

Resource Management\* Resource Management :-

In Organizational Studies, resource management is the efficient and effective development of an organization's resources when they are needed. Such resources may include financial resources, inventory, human skills, production resources, & information Technology.

\* Human Resource Management :-

Human Resource management is a managerial function which facilitates the effective utilization of people in achieving the organizational and individual goals.

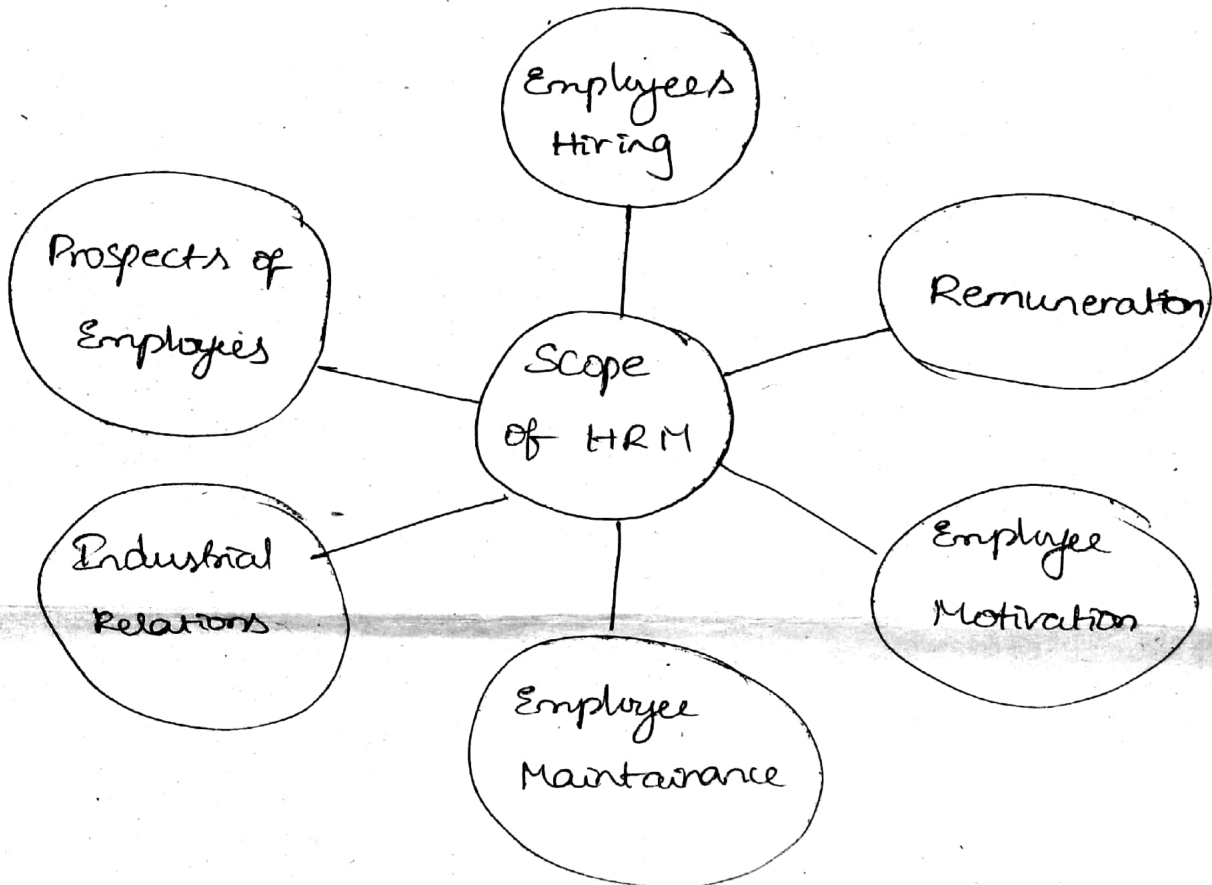
Simply, HRM is a management function that helps the managers to recruit, select, train and develop the organizational members for the purpose of achieving the stated organizational goals. It focuses on people in the organisation.

Definition :-

According to Edwin B. Flippo, "HRM is the planning, organising, directing and controlling

of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organisational and social objectives are accomplished.

### Scope of HRM



### Objectives of HRM

- (1) To help the organization to attain its goals effectively and efficiently by providing competent and motivated employees.
- (2) To utilize the available human resources effectively.
- (3) To increase the job satisfaction and self-actualization of the personnel by encouraging them to realise their potential.

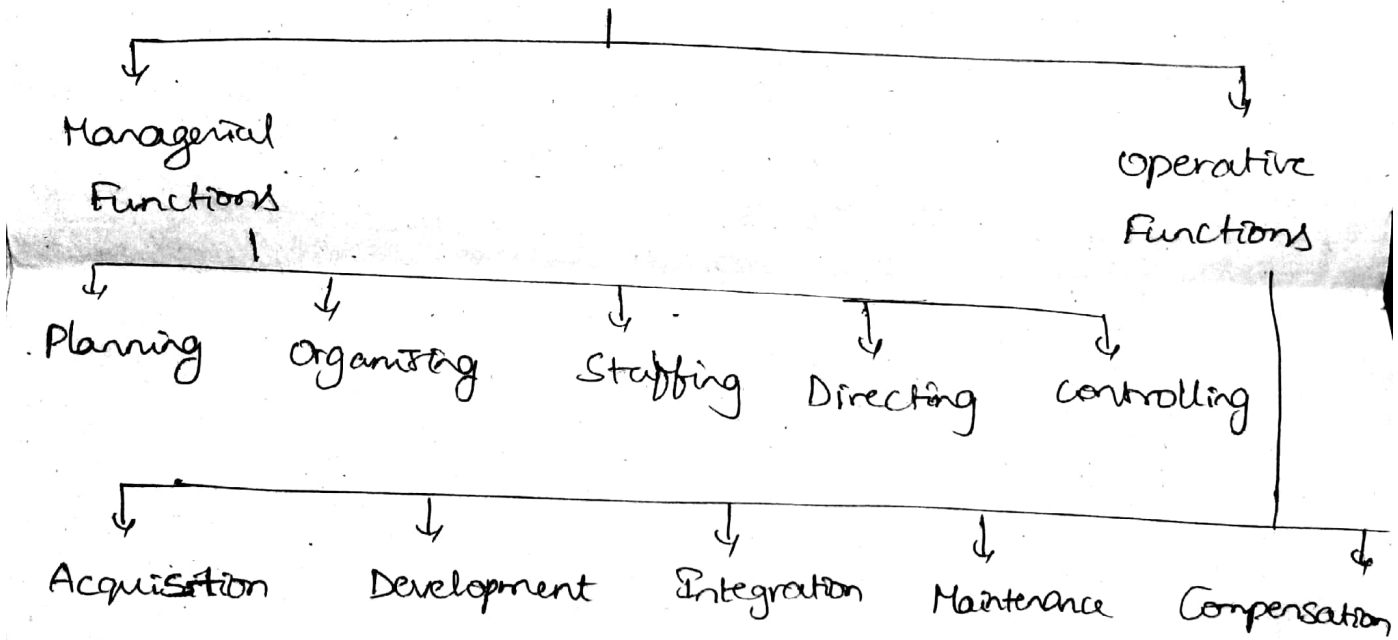
(4) To help maintain ethical policies and behaviour inside and outside the organisation.

(5) To establish and maintain cordial relations between employees and management.

(6) To reconcile individual / group goals with organizational goals.

### \* Functions of HRM

#### Functions of HRM



#### (1) Managerial Functions —

- (a) Planning
- (b) Organising
- (c) Staffing
- (d) Directing
- (e) Controlling

(a) Planning — Planning is a predetermined course of action. It is concerned with determining organizational goals and formulating the policies and

Procedures for attaining those goals.

(b) Organising — Organising is the method of achieving the planned task. It is the process of allocating the jobs in the direction of achieving goals.

Organising includes the activities like allocation of tasks to the sub-ordinates, Establishing departments, delegation of authority, Establishing channels of communication, Co-ordination of work and ~~See~~ so on.

(c) Staffing — Staffing refers to filling the position in the organisation with the right people.

(d) Directing — The next step is the execution of the plan. In other words, It is the process of activating and co-ordinating the individual and group efforts in order to achieve the goals and objectives. It includes the activities like getting things done with sub-ordinates, motivating the sub-ordinates etc.

(e) Controlling — Controlling is the process of checking the performance to confirm whether the activities are going according to the plans made. Controlling involves the activities like setting performance standards, checking and verifying etc.

(2) Operative functions — The operative functions are the functions related to particular department & section. Effectively performed operative functions of HRM ensure placing right people on the right jobs at the right times.



The operative functions include activities like, ③

- (a) Acquisition
- (b) Development
- (c) Integration
- (d) Maintenance
- (e) Compensation

(a) Acquisition :- Acquisition involves acquiring right kind of people and placing them in right position in tune with organizational requirements. It includes these activities,

- \* Job Analysis
- \* Human Resource planning
- \* Recruitment
- \* Selection
- \* Induction
- \* Transfer
- \* Promotion and Demotion

(b) Development :- Development is the process meant to improve the knowledge, skills, aptitudes and values of employees so that they can better contribute to their job. It includes the following activities:

- \* Performance Appraisal
- \* Training
- \* Career planning and Career Development

(c) Integration :- Integration is the process of reconciling and reuniting the organizational goals with its members.

It includes like,

- \* Motivation
- \* Job satisfaction
- \* Collective Bargaining
- \* Employee participation
- \* Discipline

(d) Maintenance ← Maintenance includes the activities

like, \* Organizational Health

\* Human Resource Audit

\* Human Resource Accounting

(e) Compensation ← Compensation includes the determi-

-nation of wages and salaries matching with contri-

-bution made by the employees to achieve organi-

-zational goals. It includes the activities,

\* Job evaluation

\* wage and salary Administration

\* Incentives

\* Bonus

\* Fringe benefits

# Personnel Management :-

Personnel Management is a process of managing people and enabling them to contribute their best for the attainment of organizational growths.

## Definitions :-

According to Fleppo, "Personnel management is the planning, organising, compensation, integration and maintenance of people for the purpose of contributing to organisational, individual and societal goals."

According to Brech, "Personnel Management is that part which is primarily concerned with human resource of organization."

## Nature of Personnel Management :-

- (1) Managing people.
- (2) Concerned with employees
- (3) Helping employees
- (4) Universal Application.

(1) Managing people :- It is concerned with managing people at work. It does not manage only organized or unorganized workers in the organization, but ~~is~~ everyone working in the enterprise.

(2) Concerned with employees :- It deals with employees both as individuals as well as in groups. The aim is to motivate people for getting best results from them.

(3) Helping Employees - The employees are helped to develop their talent fully by providing them appropriate opportunities. This will give them job satisfaction and may improve their performance at work.

(4) Universal Application - It may be used every-where and in every type of organization. It is equally useful in a government, semi-government, non-profit organizations.

### Objectives of Personnel Management

- (1) To procure right type of people for right jobs.
- (2) To train and develop human resources.
- (3) To establish good working relationships.
- (4) To ensure satisfaction of the needs of the employees.
- (5) Desirable working relationship between employer and employees.

### Functions of Personnel Management

- (1) Managerial Functions
- (2) Operative Functions.

# Functions of Personnel Management

## Managerial Functions

- (1) Planning
- (2) Organizing
- (3) Directing
- (4) Controlling

## Operative Functions

- (1) Procurement of employees
- (2) Development
- (3) Remuneration
- (4) Working conditions
- (5) Coordination
- (6) Maintenance of personnel.

# Difference between Human Resource Management and Industrial Relations.

## HRM

(1) HRM involves two parties i.e., Employee and Employer.

(2) In HRM, grievance and disciplinary procedures are used for solving the Employer, Employee issues.

(3) The individual Employee has an easy access over its Superior.

(4) Formulations of objectives, policies, procedure and Programs of human resources and implement them.

## Industrial Relations

(1) Industrial relations involves four parties i.e., Employees, Employer, trade unions and government.

(2) Collective bargaining and different types/forms of industrial conflicts are used for solving the problems.

(3) The individual Employee can directly contact the top level management.

(4) The implementation of HRM policies results in IR (Industrial Relations).



# Industrial Relations :-

(6)

Industrial relations refers to the relationship between the employers and the employees in an organization. Human relations in industry refers to the develop a sense of responsibility in the workers.

Industrial relations are regulated by laws or by agreement between the trade unions and the employers.

## Definition :-

According to Dale Yoder, The term "Industrial relations" has been described as relationship between employers and employees & among employees and their organization that characterizes or grows out of employment.

## Scope and Aspects of Industrial Relations :-

- (1) Development of healthy labour - management relations.
- (2) Maintenance of industrial peace and avoidance of industrial strikes.
- (3) Development of Industrial Democracy

(1) Development of healthy labour - management relations :- Existence of strong, well organized, democratic and responsible trade unions in the industry. These enhances job security of

Employees, helps in increase workers participation in decision making.

(2) Maintenance of Industrial Peace - To establish industrial peace ~~with~~ the following privileges are to be followed.

(a) Machinery for the prevention and settlement of Industrial disputes i.e,

\* legislative and administrative enactment.

(i) Trade Union Act

(ii) The dispute Act

(iii) The Industrial Employment Act

\* Works Committee and joint management Council.

\* Boards of conciliation.

\* Labour Courts, Industrial Tribunals

(b) Government should have the power to refer the dispute to adjudication.

(c) Government enjoys the power to maintain status.

(3) Development of Industrial Democracy

Industrial democracy is that the labour should receive the right to be associated with the running of the industry.

\* Establishment of joint management.

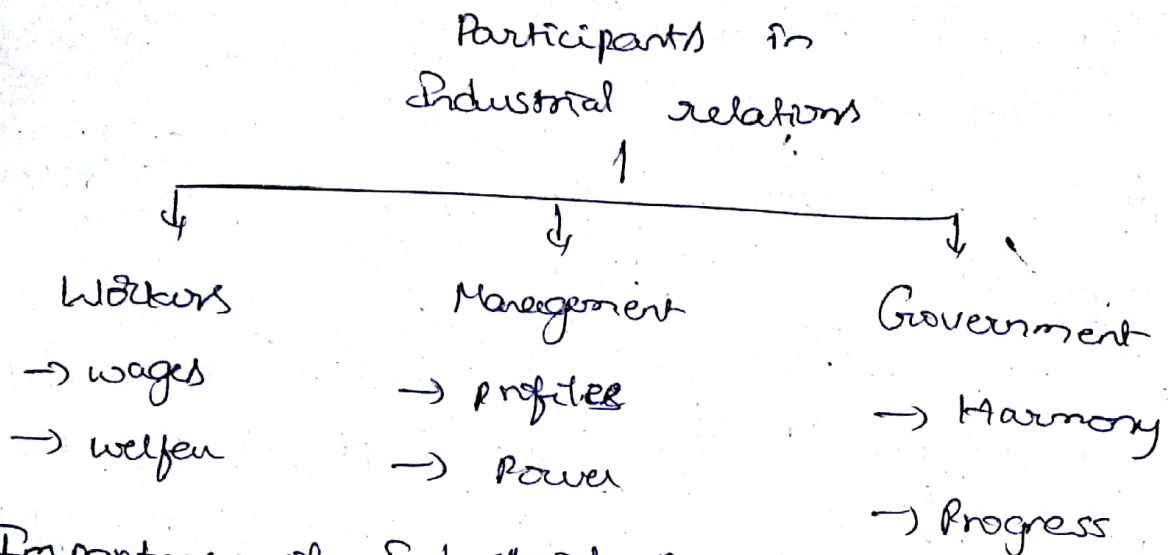
\* Recognition of human rights in industry.

\* Increase in labour productivity.

\* Material and social environment.



# Participants in Industrial Relations



## Importance of Industrial Relations:

- (1) To avoid industrial conflicts and develop harmonious relation.
- (2) To raise productivity to a higher level.
- (3) To Establish and maintain Industrial democracy based on labour partnership.
- (4) To bring down strikes, lockouts by providing better and reasonable wages and improve living conditions.
- (5) To bring out government control over loss making units.

## Difference between Personnel Management and Human Resource Management

<u>Personnel Management</u>	<u>HRM</u>
(1) Personnel management is the management of people employed.	(1) HRM is the management of employees skills, knowledge, abilities, talents, aptitude, Creative abilities etc.

- (2) Employee in personnel management is viewed as a commodity.
- (3) It consist Traditional approach.
- (4) Personnel management is a daily routine administrative function.
- (5) Personnel function is only auxiliary.
- (6) It consist Transactional Role.
- (7) Personnel management believes that job satisfaction will lead to improved performance.
- (2) Employee in HRM is considered as a resource.
- (3) It consist modern approach.
- (4) HRM is a developmental process of the workforce over long period.
- (5) HRM is a strategic management function.
- (6) It consist Transformational Role.
- (7) HRM approves that good performance will lead to high morale and satisfaction of employees.



## Job Evaluation :-

Job Evaluation refers to a systematic way of determining the value or worth of a job in relation to other jobs in an organization.

It tries to make a systematic comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure.

Job Evaluation begins with job analysis and ends at the point of determination of worth of a job.

## Importance of Job Evaluation :-

- (1) It helps to rate the job.
- (2) Job Evaluation helps to determine pay structure.
- (3) It helps in bringing harmonious relation between labour and management.
- (4) It helps to minimize the cost of recruitment and selection.
- (5) It helps to differ job other than skills.
- (6) It helps to determine the requirement of training and development.

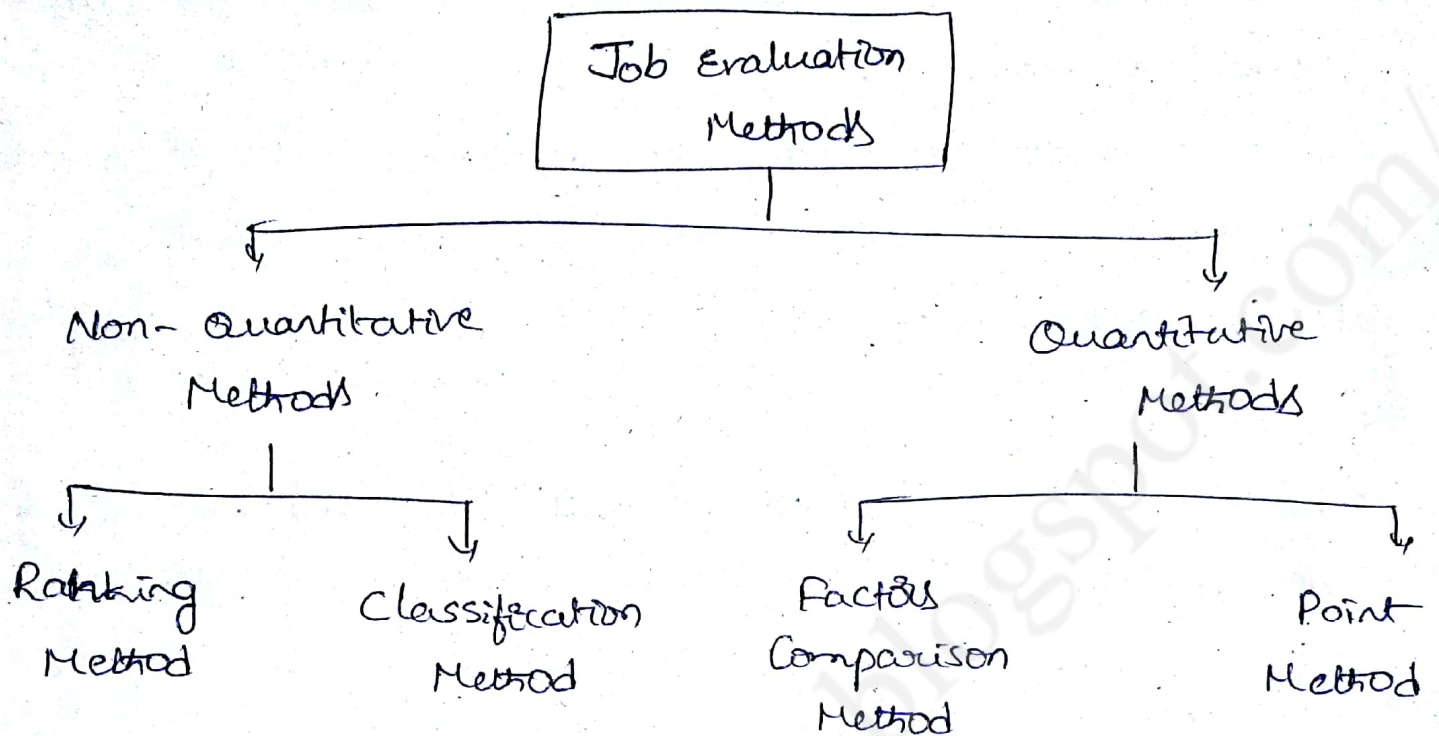
## Features of Job Evaluation :-

- (1) It tries to assess job, not people.
- (2) <sup>Basis</sup> Standards of Job Evaluation is job analysis.
- (3) Standards of Job Evaluation is relative, not absolute.



~~Ready~~  
(4) It carried on by groups not individuals.

## Methods of Job Evaluation (Types)



### (1) Non-quantitative Methods

#### (a) Ranking Method

- As per this method, jobs are arranged from highest to lowest, in order of their values & merit to the organisation.
- Jobs can also be arranged according to the relative difficulty in performing them.
- The job at the top has the highest value and job at the lowest has the lowest value.
- Jobs are arranged in each department and then department ranking are combined to develop an organisation ranking.

Advantages

- (1) Simple to understand and practice.
- (2) Best suited for small organisation.
- (3) It is less time consuming.
- (4) It does not involve expenses.

Disadvantages

- (1) Ranks are highly subjective in nature.
- (2) Rankings are difficult to develop in large, complex organisation.
- (3) It is an unscientific method of evaluating the jobs.

(b) Classification Method

→ The job classification method sometimes called as "Grade - Description Method" consists of sorting all the jobs being evaluated into grades or classes which have been decided in advance and arranged in order of importance.

As per this method, a predetermined group of jobs are assigned to their classification.

Class	Rank	Employees
Class 1	Executives	office managers, Deputy office manager, office Superintendent etc.
Class 2	Skilled workers	Purchasing Assistant, Cashier, Receipts clerk etc.



Class 3	Semi skilled workers	stenotypists, Machine-operated etc.
Class 4	Less skilled workers	Daftaris, File clerks, office boys etc.

### Advantages :-

- (1) ~~It~~ It is relatively easy to install the method.
- (2) Grading of new jobs becomes easy.
- (3) Employees can easily understand the system.

### Disadvantages :-

- (1) This may not be useful for large organizations.
- (2) It is difficult to grade the complex jobs in an organization.
- (3) It is time consuming unmanageable.

## (2) Quantitative Methods :-

### (a) Factor Comparison Method :-

\* Under this method, instead of ranking complete jobs, each job is ranked according to a series of factors. These factors include mental effort, physical effort, skill needed, responsibility, working conditions etc.

\* Pay will be assigned in this method by comparing the weights of factors required for each job.

\* wages are assigned to the job in comparison to its ranking on each job factor.



Advantages:-

- (1) This results in accurate Evaluation of the job.
- (2) It utilizes few factors and thereby reduces overlapping.
- (3) Evaluation of new jobs becomes Easy.

disadvantages:-

- (1) It is a very expensive process to install.
- (2) It is difficult to understand and to Explain to the employees as it is complicated.

(b) Point Method:- The point rating method is most commonly used in industries. It uses rating scales to measure a specific job characteristics or factors which are common in many jobs. The factors may be the educational qualifications, experience, responsibility etc.

Each of these factors are assigned a certain number of points on the basis of relative worth, as compared to other factors. The total of such points establishes the point value of the job.

Advantages:-

- (1) It is effective and more reliable.
- (2) It is easy to understand.
- (3) once the scales are developed, they can be used for a long time.
- (4) Jobs can be easily placed in distinct categories.

## Disadvantages

- (1) A lot of expenditure is required for the development and installation of the system.
- (2) It is a ~~to~~ time-consuming and difficult task.
- (3) It is difficult to determine the factor levels within factors and assign values to them.

## Merit Rating

Merit rating is the process of determining the relative merit of the person on a given job. The performance of an individual is constantly evaluated in an organization for the purpose of promotion, demotion, separation, rewarding and transfer etc.

### Objectives of Merit Rating

- (1) To recognize and reward the employees by determining their worthiness.
- (2) Evaluating the performance regularly in order to decide the promotion, transfer or demotion.
- (3) Identification of training needs.
- (4) To enhance the creativity in individuals.
- (5) To guide the employees who lack in their performance.
- (6) To judge whether the employee is suitable for the given task.



# Merit Rating Methods

(11)

## Merit Rating Methods

### Traditional Methods

- (1) Straight Ranking Method
- (2) Paired Comparison Method
- (3) Man to man Comparison Method
- (4) Grading Method
- (5) Graphic Scale Method
- (6) Check list Method
- (7) Selection of Critical incident
- (8) Descriptive Evaluation Method
- (9) Group appraisal Method
- (10) Interview Method.

### Modern Methods

- (1) 360° Appraisal Method
- (2) Behaviorally anchored rating Scales
- (3) Management By Objectives (MBO)
- (4) Assessment Centers

## (I) Traditional Methods

(1) Straight Ranking Method — In the straight ranking method, the rater ranks the Employee in order of their merit with the best on the top and poorest Employee at the bottom of the ranking table. This method is best suited where the number of Employees are less.

(2) Paired Comparison Method — As the name

indicates Each person is compared with other person in pairs. Each Employee is paired with other employees working on similar type of jobs, the result of these decisions are tabulated and a rank is allotted from the number of times each person is considered to be superior.

(3) Man to man Comparison Method — It is commonly called "Factor Comparison Method". Under this method, certain factors such as leadership, initiative, dependability, reliability etc., are selected. Thereafter a five point master scale is designed to each factor by the rates. The five point scale would be excellent, good, satisfactory, average and poor and the weightage could be 5, 4, 3, 2 and 1, respectively.

The individual weightage of each factor are added upto judge the relative merit of each employee.

(4) Grading Method — In this method, the actual performance of each employee is compared with the grades established and the person is allocated to the grade which best describes his performance. The grades may be such as: excellent, very good, average, ~~poor~~ poor, very poor etc.

(5) Graphic Scale Method — In this method (12)  
there  
are two types of factors.

(a) Employee Characteristics

(b) Employee Contributions

Each of these factors will have three to five degrees. The indications are recorded and rest is similar to person to person comparison method.

(6) Check List Method — In this technique the Supervisors are provided with printed forms containing descriptive questions about the performance of workers. The Supervisor has to answer in yes or no. After putting answers to these questions the forms are sent to personnel department where final rating is done.

Various questions in the form may be weighted equally or certain questions may be given more weightage than others.

The check list may contain such questions —

- (1) Is the employee hard working? (Yes/No)
- (2) Is he regular on the work? (Yes/No)
- (3) Does he obey instructions well? (Yes/No)

(7) Selection of critical incident — This method measures worker's performance in terms of certain events & incidents that occur in the course of work. The assumption in this method is that

the performance of an employee / worker on the happening of critical incidents determines his failure or success.

(8) Descriptive Evaluation Method — In this method, the rater prepares a consolidated report describing the performance of the employee on the job. The report reflects the personality, behaviour, quantity and quality of work performed by the employee. The report is prepared by rater purely by observation.

(9) Group Appraisal Method — In this method, the rating is made by a group of supervisors who sit together and evaluate the performance of the employee.

(10) Interview Method — In this method, instead of directly interacting with employees, the experts from personnel department interview the concerned supervisor to obtain all the information about each employee and also ask them about the possible methods of improving performance of employees.

## II Modern Methods

(1) 360° Appraisal Method — It is a method where an employee is appraised by all the parties around him i.e., his superiors, subordinates, peers, customers, clients and by himself.



(2) Behaviourally Anchored Rating Scales - (BARS)

It can be used as a substitute for traditional methods of performance appraisal.

BARS method involves the following steps.

- (i) Identify critical incident / events.
- (ii) Group the identified incidents into various performance clusters.
- (iii) Reassign the actual critical events.
- (iv) Rate the incident
- (v) Create a subset of incidents for each cluster.

(3) Management by objective (MBO) - Management by objective method was developed by Peter

Drucker and it is also known as appraisal by results or evaluation by outcomes method. It is the process wherein objectives to be attained are set by both superiors and subordinates together and proper direction is laid down to achieve such objectives.

(4) Assessment Center - In this method, superiors are asked to come together at one particular place called as assessment center and undertake various activities which are similar to the activities they take-up in their job.

Usually, assessment center method is used to decide whether an employee is to be promoted or demoted.

# Difference between Job Evaluation and Merit Rating

## Job Evaluation

- (1) It is a technique by which different jobs of an enterprise are evaluated.
- (2) This process is started after the appointment of an employee.
- (3) It is related with the relative study of different jobs.
- (4) In the process of job evaluation, the performance of an employee is evaluated by comparing it with the performance of another employees of equal rank and status.
- (5) In the process of job evaluation, the remuneration of an employee is determined.

## Merit Rating

- (1) Merit Rating is the process by which the ability, efficiency and potentiality of an employee are evaluated.
- (2) This process of Merit Rating is started before the appointment of employees.
- (3) It is related with relative study of different employees.
- (4) In the process of Merit Rating, the ability, efficiency and the potentiality of an employee are evaluated.
- (5) In the process of Merit Rating, the remuneration of an employee is determined on the basis of his efficiency, ability and potentiality.

## Wage incentive plans

(19)

Wage incentive refers to performance linked compensation paid to improve motivation and productivity. It is the monetary inducements offered to employees to make them perform beyond the acceptance standards.

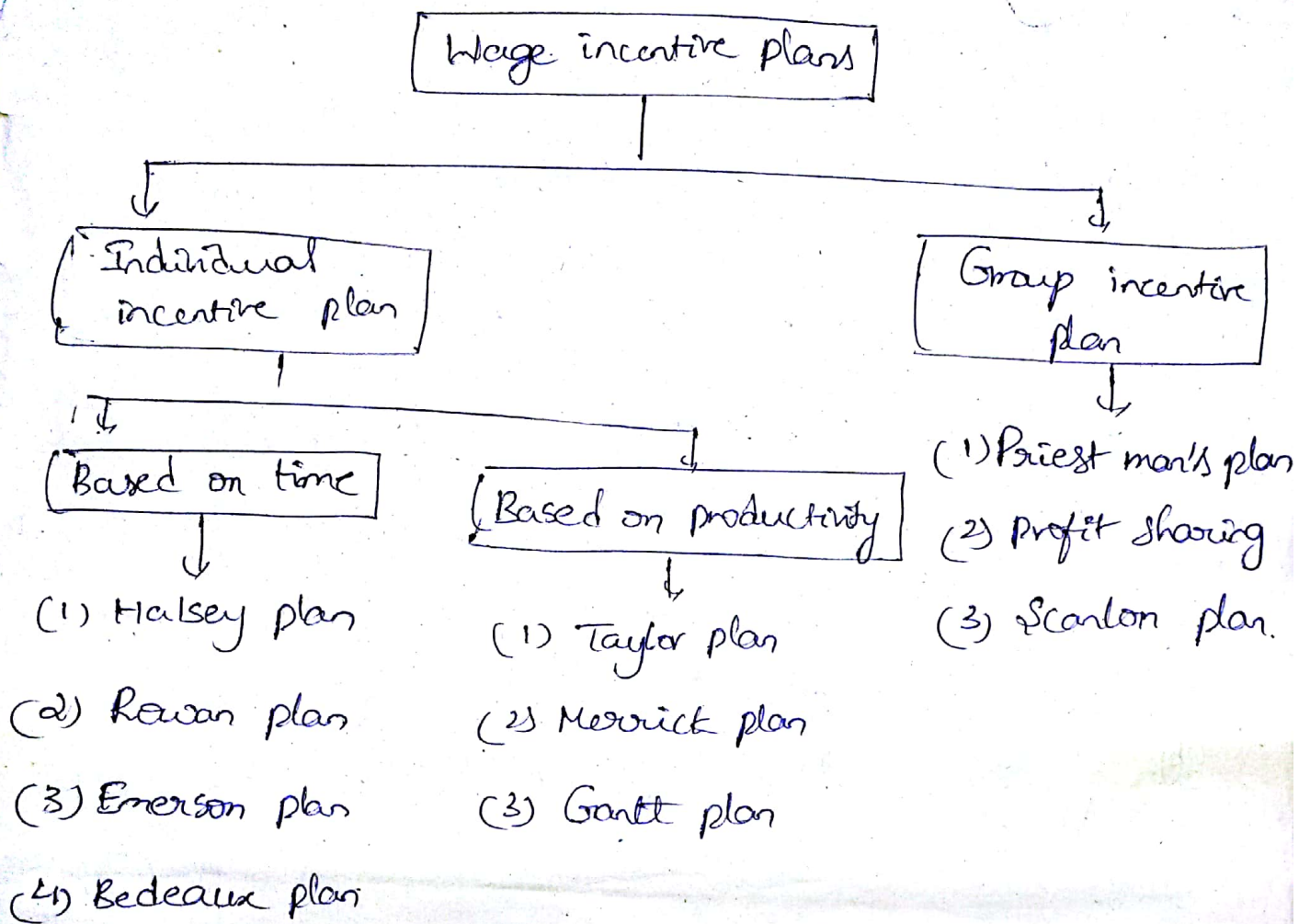
According to Human and Nickerson define it in simple terms as "all the plans that provide extra pay for extra performance in addition to regular wages for a job."

### Objectives of wage incentive plans

- (1) To use wage incentives as a useful tool for securing a better utilisation of manpower, better productivity & scheduling and performance control, and a more effective personnel policy.
- (2) To improve the profit of a firm through a reduction in the unit costs of labour and materials or both.
- (3) To increase a worker's earning without dragging the firm into a higher wage rate structure regardless of productivity.
- (4) To avoid additional capital investment for the expansions of production capacity.



## Types of wage incentive plans



(A) Individual incentive plan — It may either be time based or production based.

(i) The time based individual incentive plans are:

- (1) Halsey plan
- (2) Rowan plan
- (3) Emerson plan
- (4) Bedeaux plan

(1) Halsey plan — under Halsey plan minimum wages are guaranteed to every worker. A standard time is fixed for the workers. If the workers finish the work before standard time they are given bonus. But no penalty if they fail to do that.



The total wage of the worker is given by the following formula. (15)

$$\text{Total wages (W)} = T \times R + (P/100)(S - T) \times R$$

Where,

T = Actual time taken to complete the job.

R = Rate in hours

S = Standard time.

P = Bonus

(2) Rowan plan — The Rowan plan is very much similar to the Halsey plan. Firstly, it guarantees a minimum base wage. Secondly, the output standards are based upon the past records of production. Lastly, the bonus is given on the time saved.

The workers wage is given by the following formula,

$$W = R \times T + \left( \frac{S - T}{S} \right) \times R \times T$$

where,

R = wage rate in hours

T = Actual time taken to complete the allotted task.

S = standard time or allowed time.

(3) Emerson plan — The Emerson's efficiency plan also provides a guaranteed base wage to the worker. A worker with 67% - 100% efficiency

Can earn ~~increase~~ incentive from 0 to 20%. If the efficiency of worker is 100%. then for every 1% increase in output, there is 1% increase in incentive of worker.

(4) Halsey plan — This plan is developed by Charles E. Halsey in 1911. Here the minimum time wage is guaranteed to all workers. The workers who complete the job within or more than the standard time are paid at the normal time rate. Worker who complete the job in less than the standard time are paid bonus, generally 75% of the wage for the time saved and 25% to the foreman.

$$W = S \times R + 75\% \text{ of } R (S - T)$$

Where,

$S$  = standard time

$R$  = Rate in hours

$T$  = Actual time taken to complete the job.

(ii) Based on productivity —

(1) Taylor plan — This system was introduced by Taylor, the father of scientific management. The main characteristics of this system are that two rate of wage one lower and one higher are fixed.

A lower rate for those workers who are <sup>(16)</sup> not able to attain the standard output within the standard time; and a higher rate for those who are in a position to produce the standard output within or less than the standard time.

### Advantages:

- (1) Provides incentives to efficient worker.
- (2) Inefficient worker is penalized.
- (3) This system is simple and easy to implement.

### disadvantages:

- (1) Minimum wage is not ~~so~~ assured.
- (2) There are chances that quality of work ~~may~~ may suffer.
- (3) This system is not liked by below average workers, as they do not get any incentive.

(2) Merrick's plan - To overcome the limitations of Taylor's differential piece rate system, Merrick suggested a modified plan in which, three-piece rates are applied for workers with different levels of performance.

These are:

- (a) Workers producing less than 83% of the standard output are paid at basic rate.
- (b) Workers producing between 83% and 100% of standard output will be paid 110% of basic piece rate.
- (c) Those producing more than 100% of the standard

output will be paid 120% of basic piece rate.

### Advantages:-

- (a) Efficient workers are rewarded handsomely.
- (b) Minimum wages are guaranteed.

### Disadvantages:-

- (a) There is wide gap in slabs of differential wage rate.
  - (b) Over emphasis on high production rate.
- (3) Gantt's plan - In gantt incentive plan, workers get a guaranteed wage.

\* If a worker does not complete the job within standard time i.e. he takes more time than the standard time, he will not receive any bonus but he is given wages for the time taken by him.

\* If a worker completes the job within standard time (100% efficiency), he is given wages for the standard time and bonus of 20% of wages earned.

\* If the worker completes the job in less than the standard time, wages are paid according to piece rate.

### Advantages:-

- (a) Minimum wages are guaranteed.
- (b) It is simple to understand.
- (c) Efficient workers can earn more money.

Disadvantages

(a) Emphasis on over speed or high production rate.

(B) Group Incentive plans under this method group bonus is given instead of individual bonus. The bonus is distributed among all the employees of the organization on the different basis which are as follows.

(a) Priestman's plan under this method Bonus is increased in proportion to increase in output.

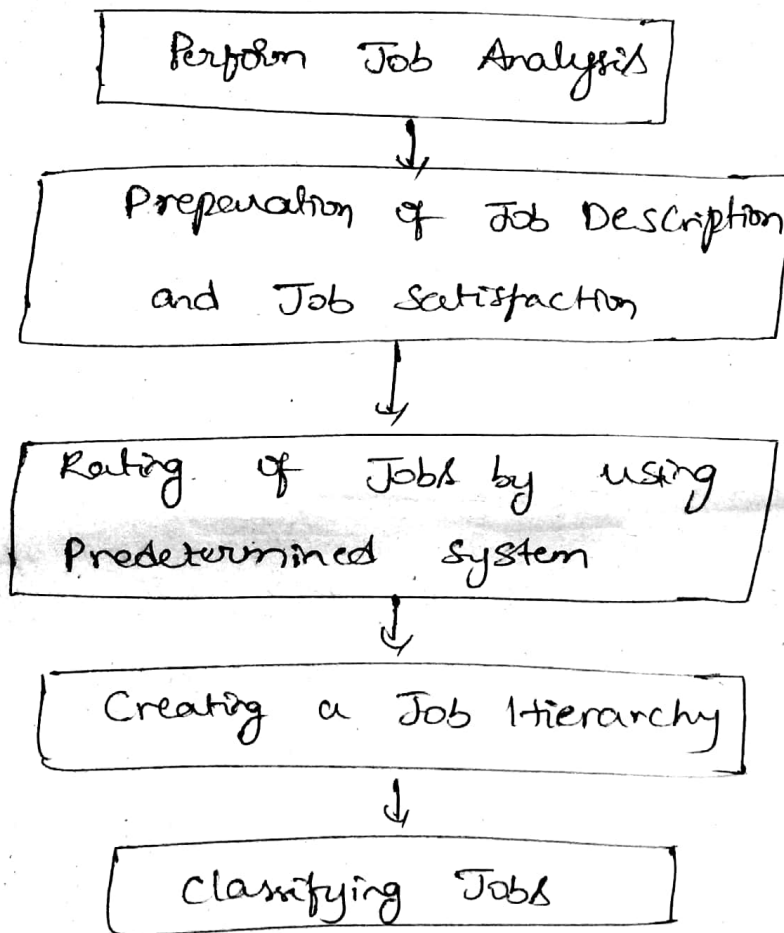
$$\frac{\text{Increased production}}{\text{Standard production}} \times 100$$

(b) Profit sharing method under this method increased profit is shared among the workers and management as agreed between both the parties.

(c) Scanlon plan under this method bonus is paid in proportion to the production i.e. bonus if 1% increase in production.

## Steps / procedure of Job Evaluation

To develop a standardized procedure for determining the relative worth of different jobs and to develop an equitable wage differential plan, the following five steps need to be adopted.



### Step 1 :- Job Analysis

Job analysis is the process of studying and collecting information relating to the operations and responsibilities of a specific job. The immediate products of this analysis are job descriptions and job ~~and~~ specifications.



step 2 :-

(i) Preparing a Job Description :- The data collected from the previous step is used to prepare a job description statement consisting of the job contents in terms of functions, duties, responsibilities, operations etc. The employee is required to perform the duties, responsibilities and functions listed in the job description.

(ii) Developing a job specification :- This step involves conversion of job description statement into job specification statement. Job specification specifies the personal attributes of the employee like knowledge, skills, qualities, abilities etc. which are required to perform the job.

step-3 :- Rating the jobs by using a predetermined system : After the job description and job specification is completed, a committee of managers and supervisors need to finalize relative worth of different jobs using various evaluation procedures. The most commonly used method is the 'point factor system'.

The point factor system uses work related criteria for evaluating the relative worth value of each job. Such work related criteria are known as compensable factors.

#### Step-4:- Establishment of Job Hierarchy

Based on job description, job specification and Job rating, listing of jobs need to be done. Job hierarchy is created based on the importance of job i.e., the most important jobs are placed at the top most level of hierarchy followed by the less importance jobs.

Based on the job rating, a job hierarchy is prepared to be starting in the descending order (i.e.,) the most job having the maximum points would have to come first and the job with the minimum points, would come to last.

Step-5:- Classifying jobs :- To make the entire job design process a simple task after rating, grades are assigned to all jobs. This helps to reduce the job hierarchy to manageable levels.



## Trade Unions?

(19)

A Trade Union is a combination of persons whether temporary or permanent, primarily for the purpose of regulating the relations between workers and employers or between workers for imposing restrictive conditions on the conduct of any trade or business and includes the federations of two or more trade unions as per sec. 2(6) Trade Unions Act, 1926.

" A Trade Union is an organisation of workers, acting collectively; who seek to protect and promote their mutual interests through collective bargaining.

### Objectives?

- (1) Ensure Security of workers
- (2) Obtain better Economic Returns
- (3) Secure power to Influence Management.
- (4) Secure power to Influence Government.

(1) Ensure Security of workers - This involves continued employment of workers, prevent retrenchment, lay off or lock-outs. Restrict application of "fire" or discharge.

(2) Obtain better Economic Returns - This involves

wages hike at periodic intervals, bonus at higher rate, other admissible allowances, subsidized canteen and transport facilities.

### (3) Secure power to Influence Management

This involves worker's participation in management decision making, role of union in policy decision affecting workers, and staff members.

### (4) Secure power to Influence Government

This involves influence on government to pass labour legislation which improves working conditions, safety, welfare, security and retirement benefits of workers and their dependents, seek redressal of grievances as and when needed.

### Functions of a Trade Union:

- (1) To secure fair wages to workers.
- (2) To safeguard security of tenure and improve conditions of service.
- (3) To enlarge opportunities for promotion and training.
- (4) To improve working and living conditions.
- (5) To provide for educational, cultural and recreational facilities.



- (6) To promote identity of interests of <sup>(20)</sup> workers with their industry.
- (7) To offer responsive co-operation in improving levels of production and productivity, discipline, and high standards of quality.
- (8) To promote individual and ~~collective~~ collective welfare.

Value Analysis & Project ManagementValue Analysis

Value analysis developed as a cost reduction technique in U.S.A in 1947. The credit for it goes to Lorry D. Miles who was working at General Electric company and who, subsequently became the president of SAVE (Society of American value Engineers) also.

Value analysis is a systematic and critical assessment of all the cost elements of a product or services for decreasing or removing the unnecessary costs. It is regarded as a cost reduction tool. The main objective of value analysis is to decrease the cost by increasing the product value.

In value analysis, value refers to the relationship which exists between function and cost. It is represented as,

$$\text{value} = \frac{\text{function}}{\text{cost}}$$



## Objectives (Need, Advantages)

- (1) To improve the company's competitive position.
- (2) To provide better value to a product/service.
- (3) To ensure that every element of cost

labour

material

Suppliers and service

Contribute equally to the function of the product.

- (4) To eliminate unnecessary cost.

## Application of value Analysis

- (1) Capital goods — plant, equipment, machinery, tools etc.
- (2) Raw and Semi-processed material, including fuel.
- (3) Materials handling and transportation costs
- (4) purchased parts, components, sub-assemblies etc.
- (5) Maintenance, repairs, and operational items.
- (6) Packing materials and packaging
- (7) Printing & Stationary items.
- (8) power, water supply, air, steam & other utilities.

## Types of values

(2)

- (1) Cost value
- (2) Use value
- (3) Esteem value
- (4) Exchange value

(1) Cost value :- It is the cost of manufacturing a product or component.

(2) Use value :- It may also be called functional value. It considers the work done, functions performed or services rendered by a product.

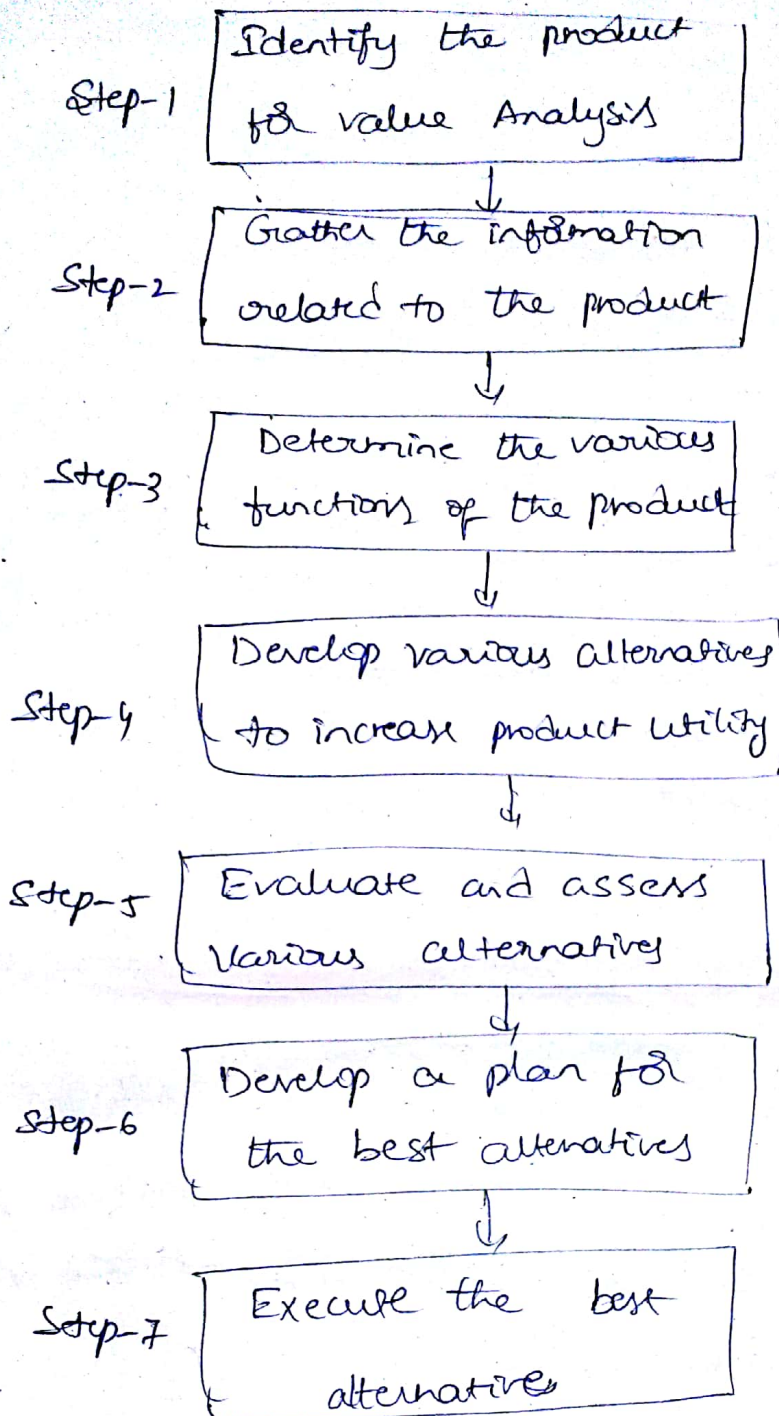
(3) Esteem Value :- It involves the qualities and appearance of a product which attracts persons and creates in them a desire to possess the product.

(4) Exchange value :- A product is said to possess exchange value of the same can be exchanged for something else.

## Value Analysis or value engineering process

Value analysis is a cost reduction technique which aims at developing the ideas that reduce the cost of the product or increase the product utility.





### Value Engineering :-

It is a systematic method to improve the value of goods or products and service by using an examination of function.

Value Engineering is a powerful methodology for solving problems and reducing costs while maintaining or improving performance and quality requirements.

## Benefits & Advantages

(3)

- (1) Improving quality management
- (2) Improving resource efficiency.
- (3) Simplifying procedures.
- (4) Minimising paper work.
- (5) Lowering staff cost.
- (6) Increasing procedural efficiency.
- (7) Optimizing construction expenditures.

## \* Enterprise Resource Planning (ERP)

ERP provides combined business ~~software~~ software modules which acts as a base and supports the functional units of an enterprise.

ERP can be defined as "an integrated suite of application software modules, which provide operational, managerial and strategic information for an enterprise, so that an enterprise can improve the standards of quality, productivity and efficiency to withstand the competition."

Scope of ERP :- Following are the areas which are

- (1) Finance → financial Accounting Covered by ERP
- (2) Logistics → material management, planning
- (3) Human Resource → Personnel management, Training & development
- (4) Work Flow → assignment of tasks  
allot work



## (4) ~~Advantages~~

✓ ERP Modules - ERP software consists of many modules, which are usually the functional areas of an organization.

- (1) Financial System
- (2) Human Resource System
- (3) Marketing System
- (4) Manufacturing System
- (5) Material management System
- (6) plant maintenance System
- (7) Sales and distribution System
- (8) Quality management System.

## ERP Advantages

- (1) Create integration among supply chain, production and administrative process.
- (2) It develops similarity of databases.
- (3) It can implement improved, reengineered "best processes".
- (4) It helps to increase communication and collaboration among business units and sites.
- (5) It has a software database which is off-the-shelf coding.

## ERP Disadvantages

- (1) It is very expensive and costly to purchase and customize.

- (2) Implementation of ERP in a company needs major modifications in company and in processes.
- (3) IT is very complicated, so it is difficult for many companies to adjust to it.
- (4) It involves an ongoing process of implementation which never comes to an end.

### Functions of ERP

- (1) Customer Services
- (2) Manufacturing
- (3) Financial.

### Supply Chain Management

Supply chain is a group of network existing between different individuals both in service and manufacturing organizations, although the complexity of chain may vary from industry to industry and from firm to firm.

A supply chain is a network of facilities and distribution options that are engaged in the procurement of raw materials, transformation of these materials into intermediate and finished products and finally distributing them among the ultimate customers.



## Objectives of SCM

- (1) Reducing Uncertainty
- (2) Reducing lead Times
- (3) Eliminating Non-value added activities.
- (4) Achieving process Quality.
- (5) Manages Demand
- (6) Focusing on 'A' category.
- (7) Maintaining Multiple Supply chains.
- (8) Improving performance Measures
- (9) Taking Initiative at an industry level.
- (10) Competing on service

## Importance of SCM

- (1) Gaining Competitive Advantage.
- (2) Add value to the products.
- (3) Builds Relationship
- (4) Helps in Integrating the process.
- (5) Helps in Achieving Economies of scale.