing its thrust on taking the participative culture to higher pedestal, there are plant councils and shop councils operating at the unit level which meet regularly to discuss issues related to production in financial and physical terms, productivity, general administration and discipline to name a few. Structured and unstructured meetings between the management and employee representatives as well as cross section of employees are also held from time to time in a congenial atmosphere.

Check Your Progress - 2

4. Setting up of forums (on codes of discipline in industry, code of conduct, code of efficiency etc.), is a measure of which of the following features?
 - a. Developing industrial democracy
 - b. Maintaining industrial peace
 - c. Developing good labor-management relations
 - d. Maintaining employee safety
 - e. Developing employee health
 5. Which of the following strategies comprise, establishing shop councils and joint management councils at the floor and plant level to improve the working and living conditions of workers, enhance productivity, and encourage feedback from employees?
 - a. Developing industrial democracy
 - b. Maintaining industrial peace
 - c. Developing good labor-management relations
 - d. Maintaining employee safety
 - e. Developing employee health
-

12.5 Changing Trends in Labor-Management Relations

Labor-Management relations constantly change. Reviewing changing labor-management relations help us to devise appropriate measures in the interests of workers and employers.

12.5.1 From Exploitation to Participation

In the initial years of industrialization, most organizations adopted the authoritative style of management with:

- No formal communication channels between the management and labor.
- Workers being provided with poor, unsafe working conditions and meager incomes.
- Workers not being aware of their rights.
- Workers activities being strictly monitored.

Many organizations encouraged worker participation to counter the challenges posed by the rapidly changing business environment. Following are the objectives of worker participation in management:

- Managing resistance to change among employees.
- Encouraging communication between management and workers who are a part of the decision-making process.
- Establishing democratic values in the organization right from the shop floor level.

Block 3: Strategic Maintenance of Human Resources

12.5.2 Changes in Economic Environment

Economic liberalization and globalization have had a tremendous impact on labor-management relations.

Economic liberalization

The New Economic Policy, 1991 introduced liberalization, privatization and globalization in India.

- There is a shift in the focus from import substitution to export promotion and domestic competition. Thus, domestic firms had to compete with multinational firms.
- Firms discovered that to maintain high quality and maximize productivity, it was important to have a committed workforce.
- To have a committed workforce, it was essential to create a sense of belongingness towards the organization.
- This made organizations work towards labor-management relations.

Post LPG, most of the organizations are adopting participative management style and there is an improved cooperation between trade unions and management.

This is because the trade unions realized that market forces and not the strength of the trade union determined workers' interest.

Globalization

Globalization is defined as the growing liberalization of international trade and investment, due to the integration of national economies.

Most workers associate globalization with loss of jobs. They strongly feel that globalization has always had a negative impact on labor relations. The reasons are:

- Multinational companies are successful in exporting jobs from developed countries to developing countries through foreign investments.
- Trade liberalization has led to an increase in the marketing of foreign goods rather than domestic goods.
- Multinational companies extensively use technology and are less dependent on labor.

12.5.3 Priority Issues in Labor-Management Relations

We shall now discuss the priority issues in labor-management relations.

Roles and responsibilities of the labor union and management

The roles and responsibilities of unions and management have undergone a significant change in the past few years.

Unit 12: Strategic Issues in Employee Safety, Health and Labor Relations

The changed roles and responsibilities of unions are:

- To provide job security to workers
- To safeguard the interests and protect the rights of workers
- To encourage and enable worker participation in management
- To help employees develop their skills
- To cooperate with management at times of crises
- To negotiate with management on industrial conflicts.

Roles and responsibilities of management are:

- To get things done on time
- To cooperate with the unions and satisfy their needs
- To maximize productivity by enabling participation
- To guarantee rights to workers
- To treat unions as a strength, not as a liability
- To help workers adapt to changes
- To involve workers in decision-making.

Building consensus

Unions and management can build consensus by listening to each other and getting involved in each other's activities. Consensus can be built by:

- Identifying the problem
- Establishing goals
- Developing strategies and tactics to achieve goals
- Measuring the results

Conflict management

Conflicts at the workplace affect the physical and mental health of people. This has a bearing on organizational performance. Some methods to manage conflicts are:

- Use collective bargaining to ensure that the conflicting parties reach an agreement and settle the issue
- Involve a neutral third party to resolve the conflict
- Use the problem-solving approach that involves identifying problems and devising ways and means to solve the problems
- Negotiation for resolving disputes

Management strategies

Management strategies that are used for negotiation are:

- Determining the compensation package that the company intends to offer to the union

Block 3: Strategic Maintenance of Human Resources

- Collecting statistical data that is likely to be used during negotiations
- Collecting and compiling information on issues that are likely to be discussed during negotiations
- Analyzing various trade union acts and their use in other companies.
- Union strategies

Collecting information regarding

Prior to negotiation management should collect information on:

- The financial health of the company and its ability to pay employees
- Negotiations handled by the company in the past
- Negotiation strategies adopted by similar companies
- The desires, preferences, and interests of employees regarding their work
- Preparing a questionnaire to finalize the demands to be discussed during the negotiation
- Persuading members of the union not to resort to violence during the process of negotiation

Interpersonal communication helps in the following ways:

- It helps in communicating grievances
- It facilitates removing gaps in formal communication
- It contributes to fostering trust and cooperation
- It works towards building a partnership between workers and employers
- Interpersonal communication results in reducing dysfunctional conflicts
- Interpersonal communication reduces industrial unrest
- It also helps in improving productivity

The different forms of interpersonal communication used in labor relations are:

- Oral communication
 - Used during negotiations, discussions and interactions with the union
- Written communication
 - In the form of memos, letters and reports

Example

In accordance to the human rights principle that the business should support and respect the protection of internationally proclaimed human rights, BHEL policies strictly adhere to the principles of human rights, the Constitution of India and various labor legislations. Special provisions have been made to safeguard women at workplace. Internal Committee (IC) has been formed to investigate into the reported cases of sexual harassment. BHEL Conduct, Discipline and Appeal Rules are applicable to all its employees except those governed by the Standing Orders

12.6 Labor-Management Cooperation

Labor and management are social partners sharing a common interest in the success and growth of the enterprise and economy through mutually acceptable goals.

It is the outcome of a continuous process of enhancing mutual trust and respect through:

- Information sharing
- Discussion, consultation
- Negotiations on various matters not covered by collective bargaining agreements.

Labor-management cooperation is essential to:

- Reduce conflict
- Develop ownership and commitment
- Boost employee morale
- Encourage contributions from employees
- Reduce costs
- Respond to competition.

12.6.1 Benefits of Labor-Management Cooperation

Labor-Management cooperation benefits both the management as well as the workers. The benefits for the organization are:

- Increased productivity
- Better working relationships
- Improved quality
- Better employee safety
- Sustained economic growth

Benefits for workers are:

- Improved safety
- Participation in the decision-making process
- Better working conditions
- Scope and opportunities for skill improvement.

Exhibit 12.1 Deals with Labor-Management Cooperation at Microsoft.

Exhibit 12.1: Employee Empowerment - The Microsoft Way

Microsoft strives for harnessing the innate potential of its employees, facilitates in achievement of their goals and promote fulfilment.

Contd....

Block 3: Strategic Maintenance of Human Resources

The following initiatives contribute to the following:

- Organizational Culture: The organizational culture at Microsoft identifies, directs and nurtures the talent of its employees
- Microsoft abides by the Human Rights covenants and declarations
- It attracts differentiated portfolio, provides competitive compensation packages and has an objective performance management system at place.
- Microsoft is known for its inherent commitment for diversity, equity and inclusion mission
- Microsoft offers diverse range of learning and development initiatives

Source: <https://www.microsoft.com/en-us/corporate-responsibility/empowering-employees>
(accessed on 21/11/2021)

12.6.2 Strategies for Successful Labor-Management Cooperation

Labor-management cooperation needs to be understood from the following perspectives:

- 1) Participation at the strategic level which includes decisions about marketing, research and development and long-term investment
- 2) Participation at the collective bargaining level which includes negotiation of basic agreements that fix the terms and conditions of employment
- 3) Participation at the workplace level which includes day-to-day employee work lives and employer-employee relationships

The different strategies for successful labor relations are as follows:

- Involvement of all the employees in the labor-management cooperation initiatives
- Establishment of joint consultative bodies like labor-management councils or committees
- Establishment of smaller groups like quality circles for improving productivity
- Facilitation of leverage information management tools to capture institutional knowledge and support informed and contextual decision-making
- Build confidence of leaders and managers in labor relations knowledge and application
- Ensure enhanced understanding of the strategic opportunities present in labor relations
- Comprehensive labor risk management and governance coordination
- Improve upon collective bargaining efforts

Unit 12: Strategic Issues in Employee Safety, Health and Labor Relations

- Increase in the scope of trade union activities and subsequent labour benefits
 - Replacement of authoritative leaders by supportive leaders
 - Collective participation of management and employees in organizational activities like:
 - Goal-setting
 - Planning
 - Problem-solving
 - Decision-making
-

Check Your Progress - 3

6. Which of the following is not a purpose that organizations do to support “workers’ participation” in management?
 - a. Managing resistance to change among employees
 - b. Encouraging communication between management and workers
 - c. Establishing democratic values in the organization right from the shop floor level
 - d. Involving workers in decision-making process
 - e. Vesting the power of decision-making to workers
 7. Which of the following is a not a benefit of labor management cooperation?
 - a. Low productivity
 - b. Better working relationships
 - c. Improved quality
 - d. Better employee safety
 - e. Increased productivity
 8. Which of the following is used for measuring the results under priority issues in Labor-Management relations?
 - a. Conflict management
 - b. Building consensus
 - c. Effective negotiation
 - d. Interpersonal communications
 - e. Trust & cooperation
-

12.7 Strategies to Improve Industrial Relations

To overcome the challenges faced in labor-management relations and to improve industrial relations, certain strategies need to be adapted. Human resource

Block 3: Strategic Maintenance of Human Resources

strategies play a major role in improving the industrial relations. Some of them are discussed below:

12.7.1 Employee Assistance Programs (EAP)

Employee Assistance Programs help organizations to:

- Create a productive work environment
- Strengthen relations between management and workers
- Attempt to solve the personal problems of employees
- Improve their performance and retain them

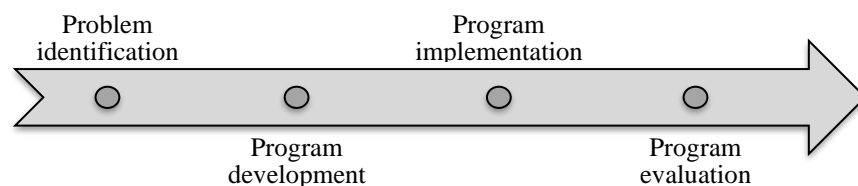
Given below are some types of EAP:

- Programs on well-being
- Stress management programs
- Weight and blood pressure control
- Smoking cessation programs
- Marital counseling and family counseling
- Alcoholism rehab programs
- Financial counseling and legal advice.

Establishing EAP

The different stages in establishing an employee assistance program (EAP) are: (Refer Figure 12.2):

Figure 12.2: Stages in Employee Assistance Program (EAP)



Source: ICFAI Research Center

- 1) Problem identification involves identification of problems that affect employees and categorize the problems for operation ease
- 2) Program development includes decisions about who would conduct the program-in-house team or external consultants, whether to be conducted within or outside the organization and most importantly when to conduct and not to forget the design and validation of the content to be delivered.
- 3) Program implementation involves allocation of necessary resources and planning of schedules and timelines.

Unit 12: Strategic Issues in Employee Safety, Health and Labor Relations

- 4) Program evaluation comprises of monitoring the implementation process and trouble-shooting in case there are any deviations. It also includes incorporation of feedback mechanism.
- 5) Program evaluation should focus on effort, outcomes, adequacy, efficiency and processes.

Example

To eliminate discrimination in respect of employment and occupation, uniform set of rules are mentioned in “The Human Resource Manual” of BHEL. They apply equally to all employees, irrespective of factors such as sex, caste, religion and race. BHEL has always been an equal opportunity employer with all its recruitments being conducted in a transparent and impartial manner, thereby, giving equal opportunity to all eligible candidates, without any discrimination whatsoever

Check Your Progress - 4

9. Which of the following is not a stage in establishing an employee assistance program?
 - a. Problem identification
 - b. Problem development
 - c. Program discussion
 - d. Program evaluation
 - e. Problem implementation

12.7.2 Collective Bargaining

The ILO Right to Organize and Collective Bargaining Convention (No. 98), 1949 describes collective bargaining as: "Voluntary negotiation between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by collective agreements."

Collective Bargaining

A negotiation technique in which workers and employers try to collectively resolve their differences with or without the assistance of a third party is called collective bargaining. Features of collective bargaining:

- It is used by management and unions to compromise on conflicting interests by arriving at a consensus
- It provides the basis for sound labor relations²

² <http://www.ilo.org/global/topics/collective-bargaining-labor-relations/lang--en/index.htm> (accessed as on 20/12/21)

Block 3: Strategic Maintenance of Human Resources

- It is used by organizations to safeguard the interests of workers
- It involves discussions and interactions which in turn facilitate in the conflicting parties being aware of each other's perspective
- The issues on the bargaining agenda include wages, occupational health and safety, working time, equal treatment and training
- The deliverable of collective bargaining is to arrive at collective agreements

Collective agreements

Collective agreements cover the following aspects:

- They regulate terms and conditions of employment
- They ensure harmonious and productive industries and workplaces by addressing the rights and responsibilities of the parties involved
- They ensure enhanced inclusiveness in collective bargaining and
- They are instrumental in extension of labor protection and reducing inequality

Difference between collective bargaining and consultation

Collective bargaining

- It is a joint decision making process
- Each side has the right to refuse a proposal
- Each side can make counter proposal
- Each side can demand a concession from the other party before accepting their proposal

Consultation

- It takes place when one side hears the other before taking a final decision
- May or may not reflect the other parties' views

Collective bargaining plays a major role in improving industrial relations because:

- It resolves conflicts and differences.
- The settlement is through dialogue and consensus rather than through conflict and confrontation.
- It guarantees rights and responsibilities to workers.
- It institutionalizes settlement through dialogue and provides for methods by which disputes between the parties will be settled.
- It contributes towards mutual understanding by establishing a continuing relationship.
- Brings social change through acceptable solutions.
- It is an essential feature in the concept of social partnership towards which labor relations should strive.

Unit 12: Strategic Issues in Employee Safety, Health and Labor Relations

- Formulates terms and conditions under which labor and management will work together.
- It involves a sharing of rule-making power between employers and unions in areas which in earlier times were regarded as management prerogatives, e.g. transfer, promotion, redundancy, discipline, modernization, production norms.
- Collective bargaining and consequent agreements tend to stabilize union membership.

Example

In line with the Labour Standards Principle that the businesses should uphold the freedom of association and the effective recognition of right to collective bargaining, the Government of India has enacted various labour laws to adequately protect the interests of the working class. According to BHEL Performance Report, 2019-20, all these laws are strictly followed in BHEL and all BHEL units/divisions are required to submit quarterly reports on compliances of different laws to the Board of Directors, so as to ensure that the interests of the workers are protected.

12.7.3 Grievance System

Grievances in the organization if not resolved immediately and to the satisfaction of the aggrieved, would lead to dysfunctional conflicts which may result in fall in productivity, increased rate of attrition and surge in absenteeism.

As per section 9C of the Industrial Disputes Act, 1947 of India (IDA), every employer:

- Employing at least 20 workmen, is required to set up a Grievance Redressal Committee (GRC) for resolution of the disputes arising out of grievances of the workmen.
- The GRC should not consist of more than six members and must have an equal number of representations of both, the management and the workmen class.

The draft Industrial Relations Code, 2019 which has been introduced in Lok Sabha proposes:

- The industrial establishment should have one or more GRC to resolve disputes arising out of grievances of individual worker relating to non-employment, terms of employment or conditions of service.
- To increase the total number of members of GRC to ten.
- Any employer who already has an established process of grievance redressal may not be required to set up a separate GRC.

Block 3: Strategic Maintenance of Human Resources

Process of grievance redressal in an organization:

- Aggrieved employee submits a verbal or written complaint to immediate boss.
- The same needs to be addressed by his immediate boss within 48 hours, failing which, the employee can approach the head of the department/division.
- At this level, the issue needs to be addressed within 3 days, failing which the aggrieved can approach to the grievance redressal committee within 7 days.
- If resolution is delayed in the above stage, the reasons for the same need to be recorded. Further if it remains unresolved, the same needs to be placed before the manager.
- The manager, upon receipt of the same, has to address it within 3 days, failing which, an appeal is made to the higher authorities.
- If the grievance is not resolved within 7 days of petition to the higher authorities, the same has to be sent for voluntary arbitration within a week of receipt of the final decision of the management.

Example

BHEL has various bi-partite fora for workers, where the issues / problems pertaining to the workers are discussed and settled. It has an apex level bipartite forum namely “The Joint Committee for BHEL” wherein the elected representatives of all units of BHEL, along with the Central Trade Union Organizations, to which the Unions are affiliated, are represented from the workers’ side whereas the management is represented by Chairman & Managing Director and Functional Directors along with the Heads of Units.

Activity 12.2

The workers at XYZ Scooters Ltd. (XYZ Scooters), went on an indefinite strike after the management refused to increase their wages. Since the management could not resolve the conflict with its workers, it was keen on revamping its industrial relations policy. Suggest and explain some human resource strategies that XYZ Scooters could adopt to improve its industrial relations.

Answer:

Check Your Progress - 5

10. Which agreement ensures harmonious and productive industries and workplaces, by addressing the rights and responsibilities of the parties involved?
- Teaming agreement
 - Consortium agreement
 - Collective agreement
 - Collective bargaining
 - Memorandum of Understanding
-

12.8 Summary

- Safety and Occupational health is of paramount importance to all organizations. No employee likes to work in an organization which does not comply with safety norms.
- The strategic issues involved in safety are: building organizational effectiveness related to safety and health, implementing safety and health controls and devising training strategies.
- The financial impacts of safety are: compensation for workmen injuries and man days lost. The operational impacts include, plant shutdown, production loss and employee turnover. The marketing impacts of safety are: creating a favorable image and goodwill for the organization, using employees as brand ambassadors, giving importance to product safety issues and discouraging child labor.
- The major players in industrial relations are: workers and their organizations, the management and the government. The different strategic issues involved in industrial relations include: developing healthy labor-management relations, maintaining industrial peace and developing industrial democracy.
- Today, organizations have adopted a supportive style of management as against the authoritative style in the past. From exploitation of labor, organizations have moved to encouraging labor to participate in various organizational activities. Some factors that led to this change are: changing economic environment and globalization.
- Labor-management cooperation is essential to reduce conflict and improve productivity. Some strategies for successful labor-management cooperation are: involving employees in the day-to-day activities of the organization, providing benefits to union members, and replacing authoritative leaders with supportive leaders.
- Industrial relations can be improved through strategies like employee assistance programs, collective bargaining and grievance systems.

12.9 Glossary

Collective Bargaining: Collective bargaining is a negotiation technique in which workers and employers try to collectively resolve their differences with or without the assistance of a third party.

Employee Assistance Programs (EAP): These programs help strengthen relations between management and workers and attempt to solve the personal problems of employees, which helps them improve their performance and retain them.

Globalization: Globalization is defined as the growing liberalization of international trade and investment, due to the integration of national economies.

Grievance: Grievance is defined as dissatisfaction or feeling of injustice in connection with one's employment situation that is brought to the notice of the management.

Industrial Relations: The International Labor Organization (ILO) defines industrial relations as, "the relationship between the state and employer and employers and workers".

Operational Impact: Lack of proper safety measures has a major impact on the day-to-day operations of an organization. Organizations may suffer losses due to plant shutdown, production loss and employee turnover.

OSHA: The Occupational Safety and Health Act (OSHA) in the US recommend the use of Job and Safety Health Analysis (JSHA) for an effective safety and health control program.

Sweatshops: Sweatshops are places where people including children work for long hours for a meager income, and in hazardous working conditions.

Trust and Cooperation: Trust and cooperation are essential in labor relations. They help build a partnership between workers and employers and both groups to work together.

Workmen Compensation Act: The Workmen Compensation Act, 1923 of India came into force on July 1, 1924, provides for the payment of compensation to workers in the events of untimely death and injuries and disease.

12.10 Self-Assessment Test

1. Discuss in brief some of the strategic issues that an organization has to have in place to ensure worker safety and health.
2. Describe the role of workers and organizations, management and government in industrial relations.
3. Discuss some of the strategic issues involved in labor-management relations.
4. Economic liberalization and globalization have had a tremendous impact on labor-management relations. Explain.

Unit 12: Strategic Issues in Employee Safety, Health and Labor Relations

5. Discuss the priority issues in labor-management relations.
6. List the benefits of labor-management cooperation.
7. Briefly describe the strategies to improve industrial relations.

12.11 Suggested Readings/Reference Material

1. Ananda Das Gupta. Strategic Human Resource Management-Formulating and Implementing HR strategies for competitive advantage, Productivity, Taylor & Francis Group, 2020
2. Armstrong, M, Armstrong's Handbook of Strategic Human Resource Management. 7th edition, London: Kogan Page, 2020
3. Dr. Ravi Kumar K. A text book of strategic human resource management - A guide to action, Notion Press, 2021
4. Gary Rees, Paul Smith. Strategic Human Resource Management. 3rd edition, Sage Publications Ltd., 2021
5. John Storey, Dave Ulrich, Patrick Wright, Strategic Human Resource Management-A research overview, Routledge, 2020
6. Ram Charan, Julia Yang. The Amazon Strategic Human Resource Management, Wiley, 2020

12.12 Answers to Check Your Progress Questions

1. (d) Protection against dangerous fumes, explosive material, etc.

Clean workplace, disposal of waste materials and effluents and artificial humidification are provisions for maintaining health at the workplace. Protection against dangerous fumes, explosive material, etc., is a provision for ensuring safety at the workplace.

2. (e) Scheduling training at the end of the shift so that training can be conducted for more time

The essential requirements for conducting a successful training program on safety, health and labor relations include:

- Training should be conducted in a place free of distractions
- Supervisors should be informed about the training schedule so that they may release employees from work
- Training programs must be conducted at the beginning of the shift so that employees participate with more enthusiasm.
- Employees may find it boring and tiresome if training programs are scheduled at the end of the day.

3. (e) Products as brand ambassadors

Issues like product safety, child labor, image and employees as brand ambassadors affect the marketing strategy of an organization.

Block 3: Strategic Maintenance of Human Resources

4. (b) Maintaining industrial peace

Setting up of forums on codes of discipline in industry, code of conduct, code of efficiency etc., is a measure of maintaining industrial peace.

5. (a) Developing industrial democracy

For attaining industrial democracy, it is necessary establishing shop councils and joint management councils at the floor and plant level to improve the working and living conditions of workers, enhance productivity and encourage feedback from them.

6. (e) Vesting the power of decision-making to workers

Organizations serve certain purposes to support “workers’ participation” in management. They include: managing resistance to change among employees, encouraging communication between management and workers who are a part of the decision-making process and establishing democratic values in the organization right from the shop floor level. Hence, all the options are correct except option e.

7. (a) Low productivity

Benefits of labor management cooperation include: increased productivity, better working relationships, improved quality and better employee safety. Hence, low productivity is not a benefit of labor management cooperation.

8. (b) Building consensus

Unions and management can build consensus by listening to each other and getting involved in each other’s activities. Consensus can be built by: Identifying the problem, establishing goals, developing strategies and tactics to achieve goals, measuring the results.

9. (c) Program discussion

Different stages in establishing an employee assistance program (EAP) are: Problem identification, Program development, Program implementation and Program evaluation.

Program discussion is not a stage in establishing an employee assistance program.

10. (c) Collective agreement

A collective agreement ensures harmonious and productive industries and workplaces, by addressing the rights and responsibilities of the parties involved.

Unit 13

Career Management

Structure

- 13.1 Introduction
- 13.2 Objectives
- 13.3 Importance of Career Management
- 13.4 Major Career Transitions
- 13.5 Types of Corporate Career Management
- 13.6 Summary
- 13.7 Glossary
- 13.8 Self-Assessment Test
- 13.9 Suggested Readings/References Materials
- 13.10 Answers to Check Your Progress Questions

“In order to build a rewarding employee experience, you need to understand what matters most to your people.”

- Julie Bevacqua

13.1 Introduction

As has been propounded by Julie Bevacqua, organizations need to understand the career aspirations of their employees and help them manage their careers. In the previous unit, we discussed the strategic issues in employee safety, health and labor relations. In this unit, we will discuss the significance of career management.

13.2 Objectives

After studying the unit, you should be able to:

- Discuss the significance of career management for career growth and how it works in the Industry
- Analyze career transitions for career success
- Evaluate different methods of corporate career management types to successfully overcome career barriers and obstacles
- Explain the career planning process for identification and realization of career objectives with a well-planned career path

13.3 Importance of Career Management

Career Management is a conscious planning of one's activities and engagements in the jobs that one undertakes during his/her life for achieving financial stability, fulfilment and growth.

Essentials of career management:

- It involves setting personal career goals and developing strategies to achieve them.
- Individuals must frequently revise their career goals based on work experiences.
- Modern organizations help individuals manage their careers.

Career management helps individuals to reach their goals or ambitions in their careers.

- It also helps one to analyze the hurdles that stand as a block for career advancement.
- Managing one's career is essential for advancing in careers overcoming the hurdles in the career path.

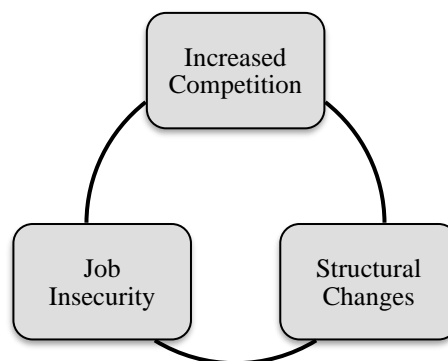
Career management has been given more importance in recent times as increased competition, structural changes and job insecurity have forced organizations and individuals to rethink their careers (Refer Figure 13.1)

Many organizations consider career management as important to contemporary HRM practices that assist employees to manage careers.

Career management is an important part of total rewards in organizations. The purpose of career management is to:

- Enhance employees' on-the-job performance
- Enable employees' take advantage of future job opportunities
- Groom a dynamic and effective workforce to fulfill organizational goals

Figure 13.1: Influencers of Career Management



Source: ICFAI Research Center

13.3.1 Increased Competition

Reasons for increased competition are:

- 1) The changes in the social, political and economic business environments in which organizations operate.
- 2) Organizations have realized the importance of retaining people both in domestic and overseas operations.
- 3) They have also realized that talented professionals can contribute to a company's growth.

13.3.2 Structural Changes

The major structural changes in the present-day business can be attributed to downsizing and delayering.

Downsizing

- Downsizing results in retained individuals working for longer hours, which may affect their productivity.
- The purpose of downsizing is to achieve immediate and short-term results.
- Organizations that resort to downsizing show less interest in innovative products and services which are long-term investments.

Example

- Scandinavian Airlines (SAS) on March 15, 2020 announced that it would temporarily lay off 10,000 employees — 90% of its staff. SAS also halted the majority of its flights and was operating with limited service.
- Norwegian Airlines announced the temporary layoff of 90% of its workforce on March 16, 2020 amounting to 7,300 employees. The airline also cancelled 85% of its flights.

Delayering

It is a process of reducing the number of hierarchical levels in the organization. The results of delayering can be enumerated as follows:

- Delayering reduces promotion prospects for employees
- Sometimes the employees may feel that they are stuck in their positions due to delayering

Though these structural changes predominantly aim at reducing costs, they have given rise to several management fads that at times also help boost productivity. These include:

- Delayering paves way for business process re-engineering which could improve organizational effectiveness
- Delayering forms the basis of introduction of performance-related pay

Block 3: Strategic Maintenance of Human Resources

- Delaying leads to improvements in all the areas in the organization and thus leads to adoption of total quality management (TQM)

13.3.3 Increased Job Insecurity

Job insecurity is a condition wherein employees lack the assurance that their jobs will remain stable from day to day, week to week, or year to year.

Reasons of increased job insecurity can be enumerated as:

- Globalization
- Outsourcing
- Contracting
- Downsizing
- Recession

Research³ indicates that job insecurity:

- Reduces both physical and mental health
- Increases burnout
- Reduces job satisfaction
- Decreases work performance
- Increases accidents

Structural changes have an emotional impact on employees:

- They feel insecure about their jobs
- Employees suffer from mental stress
- The psychological stress increases their frustration
- Such kind of psychological pressure has an adverse effect on their productivity

Exhibit 13.1 illustrates career development programs at TCS.

Exhibit 13.1: “Elevate”- Career Development Program at TCS

TCS runs a multitude of programs for career development of its employees. The much talked about initiatives are:

- “CareerHub” –This program provides mentoring services
- “Inspire” – This is an initiative to provides fast track career progression to high-potential employees
- Healthy succession pipeline with periodic leadership

Contd....

³ https://www.nytimes.com/2014/05/17/your-money/uncertainty-about-jobs-has-a-ripple-effect.html?_r=0
(accessed on 20/12/2021)

A new addition to the TCS Career Development Programs is the launch of “Elevate” in April 2020 for developing the next generation leaders from within its 4,50,000 employees. The primary focus of this program is on:

- Assigning specific targets for employees across the experience levels: 0-3 years (Next Generation Skills), 4-9 years (Specialists), 10-13 (Growth and Transformation Leaders)
- Intensifying efforts to speed up career performance
- Ensuring considerable addition to the pool of TCS “IVY Leaguers”

Source: <https://economictimes.indiatimes.com/tech/information-tech/about-130000-executives-sign-up-for-tcs-elevate-programme/articleshow/81530839.cms?from=mdr> (accessed on 21/10/21)

Activity 13.1

The Bradley’s County Store was showing a steady improvement in its annual performance for the financial year 2009 compared to its financial performance in 2008. However, employees were in a dilemma about their career growth options within the company. They acutely felt the need for a professional career management service in their company. The company too planned to focus on career management of its employees. In light of this, discuss the importance of career management in modern human resources management.

Answer:

13.4 Major Career Transitions

Every individual from the time of joining a first job undergoes several transitions, sometimes willingly and sometimes forcibly. Understanding career transitions and coping with them is essential for career success.

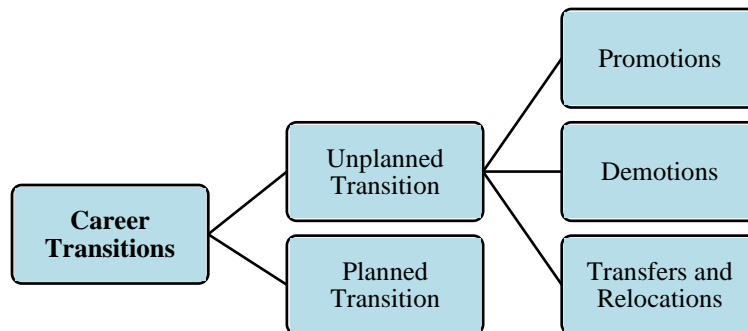
Essentials of career transitions

- Career transition involves highly variable events to confront.
- It is wise for the individuals to remain flexible and adaptable in dealing with challenges and responding to circumstances which occur.
- A successful career change provides personal meaning, satisfaction and fulfillment, if the individuals commit the time and energy necessary to create a plan to guide them along the way.
- In an organization, employees pass through various stages in their career and are hence subjected to career transitions.

Block 3: Strategic Maintenance of Human Resources

- These transitions may be either planned or unplanned as shown in Figure 13.2.

Figure 13.2: Major Career Transitions



Source: ICFAI Research Center

13.4.1 Planned Transition

Let us understand about planned transitions:

- In a planned transition, individuals know in advance about the changes in their job.
- They are mentally prepared and have a reflective mind-set.

13.4.2 Unplanned Transition

Unplanned transition occurs when there is:

- Corporate restructuring
- Downsizing
- Layoffs
- Mergers
- Acquisitions
- Takeovers
- Resignations
- Deaths

Unplanned career transition brings with it a sudden array of pressures like:

- The loss of a formal position in the organization
- Financial concerns
- Family problems
- Stress of exploring and taking up a new career

Some organizations help their terminated employees get new jobs i.e., they provide outplacement assistance.

Example

- In a report⁴, “The Next Great Disruption Is Hybrid Work - Are we ready?”, Microsoft found that:
 - 54% of Gen Z workers
 - 41% of the entire global workforce could be putting down their papers
- In UK and Ireland, a survey found that 38% of employees were planning to leave their jobs in the next six months to a year
- In the US, it is reported that 42% of the employees would quit if their company didn't offer remote working options for long term

Check Your Progress - 1

1. What is the term that is used when there is corporate restructuring, downsizing, layoffs, mergers, acquisitions, takeovers, resignations and deaths?
 - a. Unplanned career transition
 - b. Planned career transition
 - c. Mixed career transition
 - d. Promotion
 - e. Demotion
2. Which type of career transitions are voluntary retirement schemes a part of?
 - a. Unplanned transitions
 - b. Demotions
 - c. Relocations
 - d. Planned transitions
 - e. Transfer

Now let us look into the major career transitions. They are enumerated as follows:

Promotions

- Promotion is a change in job in which an employee moves up the organizational hierarchy.
- Promotions are incentives which bring additional responsibilities and increase in pay and follow a distinct path.
- A job promotion may be the result of an employee's proactive pursuit of a higher ranking or as a reward by employers for good performance.

⁴ <https://www.weforum.org/agenda/2021/06/remote-workers-burnout-covid-microsoft-survey/> (assessed on 20/12/21)

Block 3: Strategic Maintenance of Human Resources

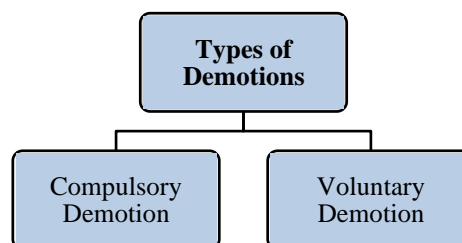
- A promotion is viewed as desirable by employees because of its impact on:
 - Pay
 - Authority
 - Responsibility
- The ability to influence broader organizational decision-making.
- A promotion raises the status of the employee which is a visible sign of esteem from the employer.
- The promotion can result in more status within the organization.
- Additional responsibility, accountability and expanded expectations also follow promotion.

Demotion

- A demotion is the compulsory lowering of an employee's:
 - Job rank
 - Job title
 - Status
- When an employee is demoted, his/her responsibilities and status are lowered.

Figure 13.3 gives various types of demotions.

Figure 13.3: Types of Demotions



Source: ICFAI Research Center

Compulsory Demotions

The reasons for compulsory demotions to take place are given below:

- When employees perform poorly and do not possess the required capabilities to do the job well.
- When organizations use demotions as a disciplinary measure.
- When organizations eliminate jobs in some departments. In such cases, employees may be demoted until normalcy is restored. However, such demotions do not mar the employees' reputation.
- When an employee lacks the ability to think strategically about positioning a department or product.

Voluntary Demotions⁵

In a voluntary demotion, the employee frequently adjusts his job to match the current needs of his life. Voluntary demotion occurs when:

- Employees may want less responsibility and fewer reporting staff members.
- Employees elect to work remotely, pursue flexible hours, or telecommute instead of working onsite 100% of the time.
- Employees may want to change job locations for family reasons and a position at her/his current level is unavailable.
- Employees may want to transition down responsibilities as he/she approaches retirement.

Strategies for demotions

Organizations should have a three-fold policy with respect to demotions:

- Organizations should frame rules that are reasonable and communicate the same clearly to the employees. Any employee violating the same should be demoted.
- Organizations should investigate any alleged violation of rules by employees.
- Employees who violate rules should be penalized irrespective of their designation.

Demotions affect the employees'

- Self-esteem
- Sense of belongingness
- Defensive behavior

Transfers

Transfers and relocations bring with them challenges and opportunities for both employees and employers.

Essentials of transfers are discussed below:

- The employee gets an opportunity to perform a different job that requires new skills and provides new responsibilities.
- By having a new or different job with changed tasks and responsibilities, an employee overcomes the boredom and dissatisfaction of the current job.
- The employee gets a chance to potentially influence different aspects of the workplace and organization through impactful expansion of their reach and accomplishments.
- Transfers provide the employees with abilities to deal with ambiguity and manage change by adapting to the new work environment.

⁵ <https://www.thebalance.com/what-is-a-demotion-1918530> (accessed on 20/12/21)

Block 3: Strategic Maintenance of Human Resources

- The employee learns about different jobs, components and activities in the organization and how different departments or functions accomplish their work through transfers.
- Transfers help the employees to gain overall organizational knowledge and enhance their ability to get things done.
- Transfers help the employees to gain increased visibility within the organization and among the new group of co-workers and managers.

Relocation, Expatriation and Repatriation

Now let us understand them:

- **Relocation:** Employees are moved from one geographical region to another.
- **Expatriation:** Employees are moved from one country to another.
- **Repatriation:** Relocation in which employees return to their home country.

Check Your Progress - 2

3. Several employees from a software firm returned to their home country after a three-year stint abroad. Which of the following describes the event best?
 - a. Deportation
 - b. Expatriation
 - c. Repatriation
 - d. Relocation
 - e. Demotion
 4. In which of the following situations, employees elect to work remotely, pursue flexible hours, or telecommute instead of working onsite 100% of the time?
 - a. Demotion
 - b. Transfer
 - c. Voluntary demotion
 - d. Planned transitions
 - e. Relocation
 5. What is the term used to refer to moving employees from one country to another?
 - a. Expatriation
 - b. Repatriation
 - c. Transfer
 - d. Relocation
 - e. Demotion
-

13.5 Types of Corporate Career Management

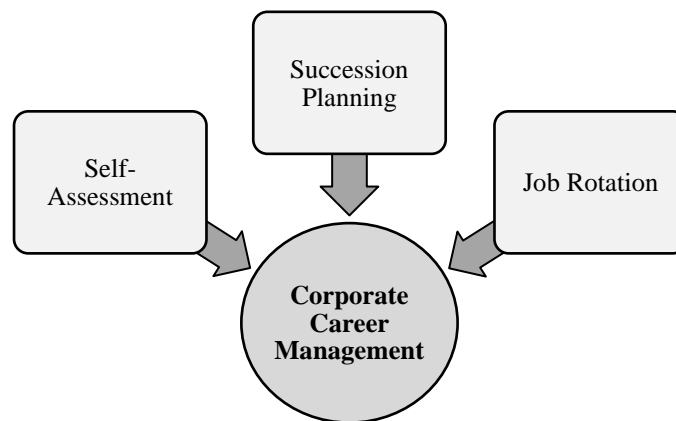
Understanding the varied types of career management helps in overcoming the barriers and obstacles employees may be experiencing in their careers.

The different types of corporate career management are:

- Self-Assessment
- Succession planning
- Career planning
- Job rotation

(Refer Figure 13.4)

Figure 13.4: Major Career Transitions



Source: ICFAI Research Center

13.5.1 Self-Assessment

In self-assessment, an individual learns about his/her:

- Aspirations
- Strengths
- Weaknesses
- Career opportunities

Essentials for self-assessment

- This is the starting point in managing one's career in learning about oneself.
- Individuals should determine the kind of organizations they want to work for.
- There is a need to understand that individual's preferences and options change during the course of his/her career.
- Individuals need to be realistic about their career options.
- The individuals should learn about new opportunities and plan accordingly.

Block 3: Strategic Maintenance of Human Resources

13.5.2 Succession Planning

Succession planning is the process of identifying and preparing employees for the right jobs. The different stages of succession planning are:

- Link strategic and workforce planning decisions
- Identifying key positions and keeping track of vacancies
- Determining the skills and performance standards required for these positions
- Involve managers and leaders at all levels across the company
- Identifying potential candidates for development
- Developing and coaching the potential candidates
- Implement succession strategies – performance management, compensation, recognition, recruitment and selection, workforce planning
- Monitor and evaluate

Benefits of succession planning

Succession planning helps an organization in many ways:

1. Supports organizational stability and sustainability by ensuring there is an established process to meet staffing requirements.
2. It enables the senior management to review the leadership talent available with the organization.
3. It ensures the continuity of leadership in the organization.
4. It ensures that these transitions happen smoothly and with little disruption to the organization.
5. It guides the promotion policies of the organization. It ensures that the right people are promoted at the right time.
6. It analyzes HR processes like selection, appraisal, and management development in the organization.
7. Succession planning is the commitment to develop employee career paths and facilitates the organization's ability to recruit, groom and retain the performance excellence.
8. Succession planning is one of the ways to gain reputation to the employer as the one that values its people, provides opportunities and extends required support for their advancement.
9. It is mission critical and creates an effective process for recognizing, developing and retaining top leadership talent.

Strategies for successful succession planning

Not every position in the organization will have to have a succession plan. This will vary by industry, company and key areas of responsibilities of the position under consideration.

Succession planning depends on the:

- Strengths and capabilities of the people currently occupying the key positions.
- Their career path for the future (or) the position they will be groomed for.

Essentials of succession planning

- The process must allow enough time to groom the successors as one cannot gain the expertise (of handling the jobs/responsibilities) overnight.
- The successors and their potential back-ups should be informed about their inclusion in the process at an early stage to avoid disappointments.

For a well-thought-out succession planning

- It is important to customize succession planning to suit the company's needs. For example, if an organization cannot find a person who can manage the company in the changed environment, an outsider might have to be brought in.
- It should develop key candidates through job rotation, mentoring and formal training programs.
- It must take into account the organizational culture.
- It must be consistent with the company's strategic direction.
- It also has the mechanism to evaluate the success of succession planning.

If executed well, succession planning integrates a number of other internal processes such as employee retention and talent management initiatives.

Example

Shashidhar Jagdishan's appointment as new MD and CEO of HDFC bank in 2020 was a culmination of a long search involving multiple candidates. The top three candidates were:

- Two insiders: Sashidhar Jagdishan and Kaizad Barucha
- One outsider: Sunil Garg from Citibank

The Reserve Bank of India had the final say in picking the candidate after due diligence.

Check Your Progress - 3

6. Which of the following is not true of succession planning?
- Helps employees understand the company's different functions
 - Develops and coaches potential candidates
 - Determines the skill and performance standards required
 - Identifies key positions and keeps track of vacancies
 - Ensures the continuity of leadership in the organization
-

13.5.3 Job Rotation

It is a technique of moving employees in a planned manner between two or more jobs on the same horizontal level which varies over a period of time.

The objectives of such process are to expose the employees to:

- Different job experiences within the organization
- Cross-train them:
 - For acquisition of diverse skills
 - To enhance job satisfaction
- Job rotation is used as a training device to improve employees' skills.

The purpose of job rotation is to:

- Help employees appreciate organizational goals
- Help employees understand the interdependence among functional areas and diverse tasks
- Help employees in effective networking
- Help them improve their problem-solving and decision-making skills

Advantages of Job Rotation

- Job rotation results in preparation of skill inventory
- Job rotation reduces absenteeism
- Job rotation helps in recruitment efforts
- Job rotation reduces boredom and monotony
- It reduces stress and other physical disorders like:
 - Cumulative Trauma Disorder (CTD)
 - Repetitive Stress Injury (RSI)
- Job rotation results in increased innovation and motivation.
- It elevates productivity.
- Job rotation reduces employee turnover.
- It helps in effective change management.

Limitations of Job Rotation

- Since there is a horizontal shift from one job to another, there would be lack of belongingness.
- The shift may also lead to ambiguity about job role.

Implementing job rotation

Through job rotation, employees are expected to learn and upgrade their skills. Hence, planning the process is very critical to its successful implementation.

Prerequisites of job rotation

- It is important to understand if the employee is going to benefit from the process or not.
- The concerned employees need to be involved in the process so that the resistance comes down and there is voluntary contribution.
- The employee's interest to work with a new department / team as a part of the job rotation process must be understood failing which the initiative will neither benefit the individual's career nor the organization.
- It is very critical to choose the employees who would undergo the job rotation failing which the work would suffer.
- Employees who deserve to be groomed further have to be hand-picked by the respective supervisors / authorities.

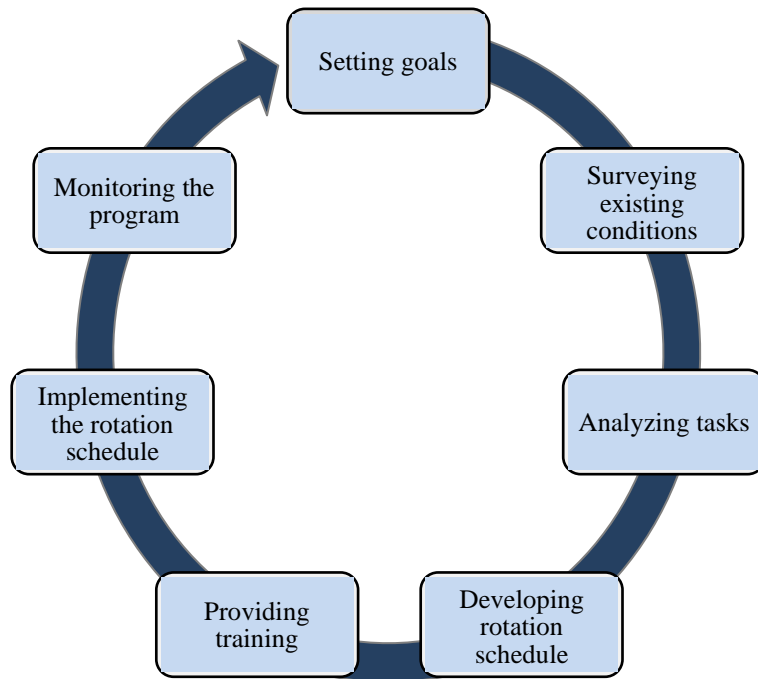
Steps involved in a job rotation process are:

- 1) Setting goals: This involves emphasizing the advantages of job rotation and convinces the employees from resisting it.
- 2) Surveying existing conditions: A survey helps to receive feedback from employees regarding work conditions. The data from the survey serves as qualitative information to schedule the rotation process.
- 3) Analyzing tasks: Qualitative and quantitative data can be used to analyze the tasks to be performed. Physical job requirements and worksheets need to be accurate for the jobs that are to be considered for the rotation program.
- 4) Developing rotation schedule:
 - Such scheduling is based on qualitative and quantitative data
 - It is also important to list the number of jobs an individual should be rotated.
 - It should also allow employees to take up dissimilar tasks and foster teamwork.
 - A manager should develop a creative schedule that encourages employees to take up new tasks and gives them scope to learn.

Block 3: Strategic Maintenance of Human Resources

Figure 13.5 shows the process of job rotation.

Figure 13.5: Process of Job Rotation



Source: ICFAI Research Center

- 5) Providing training: During training, employees are taught:
 - Behavioral strategies
 - Techniques
 - Risk factors involved in the new job
- 6) Implementing the rotation schedule:
 - This requires constant monitoring from the concerned managers to make sure that the employees do not have any difficulty in performing their new jobs.
 - Employees should be given adequate assistance to help them perform well in their new jobs.
 - Managers should know whether additional training is required for the employees on job rotation.
- 7) Monitoring the program:
 - A job rotation program should be evaluated periodically so that the program's pre-set goals are achieved.
 - Managers can also develop questionnaires to evaluate the effectiveness of the program.

Example

Intel Corporation implemented job rotation to fill the vacancies in its own firm, attain right fit within the company and to elevate the motivation of the employees by providing opportunities of growth which would ultimately result in reducing employee turnover.

Activity 13.2

ABC Steel Ltd. (ABC Steel), is an iron and steel manufacturer in India. Its factory workers often complained about boredom and the monotony of the work system. With an aim of reducing boredom and making the work more fulfilling for workers, ABC Steel has embarked upon a job rotation program. What are its advantages and what are the issues that the company needs to keep in mind before implementing job rotation?

Answer:

Check Your Progress - 4

7. Which of the following is used to refer to the process of improving employee's skills by giving them series of assignments in various functional areas?
 - a. Job scheduling
 - b. Job rotation
 - c. Career planning
 - d. Succession planning
 - e. Job enrichment

13.5.4 Career Planning

Career is as a general course of action that an individual chooses to pursue throughout the working life. Career planning is a process where an individual selects career goals and the path to achieve these goals.

Need for career planning

- Career planning helps in identification and realization of employees career goals and objectives
- It also helps in making one's career path in the desired direction

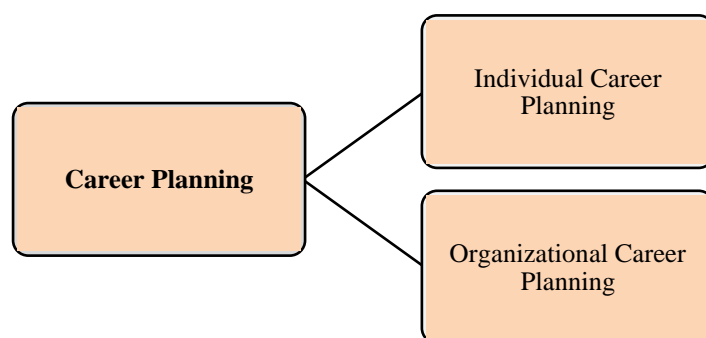
Block 3: Strategic Maintenance of Human Resources

From an organizational context, career planning is the continuous process of:

- Thinking about employees' interests, values, skills and preferences
- Exploring the life, work and learning options available to them
- Ensuring that the work fits with their personal circumstances
- Continuously fine-tune their work and learning plans to help them manage the changes in life and the world of work

(Refer Figure 13.6).

Figure 13.6: Career Planning Process



Source: ICFAI Research Center

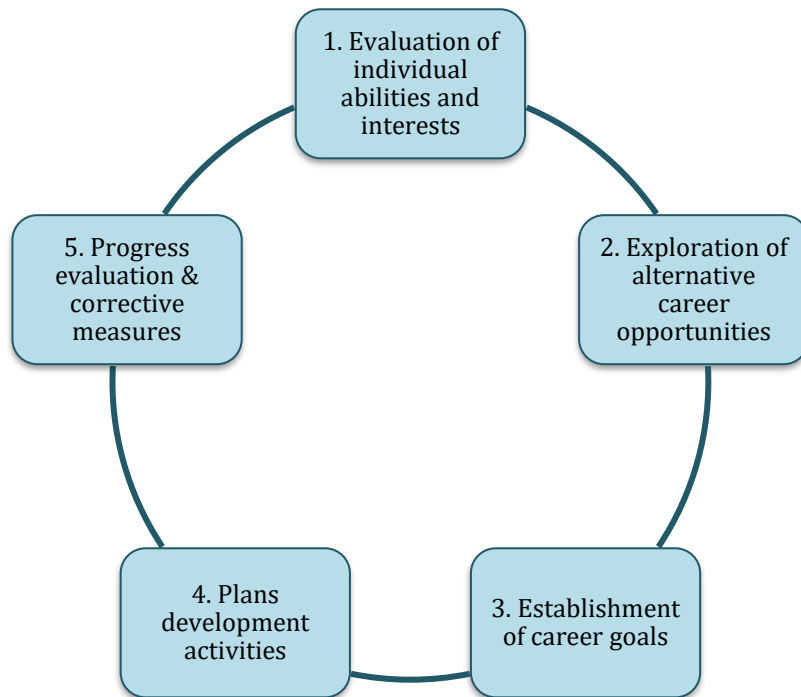
Importance of career planning⁶

- At the individual level, it provides opportunity of growth and development
- At the organizational level:
 - Improves motivation and morale of the people
 - Helps in employee engagement
 - Elevates organizational commitment
 - Improves employee retention rate

Figure 13.7 gives different types of career planning.

- When an individual plans his/her career goals, it is known as individual career planning.
- When an organization plans career goals for its employees, it is known as organizational career planning.

⁶ "Employees' Career Planning Responsibility", <http://upet.ro/annals/economics/pdf/2010/20100202.pdf>, Page 16 (accessed on 19/12/2021)

Figure 13.7: Types of Career Planning

Source: ICFAI Research Center

Individual career planning

It begins with self-understanding which enables the individual to establish realistic goals and the means to achieve the set goals.

Individual career planning is done through:

1) **Personal assessment (also known as self-assessment):**

Here the individuals determine the kind of organization they want to be a part of.

Steps in personal assessment

- Identifying and organizing one's skills, interests, work-related needs and values.
- Aligning individual goals with organizational goals.
- Evaluating the job vs. individual abilities and interest by interacting with HR specialists and experts from various fields.

2) **Consulting a mentor:**

Mentor relationships serve as useful tools for managing one's career.

- A mentor is a senior manager who guides, teaches and counsels a less-experienced new manager (protégé).

Block 3: Strategic Maintenance of Human Resources

- While a young manager can seek a senior manager's advice and assistance, the latter may take special interest in his/her protégé if he/she recognizes special traits in the former.
- If the mentor is satisfied with his/her protégé's performance, he/she may recommend new assignments to the protégé.

Example

Johnson & Johnson, Federal Express, AT&T, and Colgate-Palmolive have formal mentor programs.

Organizational career planning

To be viable, in the short-term, or to maintain competitive advantage, in the long term, organizations must match employees with appropriate skills in the right positions.

The type and skills of the employees are different, depending on the:

- Scope of the operations of the firm
- Economic sector to which the firm belongs to
- Specific technology that is used in the firm
- The characteristics of the customer base that the firm serves

Peculiarities of the organization affect the:

- Jobs structure
- Types of recruited employees for each job
- Development ways on the job

Example

Google has amalgamated coaching at every step of its employees' career paths and includes programs like Nooglers designed for navigating through the organizational culture and Googler Leaders for executive development. One of the career planning initiatives taken up by Google is Career Guru Program whereby employees can receive one-to-one support from experienced Google Alumni

Organizations⁷ use various methods to match the career needs of their employees with the requirements of the company. Some of them are given below:

- Organizations provide challenging jobs to employees early in their careers to elevate their motivation and morale.

⁷ "Organizational responsibility on career planning", <http://upet.ro/annals/economics/pdf/2010/20100202.pdf>, Page 17 (accessed on 19/12/2021)

- The organizations provide substantial information regarding career options so that employees can identify career and succession paths.
- Providing assessment centers that assess the employees' ability to perform specific jobs is also another method for matching individual career needs with the requirements of the organization.
- Facilitating career counseling to help employees set directions, review performance and identify areas of professional growth is an initiative taken up by the organizations in the direction of career planning.
- Conducting career development workshops to assimilate them into the work culture and identify problems and misconceptions of employees regarding career development and resolve them is another strategy for career management programs.
- Providing continuous training to employees to ensure that their skills do not become obsolete through temporary job assignments and job rotation helps in career development.
- Career development can be made effective by giving employees extended leaves and sabbaticals which allow employees to:
 - Work in the new environment
 - Indulge in constructive reading
 - Attend executive development programs
 - Get away from the accumulated pressures of day-to-day work

Exhibit 13.2 discusses career planning programs at Infosys.

Exhibit 13.2: Career Planning Programs at Infosys

At Infosys, career growth and learning form the core of their talent progression path. The philosophy of Infosys talent progression program is to achieve the following:

1. Future Readiness: Master a digital skill program, Bag a skill tag, Dive deeper to specialize are some of the programs to ensure hyper personalization ensuring that every employee can build the career of their choice
2. Agile Careers: Chart your experience program, join the internal market place, make the shift program for application of their newly acquired skills
3. Always on Learning: Transform your learning with AI, Learn anywhere anytime and skill up step up program for fast track career learning programs.

Contd....

Block 3: Strategic Maintenance of Human Resources

At Infosys, the emphasis is on aligning jobs around capabilities and given the non-linear careers and digital career paths, Infosys has come up with newly launched programs in May 2020. Some of them are:

Career Planning on the Go: This is powered by Digital Brain, Learning and Career, and is an agile personalized app for up skilling, proficiency enhancement and exploration of opportunities

Careers with CARA: This is a Live, weekly virtual career forum that ropes in top executives and industry experts with career advisory anchors.

Source: <https://www.infosys.com/about/corporate-responsibility/social/employee-development/entry-level-employees-ranking.html> (accessed on 21/10/21)

Check Your Progress - 5

8. What is the term used to refer to the process where an individual selects career goals and the path to achieve these goals?
 - a. Career planning
 - b. Career progression
 - c. Career path
 - d. Mentoring
 - e. Job scheduling
9. Which of the following practices do not help firms match their requirements with the career needs of its employees?
 - a. Career development workshops
 - b. Career counseling
 - c. Assessment centers
 - d. Healthcare benefits
 - e. Self-assessment

13.6 Summary

- Career management helps employees to reach their goals or ambitions in their careers and facilitates employees to reduce the hurdles that stand as a block for career advancement.
- The major purpose of career management is to enhance employees' on-the-job performance. To take advantage of future available job opportunities and become ready for fulfilling organizational goals.
- Some factors that have contributed to the increased importance of career management are increased competition among organizations, structural changes and job insecurity.

- Every employee from the time of joining a first job undergoes several transitions and understanding career transitions help to analyze career success.
- The three major career transitions that an employee is likely to experience in an organization are: promotions, transfers and relocations and demotions.
- Understanding the varied types of career management helps in overcoming the barriers and obstacles employees may be experiencing in their careers.
- The different types of corporate career management are: self-assessment, succession planning, career planning and job rotation.
- Self-assessment is the process of learning about oneself, one's aspirations, strengths and weaknesses.
- Succession planning is the process of identifying the right people for the right job.
- Career planning is a process where an individual selects career goals and paths to achieve these goals.
- Career planning helps in identification and realization of employees' career goals and objectives. It also helps in making one's career path in the desired direction.

13.7 Glossary

Career Management: Career management is conscious planning of one's activities and engagements in the jobs one undertakes during his life for better fulfillment, growth and financial stability.

Career Planning Exercise: Structured exercise undertaken to identify one's objectives, marketable skills, strengths and weaknesses, etc., as a part of one's career management

Career Planning: Career planning is a process where an individual selects career goals and the path to achieve these goals.

Career Transition: It is the process of finding and moving into a new career. There is no set period of time for career transition – and no limit to the number of times one might decide to change.

Cross-training: Cross-training involves teaching an employee who was hired to perform one job function, the skills required to perform other job functions. In the world of sports, the benefits of cross training are clear.

Delaying: Delaying is the process of reducing the number of hierarchical levels in the organization.

Downsizing: Downsizing refers to the process of making people redundant at all hierarchical levels.

Job Insecurity: Job insecurity is a condition wherein employees lack the assurance that their jobs will remain stable from day to day, week to week, or year to year.

Block 3: Strategic Maintenance of Human Resources

Job Rotation: Job rotation is the process of giving employees a series of assignments in various functional areas of the company.

Succession Planning: Succession planning is the process of identifying and preparing employees for the right jobs.

13.8 Self-Assessment Test

1. Career management has been given more importance in recent times as increased competition, structural changes and job insecurity have forced organizations and individuals to rethink their careers. Describe.
2. In an organization, employees pass through various stages in their career and are hence subjected to career transitions. Briefly describe those transitions.
3. Define succession planning. What are its benefits? State the strategies for successful succession planning.
4. Define job rotation. Explain the steps involved in the implementation of job rotation.
5. Define career planning. Explain individual career planning and organizational career planning in detail.

13.9 Suggested Readings/References Material

1. Ananda Das Gupta. Strategic Human Resource Management-Formulating and Implementing HR strategies for competitive advantage, Productivity, Taylor & Francis Group, 2020
2. Armstrong, M, Armstrong's Handbook of Strategic Human Resource Management. 7th edition, London: Kogan Page, 2020
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4. Gary Rees, Paul Smith. Strategic Human Resource Management. 3rd edition, Sage Publications Ltd., 2021
5. John Storey, Dave Ulrich, Patrick Wright, Strategic Human Resource Management-A research overview, Routledge, 2020
6. Ram Charan, Julia Yang. The Amazon Strategic Human Resource Management, Wiley, 2020

13.10 Answers to Check Your Progress Questions

1. (a) Unplanned career transition

Unplanned career transition occurs when there is corporate restructuring, downsizing, layoffs, mergers, acquisitions, takeovers, resignations and deaths.

2. (d) Planned transition

In planned transition, employees who are with the organization for a long period are chosen for early retirement through voluntary retirement schemes.

3. (c) Repatriation

The event in which several employees from a software firm returned to their home country after a three year stint abroad as has been given in the question is referred to as repatriation.

4. (c) Voluntary demotion

Voluntary demotion occurs when: Employees may want less responsibility and fewer reporting staff members. Employees elect to work remotely, pursue flexible hours, or telecommute instead of working onsite 100% of the time.

5. (a) Expatriation

When employees are moved from one country to another, it is known as “expatriation.”

6. (a) Helps employees understand the company’s different functions

Succession planning involves identifying key positions and keeping track of vacancies, determining the skills and performance standards required for these positions, identifying potential candidates for development and developing and coaching the potential candidates. Helping employees understand the company’s different functions is not a stage in succession planning. Hence option a) is correct.

7. (b) Job rotation

The process of improving an employee's skills by giving them a series of assignments in various functional areas is job rotation.

8. (a) Career planning

Career planning is a process where an individual selects career goals and the path to achieve these goals.

9. (d) Healthcare benefits

Organizations use various methods to match the career needs of their employees with the requirements of the company. They include:

Providing challenging jobs to employees, Providing substantial information regarding career options, Providing assessment centers, Facilitating career counseling, Conducting career development workshops, Providing continuous training and Facilitating periodic job changes.

Providing healthcare benefits is not part of organizational career planning.

Hence option (d) is correct

Unit 14

Employee Separation and Downsizing

Structure

- 14.1 Introduction
- 14.2 Objectives
- 14.3 Concept of Employee Separation
- 14.4 Concept of Downsizing
- 14.5 Areas Affected by Downsizing
- 14.6 Concept of Turnover
- 14.7 Downsizing vs. Outsourcing
- 14.6 Summary
- 14.7 Glossary
- 14.8 Self-Assessment Test
- 14.9 Suggested Readings/References Material
- 14.10 Answers to Check Your Progress Questions

“Start the retention process when the person is still open to staying and not after they have already told you they are leaving.”

- Jeff Weiner

14.1 Introduction

As has been propounded by Jeff Weiner, employee retention strategies help the organization in dealing with the employee separation. In the previous unit, the significance of career management was discussed. In this unit, employee separation, downsizing and turnover will be discussed.

14.2 Objectives

After reading through the unit, the student should be able to:

- Explain the concept of employee separation to overcome the consequence meted out by the organization
- Evaluate the process of downsizing to know its effects on productivity and efficiency of organizations
- Analyze the concept of employee turnover to adapt right kind of retention strategies
- Distinguish between downsizing and outsourcing to adapt proactive measures for organizational effectiveness

14.3 Concept of Employee Separation

Employee separation is defined as the process by which an organization or an individual ends his or her employment with that organization.

Reasons for employee separation can be enumerated as below:

- Resignations: Can be due to
 - Personal reasons
 - Health grounds
 - Better employment opportunities
- Superannuation or retirement
- Death
- Dismissal
- Lay offs

Proper management of employee separation is essential for organizational stability and growth. The same can be done by:

- Conducting proper exit interviews while the employees leave the organization
- Completion of paperwork and full and final settlement to ensure that the employee experience ends on a positive note
- Collecting company property from the leaving employee
- Complying with all the legal requirements to avoid legal hassles

Example

In terms of compensation for lay-off workers, the Industrial Disputes Act of 1947 outlines that the employer of any factory, plantation unit or mine employing at least 50 but less than 100 workmen on average per working day, is required to pay compensation to workmen being laid-off. It should be at the rate of 50 percent of basic wages and dearness allowance for all days of lay-off except weekly holidays.

14.3.1 Managing Separation

Separations are inevitable for an organization. Organizations should address the issue of employee separation by:

- Investment in employee training and development so as to up skill and reskill the employees and provide them with career development opportunities internally, thus increasing their satisfaction which would reduce attrition.
- Devising employee engagement strategies would help in improving employee retention, foster organizational commitment and improve organizational effectiveness.

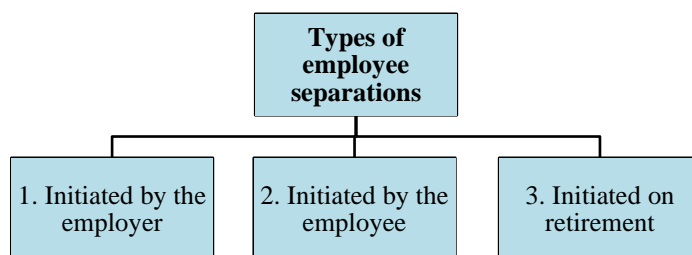
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- Improving the motivation and morale of the people by providing them with intrinsic and extrinsic motivators would go a long way in reducing the attrition rate.
- Formulating employee retention strategies to keep employees focused and motivated so that they elect to remain employed and fully productive for the benefit of the organization.

14.3.2 Types of Separation

Separations are basically of three types: (Refer Figure 14.1).

Figure 14.1: Types of Employee Separations

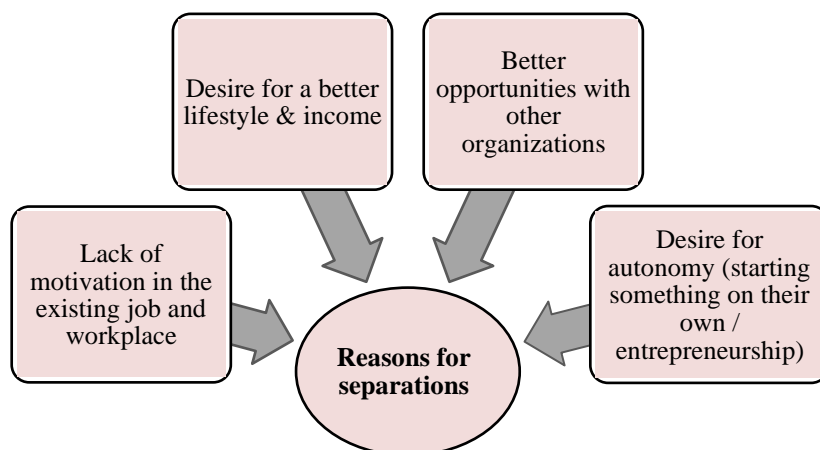


Source: ICFAI Research Center

Separation initiated by employee

When the employee himself initiates the separation by putting down his paper, it is termed as separation initiated by the employee. The reasons for the same are illustrated in Figure 14.2.

Figure 14.2: Reasons for Employee Separations



Source: ICFAI Research Center

Separation initiated by retirement

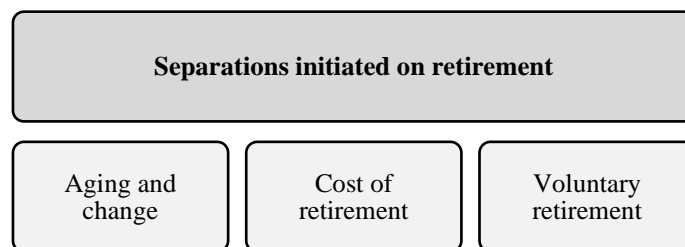
Retirement is the point in time when an employee chooses to leave his or her employment permanently.

Features of retirement:

- Retirement is one of the formal ways of leaving the organization.
- Retirement coincides with the employee's eligibility to collect retirement resources such as social security, company pension and other retirement benefits.
- Employees retire when they attain a certain age as per the applicable labor laws of the land.

There must be clear rules of retirement that mandates retirement of an employee after attaining a prescribed age (Refer Figure 14.3).

Figure 14.3: Reasons for Retirement



Source: ICFAI Research Center

Retirement can be categorized into various types depending upon the reasons for retirement. Let us understand this in detail.

Forced Retirement: When the employee is forced to leave irrespective of age when found guilty in the court of law for breach of service agreement or due to any disciplinary actions against him, it is termed as forced retirement

Premature Retirement: This option is chosen when the employee becomes disabled to carry out his designated tasks.

Aging and change: As the employees age, they resist technological and structural changes which may have an adverse effect on their productivity and motivation and morale as well. This calls for retirement.

Cost of retirement: Across the globe⁸ the cost of recruitment is very high as many Baby Boomer retirements are taking place with organizations losing their experienced professionals and the same can be detrimental if the firm does not have effective succession planning in place.

Concept of voluntary retirement: When employees decide to retire before their terms are over owing to certain incentives given by the employer, it is called voluntary retirement.

⁸ <https://hbr.org/2014/12/whats-lost-when-experts-retire> (accessed on 21/12/21)

Block 3: Strategic Maintenance of Human Resources

Voluntary Retirement Scheme (VRS) is a method used by companies:

- To reduce surplus staff.
- VRS can be used as labor laws in India do not permit direct retrenchment of unionized employees.

VRS applies to an employee who has completed a specific length of service or is above specific years of age.

Benefits to the employer offering VRS:

- Financial liabilities on medical and health insurance premiums of aging employees come down.
- Employees retiring early are replaced by young people who infuse new ideas and are more technology friendly.

Government jobs in the United States are one of the most common examples of voluntary retirement.

- In the USA, voluntary retirement benefits are generally given to government employees.
- Employees in the public sector are generally covered by either the Civil Service Retirement System or the Federal Employees Retirement System.
- Those who have put 20 years of service and are aged 50 are given such benefits.

Example

Pursuing a cost-cutting drive, Tata Motors has come up with the announcement of VRS covering 50% of its 42,500 workforce in December 2020.

Activity 14.1

XYZ Financials Ltd., a financial services company was incurring losses. To arrest the decline in profits, the company decided to cut down the fixed expenses. Subsequently, the company announced its voluntary retirement scheme (VRS). What would be the potential losses to the company if most of its senior employees decide to retire voluntarily?

Answer:

Exhibit 14.1 illustrates SBI's proposed VRS scheme.

Exhibit 14.1: SBI's Proposed VRS Scheme

SBI's proposed VRS scheme "Second Innings Tap-Voluntary Retirement Scheme-2020 (SITVRS-2020)" which was to open on December 1, 2020 with closing on 26th February, 2021, has been shelved as it seemed that it may create a dearth of experienced employees in the key positions if most of the experienced officers opt for SITVRS-2020. The scheme was planned in the backdrop of digitalization and outsourcing.

If the same would have been rolled out, 30,190 employees would have been eligible

Source: <https://www.thehindubusinessline.com/money-and-banking/fearing-vacuum-in-key-posts-sbi-shelves-vrs-plan/article33330664.ece> (accessed on 25th October, 2021)

Separation initiated by employer

The third form of employee separation is initiated by the employer and is known as downsizing or layoffs which involves many employees and is setting off a chain reaction with one firm following another so as to bring about cost cutting.

It is also a fact that many companies also introduced Voluntary Retirement Scheme⁹ (VRS) for downsizing as a consequence of tech up gradation.

Check Your Progress - 1

1. Which of the following is not a valid separation?
 - a. Separation initiated by employees
 - b. Separation initiated by unions
 - c. Separations initiated by employers
 - d. Retirement
 - e. Voluntary retirement
 2. What is the employee's decision to separate before completing his/her tenure due to certain incentives offered by the employer called?
 - a. Voluntary retirement
 - b. Temporary retirement
 - c. Voluntary separations
 - d. Temporary separation
 - e. Downsizing
-

⁹ <http://economictimes.indiatimes.com/definition/voluntary-retirement-scheme> (accessed on 22/12/21)

Block 3: Strategic Maintenance of Human Resources

14.4 Concept of Downsizing

It is essential to study downsizing to know its effects on productivity and efficiency of organizations. The features of downsizing are enlisted below:

- Downsizing is the strategy adapted by organizations to improve an organization's efficiency by reducing the workforce.
- Downsizing does not include termination of employees on the grounds of:
 - Disciplinary action
 - Unethical activities
 - Criminal behavior
- Everyone in the company is affected in some way or the other when a company decides to downsize its number of employees.

Many studies have shown that most of the downsizings are:

- Not well planned
- The firms frequently ignore the linkage between downsizing and the strategic direction of the organization.
- The team underestimates the impact of downsizing on the organization and its human resources.

14.4.1 Objectives of Downsizing

Downsizing activities are undertaken to improve:

- Organizational efficiency
- Productivity
- Competitiveness
- Size of the firm's workforce
- Costs
- Work processes

Downsizing is based on a broader strategic move of the company to control costs or to positively affect long-term profitability.

The usual objectives of downsizing are:

- Reducing overhead costs
- To help firms to steer through desperate market conditions
- To bring about necessary changes in the organizational structure for faster decision-making
- To reduce organizational politics
- To help the firm to resort to outsourcing so that it can lay more impetus on its core activities

14.4.2 Reasons for Downsizing

Companies downsize for more strategic reasons. Firms cite different reasons for downsizing, but some of the common reasons are:

- Business downturn or increased pressure from competitors may lead to the tough decision of downsizing.
- When non-performing units are dropped, the resultant option is downsizing.
- Restructuring as a part of change management may require downsizing.
- Transition from a bureaucratic structure to a more flat structure to ensure flexibility and adaptability calls for downsizing as the span of control increases.
- Adoption of technology and consequent automation leads to downsizing as the redundant jobs are eliminated.
- Mergers and acquisitions may lead to lot of changes in the composition of workforce which may lead to downsizing.
- Declining profits may call for cost cutting which is when the organization may resort to downsizing.
- Sometimes organization may need to eliminate employee deadwood and downsizing appears to be a good option for them in such a situation.

Example

List of companies who downsized their workforce during 2020:

Enumerated are some of the companies that resorted to downsizing in the initial months of outbreak of COVID-19:

- Uber Technologies - 3,700 employees (14% of its workforce) in May 2020
- Lyft - 982 employees (17% of its workforce) in April 2020
- Cure.fit - 10% of its employees in May 2020

Kim Cameron's 3 types of downsizing strategies

The three types of downsizing strategies outlined by Kim can be enumerated as:

Workforce Reductions – It refers to the short-term strategy adopted by the firm to reduce the number of employees through:

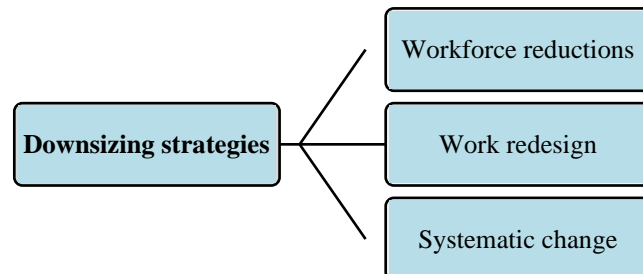
- Early retirement
- Voluntary severance packages
- Layoffs or termination

Work Redesign – This refers to the medium-term strategy in which organizations focus on work processes and assess whether specific functions, products and/or services should be eliminated.

Block 3: Strategic Maintenance of Human Resources

Systematic Change – This refers to the long-term strategy that brings about changes in the organizational culture, attitudes and value systems with the objective of cost reductions and quality enhancement.

Figure 14.4: Downsizing Strategies



Source: ICFAI Research Center

Proactive versus reactive downsizing

Now let us differentiate between proactive and reactive downsizing:

- **Proactive downsizing:** Refers to the downsizing as a part of organizational reengineering or restructuring in line with the overall goals and objectives of the organization so as to bring about a change in the organizational culture.
- **Reactive downsizing:** It is initiated by the organization as a cost-cutting solution to the long-pending economic problems in the organization.

Example

With the advent of technology, a multitude of diverse tasks can be accomplished by a single individual leading to non-linearity between revenue growth and overall headcount. In light of it, IT Major Tech Mahindra announced a cut in its BPO staff by 5,000 in FY 2021.

14.4.3 Process of Downsizing

Downsizing should be a planned change so as to make it effective. It is important to make the process structured and sequential. To embark on a downsizing strategy, planning is essential. The process of downsizing involves the following steps:

- Determining how many people will lose their jobs if downsizing is initiated
- Determining who will go and on what basis:

The criteria need to be determined which may be any of these:

- Seniority
- Performance
- Potential
- A combination of these

Unit 14: Employee Separation and Downsizing

- Determining the method used for reduction:
The various methods used for downsizing may include:
 - Attrition
 - Early retirement
 - Severance
 - Layoffs
 - Termination
- Determining the legal consequences:
Ignoring legal consequences would land the organization in trouble. Care should be taken:
 - To avoid wrongful dismissals
 - To comply with employment standards
 - To ensure proper implementation of collective agreements
 - To ensure protection of human rights
- Designing current and future work plans
- Implementing the decision:
Successful implementation calls for
 - Arrest gossips and rumors
 - Communication of the rationale behind downsizing to all the employees
 - Provide necessary support and facilitation to adopt to the changes that may take place in the organization
 - Provide clear goal expectations so as to improve productivity
 - Improve the motivation and the morale of the employees to accept and voluntarily contribute to the organizational goals.
- Evaluation and control: Continuous monitoring and evaluation to look for the deviation from the objectives determined would help the organization to troubleshoot the problems that they may encounter and make the entire process successful.

The following rules, when followed, would make downsizing a smooth exercise:

Rule 1

- Greater need for communication and coordination during downsizing
- Tools of communication used for improving the effectiveness of the program can be:
 - Mails
 - Corporate intranet
 - Company blog
 - Letters
 - Memos
 - Notices

Block 3: Strategic Maintenance of Human Resources

Care should be taken to keep the communication needs personalized to the employees.

Rule 2

- There is a need to search for various alternatives for downsizing and downsizing as an option should be used as a last choice.
- The rationale for downsizing should be communicated to the employees.

Rule 3

- The organization should formulate fair and just criteria for layoffs.
- The organization should provide right to appeal to the employees against the decision of termination.

Rule 4

- Wherever possible, the organization should try to provide outplacement services to the employees who would require to leave.
- The organization should comply with the legal requirements of employee separation.
- The organization should adequately plan for severance benefits.

Rule 5

- All the required changes in power and positions, post downsizing should be planned and implemented.
- The organization should provide facilitation and support to the survivors to adopt to the new structure.
- The organization should set clear role expectations to avoid confusion and conflicts.
- It is equally important that the organization initiates necessary training and development programs as a part of change management.

Best Practices of Downsizing

To make downsizing meaningful, several precautions are to be taken:

- Downsizing should be initiated from the top
- Workforce reduction must be selective in application and long-term in emphasis
- Special attention should be paid to both those who lose their jobs and to the survivors who remain in the organization
- Decision-makers should identify where inefficiencies and cost exist
- Should result in the formation of small semi-autonomous organizations within the broader organization
- Must be proactive strategy focused on increasing performance

Example

Amid COVID-19, Airbnb was forced to reduce the size of its workforce. The affected Airbnb employees in the U.S. were provided with 14 weeks of base pay, plus one additional week for every year at Airbnb. Tenure was rounded to the nearest year. Twelve months of health insurance was covered through COBRA.

14.4.4 Downsizing – The Choice

There are conflicting results on whether businesses which have downsized, perform better.

Organizations are confronted with two options during downsizing:

- One is a massive lay-off where a large number of employees are axed in one stroke.
- The other is a gradual downsizing down over a period of time.

Impact of downsizing

- The impact of gradual downsizing is mild as compared to massive layoffs.
- When the layoffs are restricted to one department it results in internal politics and lobbying in the organization. In order to avoid such situations, management may resort to across-the-board cuts, wherein jobs in all the departments, irrespective of the size or importance of that department, are cut.
- There is disruption in the working environment of the organization because of downsizing decisions.

The way in which the companies plan their downsizing tells a lot about them. Exhibit 14.2 illustrates how companies resorted to downsizing amid COVID-19 crisis.

Exhibit 14.2: Downsizing amid COVID-19 Crisis

The COVID-19 is giving a tough challenge to many companies with their revenues lowering down and profits evaporating

The companies are left with no choice but to resort to lay-offs for cutting down their overhead cost.

- In May 2020, Uber announced lay-off of 3,500 employees which is about 14% of its workforce. With employees working from home, Uber informed the job-loss casualties over a zoom call that it was their last day at the company.

Contd....

Block 3: Strategic Maintenance of Human Resources

- In 2020, a scooter-sharing startup Bird, fired its employees in “Black Mirror” style in a one-way zoom call informing that they have been laid off and all the other appointments were cancelled. Their slack and other accounts were shut off.
- In mid-2020, Airbnb resorted to downsizing 25% of its workforce. However, CEO Brian Chesky broke the news with the assurance that their severance, equity and healthcare would be adequately taken care of.

Source: <https://www.forbes.com/sites/jackkelly/2020/05/13/uber-lays-off-3500-employees-over-a-zoom-call-the-way-in-which-a-company-downsizes-its-staff-says-a-lot-about-the-organization/?sh=6183ab77251b> (accessed on 25th October, 2021)

Activity 14.2

Stapleton Foods (Stapleton), a fast food major, has been incurring losses for the last six years. In order to contain losses and turnaround the company, it has decided to cut down its employee strength by 20%. What kind of approach should the company adopt in this scenario?

Answer:

14.5 Areas affected by Downsizing

Corporate downsizing serves as a way for a company to maintain profitability levels, but the action often causes negative effects within the workplace¹⁰. It not only affects the employees who leave but also the retained ones.

Following are some of the areas that are affected most by downsizing:

- Employee attitude and morale
- Quality
- Profitability
- Society
- Customer service

14.5.1 Effect on Employee’s Attitude and Morale

Downsizing may have an adverse impact on the motivation and morale of the employees and leads to distrust and dissatisfaction. Hence it is important that the organizations deal with downsizing in a very planned and effective manner.

¹⁰ <http://smallbusiness.chron.com/disadvantages-corporate-downsizing-20390.html> (accessed on 21/12/21)

Transition Syndrome¹¹

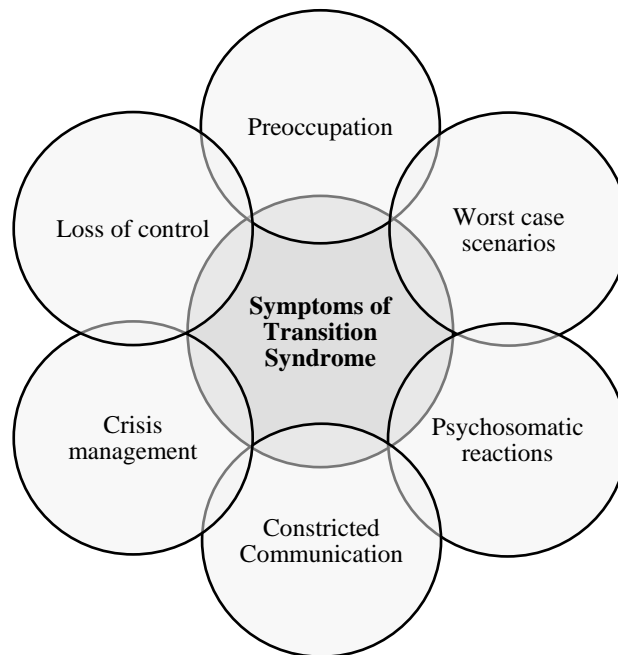
Downsizings also have a lasting impact on employees' perceptions of their workplaces and their career opportunities.

Philip Mirvis and Mitchell Marks, in their research on human responses to major organizational events such as Mergers and Acquisitions and downsizing, have identified transition syndrome.

The transition syndrome describes the set of expected employee responses to a major transition in a company.

Despite a carefully devised downsizing plan, transition syndrome arises. Following are the six symptoms (Refer Figure 14.5) of the transition syndrome that occur in practically every downsizing and have implications for career expectations and progress.

Figure 14.5: Symptoms of Transition Syndrome



Source: ICFAI Research Center

Pre-occupation: This symptom indicates that the employees feel distracted and are preoccupied with personal situations and that would affect their performance.

Worst-case scenarios: This symptom is characterized by the spread of rumors and gossip thus making informal communication dysfunctional.

Psychosomatic reactions: This symptom exhibits increase in absenteeism and missing deadlines are commonly found in the organization.

¹¹ <http://career.iresearchnet.com/career-development/downsizing/> (accessed on 21/21/21)

Block 3: Strategic Maintenance of Human Resources

Constricted communication: This symptom talks about restricted flow of communication which contributes to the creation of air of distrust across the organization.

Crisis management: This symptom is characterized with impairment of perception and judgement which may lead to hasty decisions and career moves.

Loss of control: Uncertainty and insecurity about their jobs may lead to psychological dissatisfaction and exertion among the employees and the same is referred to as loss of control.

14.5.2 Effect on Quality

Downsizing decisions may have an adverse effect on quality as efficient workforce leaves and the other reason can be because of the increase in the workload on the existing employees, there may be a drift in quality. Further downsizing decisions cause a lot of psychological and emotional disturbances which may have an effect on the quality.

Productivity and Creativity Drops

As downsizing disrupts the working relationships between employees and brings about unexpected changes, it may result in change in the organizational climate which may not be conducive for creativity and innovativeness.

14.5.3 Effect on Profitability

Downsizing leads to reduction in overhead costs of payment of salaries and hence it is perceived as an exercise to increase profits but what has to be remembered here is that there is an increase in the cost of severance packages and continued benefits which may hit the profitability.

14.5.4 Downsizing and Society

The societal impact of downsizing cannot be ignored. It may cause reduction in earning, which may lead to physical and psychological health disorders and may elevate social vices as well.

Despite these demerits, downsizing on the brighter side may, in the long run,

- Leads to better person-job fit
- Increases the propensity to take risks
- Facilitates innovation and creativity.

14.5.5 Effect on Customer Service

Downsizing may have an adverse effect on customer service.

- Downsizing leads to a decrease in motivation and morale of the employee.
- It may result in employee dissatisfaction and low engagement levels which would ultimately affect the productivity and customer service.

Check Your Progress - 2

3. Which of the following is not an objective of downsizing?
 - a. Reducing overheads
 - b. Organizational restructuring
 - c. To discipline workers
 - d. Outsourcing
 - e. Concentrating on core activity
 4. Which of the following areas is affected by downsizing?
 - a. Employee service
 - b. Employee attitude and morale
 - c. Employee experience
 - d. Employee career
 - e. Employee goals
 5. Which rule in making the downsizing a smooth exercise includes making the required changes in positions and redirect the employees' efforts?
 - a. Rule 1
 - b. Rule 2
 - c. Rule 3
 - d. Rule 4
 - e. Rule 5
 6. Kim Cameron's 3 types of downsizing strategies include:
 - a. Workforce reductions, work designs & systematic change
 - b. Workforce improvement, work redesigns & systematic change
 - c. Workforce reductions, work designs & unplanned change
 - d. Workforce reductions, work redesign & systematic change
 - e. Workforce improvement, work designs & unplanned change
-

14.6 Concept of Turnover

The rate at which the employees join and leave an organization is called turnover. Employee turnover, according to the *Labor Investigation Committee*, is defined as, "the rate of change in the working staff of a concern during a definite period."

Block 3: Strategic Maintenance of Human Resources

Importance of knowing the reason behind employees' leaving the organization:

- Knowing the reasons for employees leaving the organization would help the organizations to control attrition rate.
- It would help the organization to formulate better retention strategies to keep the employees focused and motivated.
- It would be economical in terms of time, effort and money as it reduces the direct and indirect costs associated with employee turnover.

The cost involved in attrition can be categorized into:

- Hiring costs – Hiring costs refer to the costs incurred in hiring new employees.
- Training costs – Training costs refer to the cost involved in new employee induction and training.
- Other costs that are incurred due to loss of production and man-hours during the period of absence of employee.

Turnover can be categorized as:

- *Functional* when it is beneficial for the organization if the employees leave as retaining them would be a costly affair for the organization
- *Dysfunctional* when the employees whose contributions are significant for achieving the organizational objectives, leave the organization.

14.6.1 Martin Bartol Matrix

The matrix proposed by David Martin (Martin) and Kathryn Bartol (Bartol) can be used for managing turnover.

The essentials of Martin and Bartol's Matrix:

- The matrix takes performance of the employee on the vertical axis and ability to replace on the horizontal axis.
- The matrix splits performance into high, average and low; and the ability to replace into easy and difficult.
- Employees are retained or laid off depending on whether their turnover is functional or dysfunctional.
- When the turnover is dysfunctional or unfavorable for the organization, every effort will be made to retain a particular employee.
- When the turnover is functional or helpful, then the services of the employee will be terminated or he/she will be counseled to improve his/her performance.
- It is very important to develop a second line of employees who are proficient at handling the responsibilities of the separating employees.

Unit 14: Employee Separation and Downsizing

Different strategies are employed for different types of employees depending on their performance:

In case of high performance, company uses retention strategies such as better pay, promotion and training and development

In case of average performance, organization needs to:

- Provide training for filling the performance gaps
- Elevate the motivation and morale of the employees
- Provide effective counselling
- Provide incentives to motivate the employees to improve their performance

In case of employees whose performance is low or below average, organization should:

- Try to encourage and motivate them.
- Provide them with training
- Termination of the employees, however, should be the last choice

The ability to replace depends upon:

- Skills needed for performing the job
- The nature of the job
- Feasibility to adopt job rotation and job enrichment techniques for building a second line of employees
- Provision for avoiding dysfunctional turnover

Example

Based on the score determined by Workforce Logiq¹², the following companies have the best employee retention or lowest employee turnover:

- DuPont
- Honeywell
- Lockheed Martin
- Delta
- Merck
- Amazon

Contd....

¹² <https://www.cnbc.com/2020/02/20/these-are-the-12-companies-workers-dont-want-to-leave.html>
(accessed on 21/12/2021)

Block 3: Strategic Maintenance of Human Resources

- Microsoft
- Intel
- Best Buy
- American Express
- Cisco
- Coca-Cola

Check Your Progress - 3

7. Who among the following management theorists have proposed a matrix for managing turnover?
 - a. Martin and Campbell
 - b. Martin and Bartol
 - c. Nelson and Houghton
 - d. Bartol and Caroline
 - e. Martin and Nelson
8. What costs does an organization incur when there is high turnover?
 - a. Hiring costs
 - b. Training costs
 - c. Costs incurred due to loss of man-hours
 - d. Performance appraisal costs
 - e. Retention costs
9. How do you refer to the term “the rate of change in the working staff of a concern during a definite period.”?
 - a. Employee turnover
 - b. Sales turnover
 - c. Capital turnover
 - d. Asset turnover
 - e. Stock turnover

14.7 Downsizing vs. Outsourcing

The criticism against downsizing is that it would increase the workload of the existing employees. Outsourcing of the peripheral activities provides a solution for such task overload. The reasons for firms going for outsourcing are:

- It is cost effective when provided by the service providers who are experts in that field and can perform the job in a better way.
- When some activities are outsourced, the organizations can concentrate on their core competence.

14.7.1 Downsizing – The Dilemma

Often, organizations are caught in a dilemma, as to whether to reduce manpower or not.

Whenever organizations consider downsizing as an option, care should be taken about the following:

- The rationale for downsizing should be understood and communicated.
- The interests of the employees who are retained needs to be safeguarded.
- It is equally important to consider the interests of the laid-off employees.
- Care should be taken to avoid work disruptions of any kind because of downsizing.

The employees who are retained should be assured of job security so that they remain motivated. Downsizing is successful when:

- It is proactive.
- It is done for achieving better alignment between HR activities and overall organizational strategies.

Example

Dr. Reddy's Laboratories has about 29 small and medium enterprises as their vendors who are their strategic business partners and it transfers processes and technology to the vendors under exclusive agreements. DRL opts for outsourcing as a solution to "make vs. buy" decision. The reason for outsourcing is for freeing its equipment for developing other products. DRL follows a product-oriented approach and follows a strict comprehensive assessment for vendor quality, safety and financial stability.

Check Your Progress – 4

10. Downsizing has a lasting impact on which of the following attributes of employees about their workplaces and their career opportunities?
- a. Attitude
 - b. Emotions
 - c. Perceptions
 - d. Beliefs
 - e. Expectations

14.8 Summary

- Employee separations and downsizing are some of the techniques used by organizations for parting with the employees
- Separation is the process by which an organization or an individual ends his or her employment with that organization

Block 3: Strategic Maintenance of Human Resources

- Separations are basically of three types - separation initiated by employee, separation initiated by retirement and separation initiated by employer (downsizing /layoffs).
- Downsizing is reducing the number of employees in an organization. to improve an organization's efficiency
- Downsizing refers to the process of making people redundant at all hierarchical levels.
- Some of the areas that are affected most by downsizing include: employee attitude and morale, quality, profitability, society and customer service.
- The Martin and Bartol matrix is a good tool for identifying functional and dysfunctional turnover. It also helps in identifying and retaining productive employees.
- Employee turnover is defined as, “the rate of change in the working staff of a concern during a definite period.”
- To balance the ill effects of downsizing, companies sometimes go for outsourcing.
- Firms should have clear objectives and understandable reasons for downsizing, backed up by an effective process (for downsizing) that creates a win-win situation for both the employer and the employees.

14.9 Glossary

Downsizing: Downsizing refers to the process of making people redundant at all hierarchical levels.

Employee Turnover: Employee turnover is defined as the rate of change in the working staff of a concern during a definite period.

Golden Handshake: In certain countries, voluntary retirement is referred to as a “golden handshake.” This comes in the form of a clause in the employee's contract that mandates certain payments in the form of a severance package when the person chooses early retirement.

Layoffs: Layoffs are the termination of employees with or without advance notice and for reasons other than performance.

Transition Syndrome: This process describes the set of expected employee responses to living through a major transition in a company.

Turnover: The rate at which the employees join and leave an organization is called turnover.

Voluntary Retirement: Voluntary retirement refers to a process where employees decide to retire before their terms are over owing to certain incentives given by the employer.

Work Redesign: Medium-term strategy in which organizations focus on work processes and assess whether specific functions, products and/or services should be eliminated.

14.10 Self-Assessment Test

1. Briefly describe the three types of separation.
2. Define downsizing. List the objectives of downsizing.
3. Explain the process of downsizing.
4. Some of the areas that are affected most by downsizing include: employee attitude and morale, quality, profitability, society and customer service. Explain them in detail.
5. Define employee turnover. Explain Martin and Bartol's matrix for managing turnover.
6. Describe the relationship between downsizing and outsourcing.

14.11 Suggested Readings/Reference Material

1. Ananda Das Gupta. Strategic Human Resource Management-Formulating and Implementing HR strategies for competitive advantage, Productivity, Taylor & Francis Group, 2020
2. Armstrong, M, Armstrong's Handbook of Strategic Human Resource Management. 7th edition, London: Kogan Page, 2020
3. Dr. Ravi Kumar K. A text book of strategic human resource management-A guide to action, Notion Press, 2021
4. Gary Rees, Paul Smith. Strategic Human Resource Management. 3rd edition, Sage Publications Ltd., 2021
5. John Storey, Dave Ulrich, Patrick Wright, Strategic Human Resource Management-A research overview, Routledge, 2020
6. Ram Charan, Julia Yang. The Amazon Strategic Human Resource Management, Wiley, 2020

14.12 Answers to Check Your Progress Questions

1. (b) Separation by unions

Employee separations are basically of three types:

Separation initiated by employee, Separation initiated by retirement and Separation initiated by employer (downsizing /layoffs).

Hence, separation initiated by unions is not a valid answer.

2. (a) Voluntary retirement

When employees decide to retire before their terms are over owing to certain incentives given by the employer, it is called voluntary retirement.

Block 3: Strategic Maintenance of Human Resources

3. (c) To discipline workers

Reducing overheads, organizational restructuring and outsourcing are objectives of downsizing. Disciplining workers is not an objective of downsizing. Hence, option a, b, d, e are incorrect. Option c is the correct answer.

4. (b) Employee attitude and morale

Following are some of the areas that are affected most by downsizing:

- Employee attitude and morale
- Quality
- Profitability
- Society
- Customer service

5. (e) Rule 5

Rule 5 of making downsizing a smooth exercise includes, making the required changes in positions and redirecting the employees' efforts.

6. (d) Workforce reductions, work redesign & systematic change

Kim Cameron's 3 types of downsizing strategies include: Workforce reductions, work redesign & systematic change

7. (b) Martin and Bartol

Management theorists who proposed a matrix for managing turnover are Martin and Bartol.

8. (d) Performance appraisal costs

There are a number of costs involved when there is a high turnover of employees.

Hiring costs - The costs incurred in hiring new employees.

Training costs - The costs incurred in training new employees.

Loss of production and man hours during the period of absence of employees. Hence, option (d) is correct.

9. (a) Employee turnover

Employee turnover is defined as, "the rate of change in the working staff of a concern during a definite period."

10. (c) Perceptions

Downsizings also have a lasting impact on employees' perceptions of their workplaces and their career opportunities.

Strategic Human Resource Management

Course Components

Block 1: Strategy and Human Resource Management	
Unit 1	Strategic Human Resource Management - An Overview
Unit 2	Importance of Aligning Human Resources to Strategy
Unit 3	Strategic Aspects in International Human Resource Management
Unit 4	Evidence Based Human Resources and Human Resources Information System
Block 2: Strategic Human Resources Management - Implications for Organizations	
Unit 5	Redesigning Work Systems
Unit 6	Human Resource Forecasting
Unit 7	Strategic Acquisition of Human Resources
Unit 8	Strategic Implications of Training and Development
Unit 9	Performance Management and Evaluation
Unit 10	Compensation and Strategic Human Resources Management
Unit 11	Strategic Challenges for Leadership
Block 3: Strategic Maintenance of Human Resources	
Unit 12	Strategic Issues in Employee Safety, Health and Labor Relations
Unit 13	Career Management
Unit 14	Employee Separation and Downsizing
Block 4: Emerging Trends and Challenges for Human Resources	
Unit 15	Mergers and Acquisitions (M&A)
Unit 16	Outsourcing and Legal Implications
Unit 17	Ethical issues in Strategic Human Resources Management
Unit 18	Strategic Human Resources Challenges