

00469

MANAGEMENT PROGRAMME

Term-End Examination

December, 2010

MS-23 : HUMAN RESOURCE PLANNING

Time : 3 hours

*Maximum Marks : 100
(Weightage 70%)*

Note :

- (i) *There are two Sections A and B.*
- (ii) *Attempt any three questions from Section - A. All questions carry 20 marks each.*
- (iii) *Section - B is compulsory and carries 40 marks.*

SECTION - A

1. Define the process of career planning. Distinguish it from succession planning. 20
2. What is competency mapping. Briefly discuss the approaches with competency mapping. 20

3. Explain any two methods of performance appraisal, and their advantages and disadvantages. 20
4. What is Human Resource Audit. Discuss the essential steps in auditing. 20
5. Write short notes on *any three* of the following: 20
- (a) Orientation.
 - (b) Placement process.
 - (c) Job evaluation.
 - (d) Potential appraisal.
 - (e) Helping dislocated employee.

SECTION - B

6. Read the case and answer the questions given at the end:

40

Alpha Co. Ltd. was started about a decade ago. The location of the plant was based on its present and future requirements. The optimum conditions for this company could be spotted only in an isolated place and hence the plant was situated in a quiet rural area far away from any industrial belt. The nature of process is such that workers are subject to only indirect supervision. Therefore, the final output of the company is dependent on the integrity of individual employees.

The plant has a total work-force of about 2,600. Of this, five per cent are managerial, five per cent are supervisory, and the rest are workmen and office staff. The bulk of the workers are from the neighbouring areas of the plant. Since many of the employees had no industrial background, they were given pre-job training before being put on their jobs. The turnover of employees is very low. The majority of the workers have been with the company since its inception.

The company has four major divisions: Production, Services, Laboratory, and Administration. In Production, there are four

sections concerned with the process or the stage of production. In Services, there are four sections: Mechanical, Maintenance and Workshop, Civil, Electrical and Fluids. Administration consists of Personnel Marketing, Purchase and Stores. The Managing Director is the Chief Executive of the company to whom the heads of the division report directly. Executive decisions are made on the advice of the heads of divisions.

Job Evaluation Study and Wage Survey

Some employees in Service Department felt that they were not being paid commensurate with the skills required for their jobs, and hence started an agitation. Till then, there was no union worth mentioning in the plant. There was one union, but it did not have any activities nor any sizable membership. Subsequent to the agitation in the Services Department, a new union emerged. It was being led by the workers of the Production Department. It submitted a charter of demands to the management demanding, inter alia, equal wages for equal jobs; according to it, many of the skilled jobs were being paid wages applicable to unskilled jobs. The Managing Director suggested that any wage structure without a scientific basis would not help anybody. The union accepted the suggestion and asked him to formulate a rational

wage structure. Both the union and the management agreed to have a wage structure based on work study and job evaluation.

Accordingly, they submitted a Memorandum of Settlement under Section 12(3) of the Industrial Disputes Act, 1947, to the Government Labour Officer, according to which the management was to engage a consultancy agency to carry out manpower studies, work study, job evaluation, and a wage survey. It also envisaged that an interim payment would be given to certain categories of employees pending the consultancy agency. Then the company engaged a consultancy agency. The consultants, before they started the studies, had a meeting with the union and the management at which the following points were agreed to:

- (1) The consultants would carry out studies of job evaluation and wage survey for all workers, office staff, and supervisory personnel. These would be preceded by a study to ascertain the optimum manpower required by the company.
- (2) The union and the management would give full cooperation to the consultants.
- (3) There would be no retrenchment of staff nor any reduction in the present emoluments, while implementing the consultants recommendations.

- (4) The management would implement the recommendations of the consultants in toto.

The consultants took up the job evaluation study and submitted their report within a year. The report was discussed between the union and the management, and both parties accepted the recommendations on a new wage structure.

The management started to implement the consultants' recommendations. At the implementation stage many problems had to be solved. The job positions, according to the consultants, had to be different from the existing ones in terms of their relative worth. Seniority being the underlying principle, it was not acceptable to anyone that a junior man should be paid more than his senior. In fact, the rules of the company did not allow for this. Retaining the people in the jobs they were doing before the implementation of the recommendations would have meant disturbing the principle of seniority by allowing a junior to get a higher wage than his senior. Hence it was decided not to adopt the policy of "as is where is" placement of men on jobs. It was decided to place employees in a common category of jobs on the basis of their seniority in order that the seniormost in that category would get the highest job whether or not he fulfilled the requirements of the job.

An agreement was reached between the recognised union and the management

to implement the report in full. In the meantime, a section of the employees, particularly those in the Laboratory and some in the Production Department, whose job after evaluation had gone down in ranking, expressed doubts about the validity of the report. This dissatisfaction gradually gained momentum. Some of the leaders of the recognized union who had signed the agreement for the study of job evaluation also joined the dissatisfied group. They deserted the recognised union and joined the other union which was ignored all along. Thus, the minority union gained strength with the addition of the dissatisfied workers to its ranks. It started propagating among the workers against the new wage structure. Then every employee started to compare what benefits others got under the new wage structure. Each union wanted to establish its supremacy and brought pressure on the management to achieve its own ends. The unions also felt that the support of the ruling party would help them in achieving their goal. Therefore, they made feverish attempts to get the ruling political party interested in them. The recognised union succeeded in its efforts. But while one faction of the union demanded the immediate implementation of the new wage scales, another faction wanted its revision. This resulted in severe inter-union rivalry.

In view of the Memorandum of Settlement filed with the Government Conciliation Officer, the new wage structure had got to be implemented. If it was implemented, the restlessness of the dissatisfied section of the employees would increase. A general wage increase for all employees was also not possible because the employees who would derive benefit from the new wage structure would come up with representations that the other employees whose wages were rated low were also being paid on par with them, and therefore, they should be paid more to maintain the differential. If this were agreed to, the other section of the workers would agitate for further increase. Thus, the whole idea of having a rational wage structure had fallen into a vicious circle.

Questions:

- (a) Identify the main issue in this case.
- (b) What should have been the policy of management in regard to wage and salary administration?
- (c) Does job evaluation help in determination of an equitable and fair wage structure?